

Nourish Up

Financial Statements

Year Ended September 30, 2024

NOURISH UP
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nourish Up
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of Nourish Up (the "Organization" - a nonprofit organization), which comprises the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nourish Up as of September 30, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Nourish Up 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 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 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 Nourish Up's ability to continue as a going concern within one year after the date that the consolidated 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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the 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 purposes of expressing an opinion on the effectiveness of Nourish Up'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 Nourish Up'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 financial statements as a whole. The accompanying 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the 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 June 5, 2025, on our consideration of Nourish Up's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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.

Nourish Up
Charlotte, North Carolina

Report on Summarized Comparative Information

We have previously audited the Organization's 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 26, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Foard & Company, P.A.

June 5, 2025

NOURISH UP**Statement of Financial Position****September 30, 2024, With Prior Year Comparative Totals**

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Current Assets:		
Cash and cash equivalents	\$ 3,771,177	\$ 4,089,733
Unconditional promises to give, net	98,949	728,303
Food on hand	265,049	264,107
Prepaid expenses and other current assets	538,001	526,148
Total Current Assets	4,673,176	5,608,291
Property, net	19,575,985	15,691,646
Other Assets:		
Unconditional promises to give - Capital Campaign, net	10,298,012	6,543,249
Investments	15,871,010	14,201,411
Intangible assets, net	67,843	80,832
Total Other Assets	26,236,865	20,825,492
TOTAL ASSETS	\$ 50,486,026	\$ 42,125,429
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts payable and other current liabilities	\$ 182,259	\$ 180,654
Construction payable	-	1,193,825
Notes payable, current	262,834	256,013
Total Current Liabilities	445,093	1,630,492
Non-Current Liabilities:		
Notes payable	5,865,589	6,126,994
Total Non-Current Liabilities	5,865,589	6,126,994
Net Assets:		
Without Donor Restrictions:		
Undesignated, available for general use	26,503,318	20,068,920
Designated for operating expenses	950,300	950,300
Designated for endowment	2,790,743	2,419,124
Total Without Donor Restrictions	30,244,361	23,438,344
With Donor Restrictions	13,930,983	10,929,599
Total Net Assets	44,175,344	34,367,943
TOTAL LIABILITIES AND NET ASSETS	\$ 50,486,026	\$ 42,125,429

NOURISH UP**Statement of Activities****Year Ended September 30, 2024, With Prior Year Comparative Totals**

	Year Ended September 30, 2024			Prior Year Comparative Totals
	Without Donor Restrictions	With Donor Restrictions	Totals	
<u>SUPPORT AND REVENUE</u>				
Contributed food	\$ 4,636,337	\$ -	\$ 4,636,337	\$ 2,695,918
Contributions and grants	3,557,866	10,805,486	14,363,352	14,565,447
Special event revenue, net				
direct benefits to donors	182,911	-	182,911	60,349
Meal revenue	318,983	-	318,983	273,626
Contributed goods (non-food)	202,398	-	202,398	402,111
Contributed office and warehouse space	-	-	-	84,117
Contributed services	114,746	-	114,746	163,000
Investment income, net	1,628,556	129,251	1,757,807	920,871
Rental income	3,061	-	3,061	10,982
Gain on sale of property	(7,682)	-	(7,682)	12,557
Other income, net	6,340	-	6,340	10,721
Net assets released from restrictions	7,933,353	(7,933,353)	-	-
<i>TOTAL SUPPORT AND REVENUE</i>	<i>18,576,869</i>	<i>3,001,384</i>	<i>21,578,253</i>	<i>19,199,699</i>
<u>EXPENSES</u>				
Program services	9,836,264	-	9,836,264	6,903,180
Management and general	693,335	-	693,335	678,667
Fundraising	1,241,253	-	1,241,253	1,238,609
<i>TOTAL EXPENSES</i>	<i>11,770,852</i>	<i>-</i>	<i>11,770,852</i>	<i>8,820,456</i>
<i>CHANGE IN NET ASSETS</i>	<i>6,806,017</i>	<i>3,001,384</i>	<i>9,807,401</i>	<i>10,379,243</i>
<i>NET ASSETS, BEGINNING</i>	<i>23,438,344</i>	<i>10,929,599</i>	<i>34,367,943</i>	<i>23,988,700</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 30,244,361</i>	<i>\$ 13,930,983</i>	<i>\$ 44,175,344</i>	<i>\$ 34,367,943</i>

NOURISH UP**Statement of Functional Expenses****Year Ended September 30, 2024, With Prior Year Comparative Totals**

	Year Ended September 30, 2024				Prior Year Comparative Totals
	Program Services	Management and General	Fundraising	Totals	
Contributed food	\$ 6,093,977	\$ -	\$ -	\$ 6,093,977	\$ 3,141,721
Program expenses and aid to pantries	748,506	-	-	748,506	1,107,476
Salaries	1,335,177	344,650	578,576	2,258,403	2,059,297
Payroll taxes	105,691	27,141	45,799	178,631	161,774
Employee benefits	215,879	55,438	93,548	364,865	344,269
Occupancy	290,831	722	377	291,930	402,280
Interest	159,665	7,910	4,120	171,695	176,818
Depreciation and amortization	558,286	11,511	5,756	575,553	385,737
Fundraising and events	-	-	169,172	169,172	327,361
Professional services	763	21,321	236,268	258,352	198,976
Public relations	-	-	99,995	99,995	96,604
Bank fees	-	38,973	-	38,973	35,007
Computer	-	66,842	-	66,842	62,057
Insurance	50,783	15,732	5,012	71,527	51,094
Office supplies	65,712	40,293	2,523	108,528	44,230
Repairs and maintenance	48,554	-	-	48,554	21,122
Telephone	1,785	30,710	27	32,522	25,326
Travel	31,574	3,541	2,514	37,629	30,463
Vehicle expense	98,871	-	-	98,871	75,791
Postage and printing	309	13,227	3,822	17,358	16,927
Other	29,901	15,324	39,346	84,571	95,406
TOTAL EXPENSES	9,836,264	693,335	1,286,855	11,816,454	\$ 8,859,736
Less - Amounts deducted directly against support	-	-	45,602	45,602	39,280
NET EXPENSES	\$ 9,836,264	\$ 693,335	\$ 1,241,253	\$ 11,770,852	\$ 8,820,456

NOURISH UP**Statement of Cash Flows****Year Ended September 30, 2024, With Prior Year Comparative Totals**

	<u>2024</u>	<u>2023</u>
<u>OPERATING ACTIVITIES</u>		
Change in net assets	\$ 9,807,401	\$ 10,379,243
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation and amortization	575,553	385,737
(Gain) loss on sale of property	7,682	(12,557)
Contributions for long-term purposes	(8,826,930)	(7,354,166)
(Gain) loss on investments, net	(1,163,487)	(541,961)
Donated fixed assets	(212,502)	(346,526)
Increase (decrease) in operating assets and liabilities:		
Unconditional promises to give	(3,125,409)	(4,600,447)
Food on hand	(942)	20,430
Prepaid expenses and other current assets	(11,853)	(31,318)
Accounts payable and other current liabilities	1,605	(5,344)
Cash Flows From Operating Activities	(2,948,882)	(2,106,909)
<u>INVESTING ACTIVITIES</u>		
Purchase of investments, net	(506,112)	(7,471,090)
Purchase of property	(4,242,483)	(6,968,891)
Construction payable	(1,193,825)	1,193,825
Proceeds from sale of property	400	20,645
Cash Flows From Investing Activities	(5,942,020)	(13,225,511)
<u>FINANCING ACTIVITIES</u>		
Principal payments on note	(254,584)	(187,393)
Contributions for long-term purposes	8,826,930	7,354,166
Cash Flows From Investing Activities	8,572,346	7,166,773
CHANGE IN CASH	(318,556)	(8,165,647)
CASH, BEGINNING	4,089,733	12,255,380
CASH, ENDING	\$ 3,771,177	\$ 4,089,733

NOURISH UP

Notes to Financial Statements

September 30, 2024

NOTE 1 - NATURE OF ACTIVITIES AND OPERATIONS

Nature of activities

Nourish Up, formerly Loaves & Fishes/Friendship Trays, Inc. (the "Organization") operates as a not-for-profit organization whose principal function is to reduce the incidence of hunger and malnutrition in Mecklenburg County, North Carolina by procuring and distributing food supplies, and meals to the needy. The Meals on Wheels program delivers nutritionally balanced meals to individuals in the community who are unable, because of age or infirmity, to obtain or prepare their own meals.

Aid to pantries

Nourish Up provides assistance to food pantries, located in certain Charlotte/Mecklenburg area congregations and community centers, through distribution of food (including donated and purchased), supplies and administrative support. The pantries operate autonomously and are independent of the Organization. Accordingly, the results of these pantry operations are not reflected in the financial statements of the Organization.

Income tax status

Nourish Up is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization records liabilities for income tax positions taken or expected to be taken when those positions are deemed uncertain to be upheld in an examination by taxing authorities. No liabilities for uncertain income tax positions were recorded as of September 30, 2024.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

Nourish Up is required under generally accepted accounting principles in the United States of America (GAAP) to report information regarding its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions – Net assets without donor restrictions are those currently available for use in the day-to-day operation of the Organization and those resources invested in property. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Organization.

Net assets with donor restrictions – These are net assets subject to donor-imposed stipulations. These restrictions may be temporary in nature, with the restriction being met either by actions of the Organization or the passage of time, or permanent, such that the net assets must be held in perpetuity by the Organization.

Cash and cash equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The Organization maintains cash deposits with financial institutions that, at times, may exceed federally insured limits.

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Notes to Financial Statements

September 30, 2024

Contributions

The Organization recognizes contributions that are given unconditionally in the period the contributions are received or promised, whichever is earlier.

The Organization may receive contributions of cash or other assets which it reports as net assets with donor restrictions if such contributions are received with donor restrictions that limit the use of the donated assets. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

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

Receivables

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using a discount rate applicable to the year in which the promise is received. Subsequent amortization of the discount is included in contribution revenue. Management has determined no allowance is necessary based on a review of individual accounts, prior collection history, and the nature of fundraising activities.

Food on hand

Food on hand represents food which has been contributed or purchased and is available to be distributed. Such food is valued using the average cost per pound for contributed food or purchase cost for purchased food.

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance non-financial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated goods, if significant, are included in support at fair value.

In addition, a number of volunteers, including members of the Board of Directors and its committees, as well as various volunteer assistants, contribute significant amounts of time to the Organization's program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected as support in the accompanying financial statements. Donated services that do meet the criteria for recognition, along with donated materials, are recorded at the estimated fair value as revenue and expense (see Note 13)

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Notes to Financial Statements

September 30, 2024

Advertising

The Organization's policy is to expense the cost of advertising as it is incurred.

Use of estimates

The preparation of financial statements in conformity with 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 support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses

Nourish Up's activities are focused in three functional areas. Program services represent the primary focus of the Organization's activities. Supporting services are fundraising activities and general and administrative activities. The expenses that are allocated include personnel and related benefits which are allocated based on management's estimates of time and effort and occupancy expenses which are based on space usage. All other expenses are allocated based on an analysis by management of the various expenses that comprise those costs.

Prior-year comparative totals

The financial statements include certain prior-year summarized information in total, but not by functional expense category. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's 2023 financial statements, from which the summarized information was derived. Certain prior year amounts have been reclassified to conform to the current year's presentation.

Prior-year adjustment

It was determined that the recording of a reimbursement basis grant was duplicated in the prior year. This adjustment decreased unconditional promises to give receivable and contribution and grant income for the year-ended September 30, 2023, by \$1,500,000. This adjustment reduced the restricted net asset balance as of September 30, 2023. The prior year comparative column in the accompanying financial statements have been restated to reflect this change.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are carried at cost if purchased, and at the estimated fair market value at the date of receipt, if contributed. Contributed property and equipment is reported as unrestricted support unless the donor restricts the contributed asset to a specific purpose. The Organization records capital expenditures greater than \$500 as property.

NOURISH UP**Notes to Financial Statements****September 30, 2024**

Property and equipment as of year-end is composed of the following:

Building	\$ 7,073,123
Improvements	11,405,932
Land	1,114,877
Office equipment	12,000
Vehicles	796,484
Furniture and fixtures	130,792
Warehouse equipment	481,737
Total	<u>21,014,945</u>
Less - accumulated depreciation	<u>1,438,960</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 19,575,985</u>

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets.

NOTE 4 - UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of grants receivables and multi-year capital campaign pledges as of September 30, 2024. All unconditional promises to give for the capital campaign are classified as long-term on the Statement of Financial Position since the funds will be used for long-term purposes. Promises to give are expected to be collected as follows:

2025	\$ 4,601,697
2026	2,438,626
2027	2,315,418
2028	691,982
2029 & thereafter	734,002
	<u>10,781,725</u>
Less: Present value discount	<u>384,764</u>
Unconditional promises to give, net	<u>\$ 10,396,961</u>

NOTE 5 - INVESTMENTS

Investments are recorded at fair value with realized and unrealized gains and losses included in the statement of activities as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations.

The Organization's funds are invested with Foundation for the Carolinas in an endowment fund ("FFTC"), Wells Fargo in an endowment fund ("WF"), Merrill Lynch ("ML"), and Charles Schwab ("CS").

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Notes to Financial Statements

September 30, 2024

All funds held by FFTC are invested in pooled investment funds consisting primarily of common stock equities, bonds, and fixed income investments and are managed by FFTC using customized investment strategies. Investment earnings and expenses are allocated based on the Organization's pro-rata share in the underlying pooled investments. The investments held by WF, ML, and CS consist of marketable equity and debt securities.

Investments consisted of the following as of September 30, 2024:

FFTC – pooled investment funds	\$ 3,800,935
Wells Fargo, Merrill Lynch, and Charles Schwab	
Mutual funds - fixed income	10,159,210
Mutual funds - equity	1,779,182
Mutual funds - Real asset	131,683
Total Wells Fargo, Merrill Lynch, and Charles Schwab	<u>12,070,075</u>
TOTAL	<u>\$ 15,871,010</u>

NOTE 6 - FAIR VALUE MEASUREMENT

GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs used for valuing the Organization's investments are summarized in the three broad levels listed below:

- Level 1 - quoted prices in active markets for identical assets
- Level 2 - other significant observable inputs either directly or indirectly (including quoted prices for similar securities, interest rates, yield curves, credit risk, etc.)
- Level 3 - significant unobservable inputs

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The inputs or methodologies used for valuing the Organization's assets and liabilities are not necessarily an indication of the risk associated with those assets and liabilities.

As of September 30, 2024, the Organization's investments with FFTC were classified as Level 3 investments based upon the three levels of fair value measurement as defined above. The investments held with Wells Fargo, Merrill Lynch, and Charles Schwab were classified as Level 1.

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Notes to Financial Statements

September 30, 2024

The following table presents additional information about Level 3 assets and liabilities measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Organization has classified within the Level 3 category. As a result, the unrealized gains and losses for assets and liabilities within the Level 3 Category may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

The changes in Level 3 assets consisted of the following for the year ended September 30, 2024:

Balance, beginning of year	\$ 3,084,352
Unrealized gains, net	<u>716,583</u>
Balance, end of year	<u>\$ 3,800,935</u>

NOTE 7 - ENDOWMENT FUNDS

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policy of the Organization

Spending policies

Contributions to Wells Fargo are permanently restricted and not available for use. A total return spending policy has been adopted by which up to 75 percent of the endowment's total annual return will be available to help support the operations of the Organization. As of September 30, 2024, the fair value of Wells Fargo is \$4,218,049, which exceeds the corpus of \$2,741,240; therefore, \$1,107,607 is available to support operations and is included in net assets without donor restrictions. The remaining earnings of \$369,202 are included in net assets with donor restrictions for a specific purpose.

NOURISH UP**Notes to Financial Statements****September 30, 2024**

Earnings on the FFTC funds are available for spending annually, in accordance with FFTC's spending policy. In accordance with the donor's wishes, the corpus of the endowed assets is restricted in perpetuity, whereas the earnings and gains and losses are unrestricted.

The following represents the endowment net asset composition by type of fund as of September 30, 2024, and the changes in the endowment net assets for the year then ended:

Endowment Net Asset Composition by Type of Fund

Endowment funds without donor restrictions	\$ 1,728,207
Board-designated endowment funds	2,790,743
Endowment funds restricted by donors for a particular purpose	369,202
Endowment funds restricted by donors in perpetuity	<u>3,130,833</u>
TOTAL	<u><u>\$ 8,018,985</u></u>

Changes in Endowment Net Assets

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 3,411,137	\$ 2,426,562	\$ 5,837,699
Investment income, net	1,107,813	129,251	1,237,064
Contributions, net	<u>-</u>	<u>944,222</u>	<u>944,222</u>
Endowment net assets, end of year	<u><u>\$ 4,518,950</u></u>	<u><u>\$ 3,500,035</u></u>	<u><u>\$ 8,018,985</u></u>

NOTE 8 - NOTE PAYABLE

The Organization's note payable as of year-end consists of the following obligations due to a local financial institution:

A balance of \$6,128,423 on a mortgage which monthly installments of \$35,522, including interest at a rate of 2.717 percent. A balloon payment for the outstanding balance is due December 29, 2031. This note is secured by a deed of trust on the Organization's real property.

NOURISH UP**Notes to Financial Statements****September 30, 2024**

Maturities of the note payable as of year-end are as follows:

Year Ending December 31:	
2025	\$ 262,834
2026	270,073
2027	277,511
2028	285,154
2029 & Thereafter	<u>5,032,851</u>
	<u>\$ 6,128,423</u>

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of year-end are available for the following purposes:

Investments held in perpetuity	\$ 3,130,833
Pledges for capital campaign	10,298,012
Funds from various donors with other purpose restrictions	<u>502,138</u>
TOTAL	<u>\$ 13,930,983</u>

Net assets are released from donor restrictions by satisfaction of time and purpose. Capital campaign expenditures below include expenses incurred during the year. Restricted funds utilized on the building renovation will be released when the building is placed in service per generally accepted accounting principles. Restrictions released during the year ended September 30, 2024, consisted of the following:

Time restricted:	
Contributions restricted for operations	\$ 33,750
Purpose restricted:	
Emergency Food & Shelter Program grant	92,720
Capital Campaign expenditures	6,895,629
Other	<u>911,254</u>
TOTAL	<u>\$ 7,933,353</u>

NOTE 10 - RETIREMENT PLAN

Eligible employees of the Organization participate in a Simplified Employee Pension Plan which is administered by an unaffiliated agency. Employees must be employed for one year to be eligible to participate in the plan. The Organization contributes 5 percent of each employee's salary to the plan annually. Contributions to the plan by the Organization totaled \$88,705 for the year ended September 30, 2024.

NOURISH UP

Notes to Financial Statements

September 30, 2024

NOTE 11 - CONCENTRATIONS OF RISK

Cash in excess of insured limits

Cash held in bank accounts is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization holds cash at year-end in excess of insured limits covered by the FDIC. However, management believes that the risk related to these accounts is minimal because of the strong credit rating of the bank.

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by contributions; however, a portion of its support is also received as restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In order to accomplish this, each year, the Board designates net assets to cover at least half the following year's cash operating expenses. In addition, it invests cash in excess of daily requirements in investment funds that are able to be drawn on for general expenditures.

The table below represents financial assets available for general expenditures within one year at September 30, 2024:

Financial assets at year-end:	
Cash	\$ 3,771,177
Investments	15,871,010
Unconditional promises to give, net	<u>4,601,697</u>
Total financial assets	<u>24,243,884</u>
Less amounts not available to be used for general expenditures within one year:	
Restricted by donors with purpose restrictions	6,906,883
Restricted by donors in perpetuity	3,130,833
Restricted by the Board for endowment and reserve	<u>3,741,043</u>
Financial assets not available to be used within one year	<u>13,778,759</u>
Assets available to meet expenditures within one year	<u>\$ 10,465,125</u>

NOURISH UP**Notes to Financial Statements****September 30, 2024**

NOTE 13 - CONTRIBUTED GOODS AND SERVICES

The Organization received contributions of food valued at \$4,636,337 during the year ended September 30, 2024, and is recognized as support in the accompanying statement of activities. The food is valued using the approximate average wholesale value of one pound of donated product as outlined in the Product Valuation Survey Methodology, prepared by Feeding America, the national food bank network non-profit corporation, or from estimated values provided by local agencies, as applicable. The Organization paid a reduced rate for use of its warehouse facility during the year ended September 30, 2024.

The Organization received donated advertising valued at \$22,244 and donated architectural services valued at \$92,502 during the year ended September 30, 2024, and are included as contributed services in the accompanying statement of activities. These services were valued at the cost the Organization would have paid had they not been donated. The Organization received \$82,398 of non-food goods during the year ended September 30, 2024, and is included in donated goods (non-food) and are valued at the fair market value of the goods. The Organization received \$120,000 of donated fixed assets which were valued at the fair market value of the items donated and are recorded in donated goods (non-food) in the accompanying statement of activities.

NOTE 14 - SUBSEQUENT EVENTS

Nourish Up has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors' report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified, other than the Organization entering into an agreement under the New Market Tax Credit Program.

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

To the Board of Directors of
Nourish Up
Charlotte, North Carolina

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 financial statements of Nourish Up (the "Organization" – a nonprofit organization), which comprise the statement of financial position as of September 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the 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 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 entity's 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.

To the Board of Directors of
Nourish Up
Charlotte, North Carolina

Report on Compliance and Other Matters

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

Foard & Company, P.A.

June 5, 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
Nourish Up
Charlotte, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Nourish Up'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 the Organization's major federal program for the year ended September 30, 2024. The Organization's major federal program is identified in the summary of auditor's 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 its major federal program for the year ended September 30, 2024.

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 Auditor's 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.

To the Board of Directors of
Nourish Up
Charlotte, North Carolina

Auditor’s 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 the 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.

To the Board of Directors of
Nourish Up
Charlotte, North Carolina

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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.

Foard & Company, P.A.

June 5, 2025

NOURISH UP

Schedule of Findings and Questioned Costs Year Ended September 30, 2024

I. SUMMARY OF AUDITORS' RESULTS

1. An unmodified opinion was issued on the financial statements of Nourish Up (the "Organization").
2. No significant deficiencies related to the audit of the financial statements are reported in the "Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements In Accordance with *Government Auditing Standards*."
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal program are reported in the "Independent Auditors' Report on Compliance For Each Major Program And On Internal Control Over Compliance Required By The Uniform Guidance."
5. An unmodified opinion was issued on the Organization's compliance with the types of compliance requirements applicable to its major federal program.
6. Our audit disclosed no audit findings related to the major federal program for the Organization.
7. The program tested as a major program was Coronavirus State and Local Fiscal Recovery Funds (Assistance Listing Number 21.027).
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Organization did not qualify as a low-risk auditee under Section 200 of the Uniform Guidance.

II. FINDINGS RELATED TO THE AUDIT OF THE FINANCIAL STATEMENTS

There were no findings for the year ended September 30, 2024.

III. FINDINGS RELATED TO THE AUDIT OF FEDERAL AWARDS

There were no findings for the year ended September 30, 2024.

IV. SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

There were no findings for the year ended September 30, 2023.

NOURISH UP**Schedule of Expenditures of Federal Awards
Year Ended September 30, 2024**

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Assistance Listing Number</u>	<u>Federal Expenditures</u>
U.S. Department of Treasury Passed through Mecklenburg County, North Carolina: Coronavirus State and Local Fiscal Recovery Funds	21.027	\$ 982,064
Federal Emergency Management Assistance Passed through Mecklenburg County, North Carolina: Emergency Food and Shelter National Board Program	97.024	<u>104,450</u>
Total Federal Awards		<u>\$ 1,086,514</u>