Report of Independent Auditors and
Financial Statements

Caterina's Club

December 31, 2022 and 2021

MOSSADAMS

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Board of Directors

FOUNDER/EXECUTIVE DIRECTOR:
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Owner CEO, Anaheim White House Restaurant

CHAIRMAN/VICE PRESIDENT:
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Managing Partner, Anaheim White House Restaurant

SECRETARY:
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Concert Pianist & Philanthropist

TREASURER:
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CEO, Southland Tools

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Community Philanthropist
Sandra Ceron,
Owner/CEO, Expert Coating and Graphics Inc.
Tyler D. Kring,
Attorney at Law, Kring & Chung, LLP
Heikki Veharanta,
Attorney at Law, Office of Heikki Veharanta
Sue Cassidy,
Community Philanthropist
Tina S. Luis,
Educator
Emily Grant,
Public Relations, SoCal Gas
Casandra Williams,
CEO, A-Tech Consulting
Vanessa Villa,
Community Philanthropist

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Founder, Los Angeles Virtuosi Orchestra
Dr. Gnyandev Patel,
Medical Doctor
Wing Lam,
Co-Founder, Wahoo's Fish Tacos
Jordan M. Coe,
Producer, Ocean Front Entertainment
Bill O'Connell,
COO, Stovall Hotels
Garth Blumenthal,
Community Philanthropist
Gene Howard,
Director, OC Alliance for Children & Families
Craig & Roselli Wildvank,
Owner, CW Industries
Patrick & Jolynn Mahoney,
Owner, West Coast Arborist, Inc.
Maria Elena Infantino,
Performer/Singer
Liz Dunster,
Erika Records Proprietor
Sinan Kanatsiz,
CEO, KCOMM

CATERINA'S INTERNATIONAL AMBASSADORS:
Fabio Lamborghini
Alessandro Del Piero

CATERINA'S CLUB

In 2005, Chef Bruno Serato, owner of the Anaheim White House Restaurant, and his Mother, Caterina Lunardi, became aware of a growing group of children called "motel kids" attending a local Boys and Girls Club. Caterina was told by the club's Executive Director that most of their children would go to bed without supper and relied on snacks at the after-school program to get them through the night. Caterina insisted that Bruno go back to his restaurant and prepare pasta for the children and thus, Caterina's Club was born. Caterina's Club served 60 meals that night, and has not stopped since. For the past 15 years, Caterina's Club has been identifying at-risk children and cooking up nightly meals for them. Caterina's Club feeds under-served children in 30 cities throughout Orange County, Los Angeles, and San Bernardino Counties. Serving 5,050 hot meals per night, at different locations such as Boys & Girls Clubs, after-school program partners, homeless programs, schools, and churches. As a result, we are pleased to share that to date we have served over 9 million meals.

Additionally, Caterina's Club collaborates with Mercy House, the Illumination Foundation, and other homeless programs to provide housing assistance to homeless families. Together, the agencies are remedying family homelessness by providing a continuum of extensive case management, financial advising, and the necessary relocation funds for displaced families. To date, Caterina's Club moved over 258 families out of homelessness and into the longevity and safety of a new home.

Caterina's Club designed and launched a third program, Chef Bruno's Hospitality Academy; a partnership with Anaheim Union School District to provide at-risk teenagers with a twelve-week program that teaches content and skills not taught in the traditional school day. Over the course of twelve weeks, our expert staff train the students in all aspects of the culinary and hospitality industry. The Academy serves as an innovative after-school program to keep the teens in our community off the streets and involved in activities that will help shape and brighten their future. Finally, we believe that providing these young adults necessary skills to get employed will be instrumental in preventing the cycle of poverty and homelessness. To date, Caterina's Club has provided training to 850 students.

Caterina's Club Mission Statement:

"To provide warm meals, affordable housing assistance, and job training to homeless and low-income families throughout Southern California, with emphasis on Orange County and South East Los Angeles Counties. This mission is supported by a vision where we are creating a modicum of consistency in the lives of homeless and severely low-income children through something as simple yet meaningful as a nightly dinner. Simply, we strive to provide every child the resources, love, and encouragement they need to be healthy, safe, and educated."

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Caterina's Club is a recognized 501(c)3 Tax ID 30-0751934

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Report of Independent Auditors

The Board of Directors
Caterina's Club

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Caterina's Club (a non-profit organization), which comprise the statement of financial position as of December 31, 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of Caterina's Club as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Caterina's Club 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 2 to the financial statements, in 2022, Caterina's Club adopted new accounting guidance, Accounting Standards Update Topic 842 – *Leases*. Our opinion is not modified with regard to this matter.

Other Matter – Prior Year Financial Statements

The financial statements of Caterina's Club for the year ended December 31, 2021, were audited by another auditor, who expressed an unmodified opinion on those statements on June 14, 2022.

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 Caterina's Club'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 GAAS 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 GAAS, 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 Caterina's Club'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 Caterina's Club'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.

Other Matter

Management Discussion and Analysis

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Management Discussion and Analysis, which is the responsibility of management, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we do not express an opinion or provide any assurance on it.

Irvine, California
November 30, 2023

Financial Statements

Caterina's Club
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,014,647	$ 2,351,084
Investments in equity securities	257,056	349,225
Contributions receivable	470,170	10,000
Inventory	281,384	132,767
Prepaid expenses	500	36,210
Total current assets	4,023,757	2,879,286
PROPERTY AND EQUIPMENT, net	111,214	92,102
RIGHT-OF-USE ASSETS - OPERATING LEASES	97,603	-
OTHER ASSETS - DEPOSITS	4,700	4,700
Total assets	$ 4,237,274	$ 2,976,088
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 3,442	$ 65,870
Accrued payroll	61,979	24,102
Operating lease liabilities, current portion	21,576	-
Total current liabilities	86,997	89,972
OPERATING LEASE LIABILITIES, long-term portion, net	77,387	-
Total liabilities	164,384	89,972
NET ASSETS		
Without donor restrictions	4,022,658	2,886,116
With donor restrictions	50,232	-
Total net assets	4,072,890	2,886,116
Total liabilities and net assets	$ 4,237,274	$ 2,976,088

See accompanying notes.

Caterina's Club
Statements of Activities
Years Ended December 31, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE						
Contributions and grants	$ 1,190,795	$ 50,232	$ 1,241,027	$ 1,006,706	$ -	$ 1,006,706
In-kind donations	277,267		277,267	222,932	-	222,932
Special events revenue, net	1,730,853	-	1,730,853	895,065	-	895,065
Unrealized (loss) on investment	(85,259)	-	(85,259)	(35,850)	-	(35,850)
Forgiveness of PPP loan	-	-	-	92,290	-	92,290
Employee retention tax credit	343,185	-	343,185	-	-	-
Other revenue	-	-	-	89	-	89
Total revenues	3,456,841	50,232	3,507,073	2,181,232	-	2,181,232
EXPENSES						
Program services						
Feeding the Kids in America	1,320,021	-	1,320,021	1,256,154	-	1,256,154
Welcome Home	118,663	-	118,663	100,609	-	100,609
Hospitality Academy	169,104	-	169,104	159,870	-	159,870
Total program services	1,607,788	-	1,607,788	1,516,633	-	1,516,633
Supporting services						
General and administrative	304,844	-	304,844	177,881	-	177,881
Fundraising	407,667	-	407,667	292,649	-	292,649
Total supporting services	712,511	-	712,511	470,530	-	470,530
Total expenses	2,320,299	-	2,320,299	1,987,163	-	1,987,163
CHANGE IN NET ASSETS	1,136,542	50,232	1,186,774	194,069	-	194,069
NET ASSETS, beginning of year	2,886,116	-	2,886,116	2,692,047	-	2,692,047
NET ASSETS, end of year	$ 4,022,658	$ 50,232	$ 4,072,890	$ 2,886,116	$ -	$ 2,886,116

See accompanying notes.

Caterina's Club
Statements of Functional Expenses
Year Ended December 31, 2022

	Program Services				Supporting Services			
	Feeding the Kids in America	Welcome Home	Hospitality Academy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	2022 Total
Salaries	$ 555,277	$ 17,752	$ 66,537	$ 639,566	$ 56,967	$ 109,255	$ 166,222	$ 805,788
Payroll taxes	47,907	1,479	5,707	55,093	4,003	7,367	11,370	66,463
Benefits	54,004	11,023	12,866	77,893	1,843	1,843	3,686	81,579
	657,188	30,254	85,110	772,552	62,813	118,465	181,278	953,830
Accounting and legal	9,081	9,081	9,083	27,245	145,392	9,080	154,472	181,717
Advertising	40,753	6,925	8,550	56,228	-	13,025	13,025	69,253
Annual gala	-	-	-	-	-	128,799	128,799	128,799
Bank fees	-	-	-	-	461	16,843	17,304	17,304
Depreciation	-	-	-	-	33,207	-	33,207	33,207
Dues and subscriptions	-	-	-	-	6,201	-	6,201	6,201
Food preparation and delivery	337,146	-	2,577	339,723	-	-	-	339,723
Grant writing	-	-	-	-	-	85,500	85,500	85,500
Hospitality Academy Program	-	-	21,023	21,023	-	-	-	21,023
In-kind goods	51,790	27	-	51,817	-	-	-	51,817
Insurance	22,942	5,154	4,973	33,069	11,437	-	11,437	44,506
KFI Radiothon	-	-	-	-	-	11,970	11,970	11,970
Kitchen supplies	33,813	-	-	33,813	-	-	-	33,813
Office supplies	-	-	-	-	9,548	-	9,548	9,548
Other	14,522	992	1,474	16,988	28,178	6,492	34,670	51,658
Postage	366	92	92	550	24	31	55	605
Printing	481	120	120	721	40	40	80	801
Rent - office	4,486	4,486	4,486	13,458	4,486	4,486	8,972	22,430
Rental assistance	-	46,062	-	46,062	-	-	-	46,062
Repairs and maintenance	10,811	859	859	12,529	-	-	-	12,529
Scholarships	-	-	3,825	3,825	-	-	-	3,825
Storage and kitchen rental	58,046	2,340	8,820	69,206	780	780	1,560	70,766
Utilities	78,596	12,234	18,112	108,942	2,277	4,781	7,058	116,000
Travel	-	37	-	37	-	7,375	7,375	7,412
Total expenses	$ 1,320,021	$ 118,663	$ 169,104	$ 1,607,788	$ 304,844	$ 407,667	$ 712,511	$ 2,320,299

See accompanying notes.

Caterina's Club
Statement of Functional Expenses
Year Ended December 31, 2021

	Program Services				Supporting Services			
	Feeding the Kids in America	Welcome Home	Hospitality Academy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	2021 Total
Salaries	$ 408,310	$ 14,752	$ 34,675	$ 457,737	$ 28,702	$ 47,302	$ 76,004	$ 533,741
Payroll taxes	89,341	1,248	4,439	95,028	2,386	3,904	6,290	101,318
Benefits	61,254	12,874	15,108	89,236	2,236	2,236	4,472	93,708
	558,905	28,874	54,222	642,001	33,324	53,442	86,766	728,767
Accounting and legal	4,977	4,977	4,975	14,929	79,512	4,976	84,488	99,417
Advertising	58,309	12,820	14,932	86,061	-	10,913	10,913	96,974
Annual gala	-	-	-	-	-	74,479	74,479	74,479
Bank fees	-	-	-	-	303	26,652	26,955	26,955
Depreciation	-	-	-	-	27,931	-	27,931	27,931
Dues and subscriptions	-	-	-	-	5,756	-	5,756	5,756
Equipment rental	-	-	180	180	-	-	-	180
Food preparation and delivery	280,781	-	1,252	282,033	-	-	-	282,033
Grant writing	-	-	-	-	-	85,500	85,500	85,500
Hospitality Academy Program	-	-	27,897	27,897	-	-	-	27,897
In-kind goods	112,662	1,529	-	114,191	-	-	-	114,191
Insurance	11,014	2,468	3,850	17,332	4,639	-	4,639	21,971
KFI Radiothon	-	-	-	-	-	18,122	18,122	18,122
Kitchen supplies	45,598	-	-	45,598	-	-	-	45,598
Office supplies	-	-	-	-	9,670	-	9,670	9,670
Other	48,754	1,082	2,721	52,557	9,853	2,836	12,689	65,246
Postage	363	104	102	569	29	29	58	627
Printing	1,775	444	444	2,663	148	148	296	2,959
Rent - office	4,214	4,214	4,214	12,642	4,417	4,214	8,631	21,273
Rental assistance	-	30,604	-	30,604	-	-	-	30,604
Repairs and maintenance	21,181	751	751	22,683	-	-	-	22,683
Scholarships	-	-	7,125	7,125	-	-	-	7,125
Storage and kitchen rental	32,972	2,394	12,331	47,697	798	798	1,596	49,293
Utilities	74,649	10,348	24,874	109,871	1,501	4,215	5,716	115,587
Travel	-	-	-	-	-	6,325	6,325	6,325
Total expenses	$ 1,256,154	$ 100,609	$ 159,870	$ 1,516,633	$ 177,881	$ 292,649	$ 470,530	$ 1,987,163

See accompanying notes.

Caterina's Club
Statements of Cash Flows
Years Ended December 31, 2022 and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	$ 1,186,774	$ 194,069
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Net change in in-kind donations of inventory	13,244	(12,596)
Depreciation	33,207	27,931
Right-of-use asset - operating lease amortization	22,090	-
Donation of investments in equity securities	(6,334)	(61,860)
Unrealized (gain) loss on investments	85,259	35,852
Paycheck Protection Program loan forgiveness	-	(92,290)
Changes in assets and liabilities		
(Increases) decreases in		
Contributions receivable	(460,170)	13,185
Inventory - books	(148,617)	(2,964)
Prepaid expenses	35,710	4,950
Increases (decreases) in		
Accounts payable	(62,428)	26,300
Accrued payroll	37,877	(67,053)
Operating lease liability payments	(20,730)	-
Total adjustments	(470,892)	(128,545)
Net cash provided by operating activities	715,882	65,524
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of equipment	(52,319)	(45,699)
NET INCREASE IN CASH AND CASH EQUIVALENTS	663,563	19,825
CASH AND CASH EQUIVALENTS, beginning of year	2,351,084	2,331,259
CASH AND CASH EQUIVALENTS, end of year	$ 3,014,647	$ 2,351,084
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Right-of-use assets obtained in exchange for operating lease liabilities	$ 119,693	$ -

See accompanying notes.

Note 1 – Organization and Nature of Services

Caterina's Club was founded by Chef Bruno Serato and incorporated on October 5, 2012, under the nonprofit public benefit corporation laws of the state of California. As the owner of the Anaheim White House Restaurant, Bruno began by hosting annual luncheons with a group of 75 women in honor of his mother, Caterina. Proceeds from these luncheons helped support services for youth through the Boys and Girls Clubs of Anaheim, a long-time recipient of Bruno's donations. During a visit to the club, Bruno and his mother realized that many of the children were eating potato chips for dinner, and this sparked Caterina's Club's mission of ending childhood malnutrition and hunger. Using his resources as a restaurant owner, Bruno began feeding these children, many of whom lived in motels or other substandard living conditions. What started as a simple hot meal for one hungry "motel child" at a Boys and Girls Club in Anaheim has turned into an international campaign to help end childhood hunger.

Orange County is known for its beauty and lavish lifestyles, but what is lesser known is this plight of "motel families." These are families headed by hard working parents, often earning poverty-level wages. Some have lost their home due to a job loss or other circumstances beyond their control. Children in these families may get government subsidized meals at school during the week but have limited access to affordable, nutritious evening or weekend meals, and these children are considered part of a growing "food insecure household" population.

Unaudited: Caterina's Club is now serving 5,500 dinners every night to low-income children at 109 different after-school program sites spread throughout 30 cities in Orange County and Los Angeles County through the Feeding the Kids in America program. Executive Director Bruno Serato expanded this mission to providing qualified families residing in motels with relocation assistance by paying first and last month's rent and security deposits on a family-friendly apartment. In the past four years, Caterina's Club has funded permanent housing to 246 families through the Welcome Home program. The organization is committed to addressing the county's lack of affordable housing and access to nutritious, affordable food and expanding this mission beyond the borders of Orange County.

Caterina's Club has the following programs (information has not been audited):

Feeding the Kids in America – Today nearly 400,000 people in Orange County struggle to get their food needs met. Caterina's Club's Feeding the Kids in America program was designed to address this issue by providing daily warm, nutritional meals to approximately 9,475 at-risk children attending after-school programs at 89 different locations with 21 cities in Orange County. After-school programs include the YMCA, Boys and Girls Clubs, and other on-campus programs.

Welcome Home – The Welcome Home program remedies motel living by raising funds to provide working families with the push they need to get out of motels and into an apartment or condominium. Caterina's Club has partnered with the Illumination Foundation to identify families and to provide the necessary case management, financial advising, and eventually the first and last month's rent and deposits due at move in. In addition to covering the move-in costs, Caterina's Club collects donated furniture, appliances, and other home goods to assist with the family's transition into a secure and fully functioning home.

Hospitality Academy – Caterina's Club developed a third program titled Chef Bruno's Hospitality Academy. Caterina's Club has partnered with the Anaheim school district to bring a unique career exploration opportunity to at risk teens. The Hospitality Academy is a three-month program provided for children that teaches them food preparation, nutrition, customer service, financial responsibility, marketing, and hospitality career choices. The vision for this program is to provide extensive training that will not only keep them engaged in an after-school program and off of the streets but will bring them career readiness as they begin to prepare for their transition from high school into the real world.

Caterina's Club takes a whole person approach to addressing the needs of the underprivileged and believes that these three programs can work together to promote the autonomy of the individuals served.

Note 2 – Summary of Significant Accounting Policies

Basis of presentation – The accompanying financial statements are presented using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). References to the ASC hereafter refer to the Accounting Standards Codification established by the Financial Accounting Standards Board (FASB) as the source of authoritative GAAP. Significant accounting policies are described in the following pages to enhance the usefulness of the financial statements to the reader.

Estimates – The preparation of financial statements in accordance 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 revenues and expenses during the year. Actual results could differ from those estimates.

Financial statement presentation – The Caterina's Club's financial statements are presented in conformity with FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. Under ASU 2016-14, Caterina's Club is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Description of the two net asset categories are as follows:

Net assets without donor restrictions – Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions, including the carrying value of all unrestricted physical properties (land, building, and equipment). Items that affect (i.e., increase or decrease) this net asset category include revenue and contributions related to expenses associated with core programs.

Net assets with donor restrictions – Net assets with donor restrictions are net assets subject to donor-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 but permit an organization to use or expend part or all the income derived from the contribution. 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).

Expiration of donor-imposed restrictions – Net assets are released from donor restrictions by incurring expenses to satisfy the restricted purposes and by occurrence of events specified by the donors, including the passage of time.

Cash and cash equivalents – For purposes of the statements of cash flows, Caterina's Club considers all money market funds and highly liquid investments with an initial maturity of three months or less to be cash and cash equivalents.

Concentration of credit risk – Caterina's Club's cash is maintained in a commercial bank and consists of cash on deposit. Caterina's Club places its cash with high credit quality financial institutions, and the account balances may exceed the institution's insurable limits established by the Federal Deposit Insurance Corporation (FDIC). Caterina's Club has not experienced any credit losses in such accounts.

Contributions receivable – Receivables consist of unconditional promises to give that are not received by year end. Contributions receivable are written off when deemed uncollectible. Management has determined that all amounts carried as receivables are collectible, and, therefore, no allowance for doubtful accounts has been established. Historically, all receivables have been collected as they become due. No interest is charged on contributions receivable. All contributions receivable are considered short-term, therefore, no present value discount was applied.

Inventory – Inventory, consisting of food, pasta, sauces, and books (*Power of Pasta*), and other donated items are stated at cost or the approximate fair value on the date of donation.

Property and equipment – Assets are carried at cost if purchased or fair value at date of contribution if donated. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Caterina's Club follows the practice of capitalizing all expenditures for equipment in excess of $500. Depreciation is calculated using the straight-line method over the estimated useful lives of property and equipment. At December 31, 2022 and 2021, net property and equipment consist of office equipment of $43,028 and $43,028, vans of $157,372 and $105,053, and accumulated depreciation of $89,186 and $55,979, respectively. For the years ended December 31, 2022 and 2021, depreciation expense was $33,683 and $27,931, respectively.

Long-lived assets, such as property and equipment, are reviewed on an ongoing basis for impairment based on a comparison of the carrying value against undiscounted future cash flows. If impairment is identified, the assets' carrying amounts are adjusted to fair value. There were no such adjustments during the years ended December 31, 2022 and 2021.

Contributions and grants – Contributions and grants are recognized as revenue in accordance with FASB ASC 958-605, *Revenue Recognition*. Contributions and grants are recognized when the donor makes a promise to give to the organization that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increase in net assets without donor restrictions if the restrictions expire in the year in which the contributions are recognized. All other donor-restricted contributions and grants are reported as increase in net assets with donor restrictions depending on the nature of the restrictions.

When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Special events revenue – Caterina's Club conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits received by the participant at the event (the exchange component) and a portion represents a contribution. Unless a verifiable objective mean exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the organization. The contribution component is the excess of the gross proceeds over the fair value of the direct donor benefit. The direct costs of the special events, which ultimately benefit the donor rather than the organization, are recorded as costs of direct door benefits in the statements of activities. The performance obligation is delivery of the event, which is usually accompanied by a presentation. The ticket fee is set by the organization. FASB ASC 606, *Revenue from Contracts with Customers*, requires allocation of the transaction price to the performance obligation. Accordingly, Caterina's Club separately presents in its notes to financial statements the exchange and contribution components of the gross proceeds from special events. For special event fees received before year-end, for an event to occur after year-end, the organization follows American Institute of Certified Public Accountant guidance (if this is the case) where the inherent contribution is conditioned on the event taking place, and is therefore treated as a refundable advance along with the exchange component.

In-kind donations – Contributions of donated materials and services (in-kind donations) are recorded at estimated fair values at the date received. Contributions of donated services that create or enhance nonfinancial assets, or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased, if not provided by donation, are recorded at the estimated fair values in the period received. See Note 6.

Additionally, unpaid volunteers have made significant contributions of their time to Caterina's Club. However, the value of these services is not reflected in these financial statements because the criteria for recognition have not been satisfied.

Employee retention tax credit – Caterina’s Club was eligible and applied for the Employee Retention Tax Credit (ERC) under the Coronavirus Aid Relief and Economic Security (CARES) Act. In August 2022, Caterina’s Club applied for an ERC of $434,183 consisting of refunds claimed on Form 941-X for the quarters ending June 30, 2020, September 30, 2020, December 31, 2020, March 31, 2021, June 30, 2021, and September 30, 2021. Caterina’s Club received the refunds along with $4,002 of interest in November and December 2023.

Income taxes – Caterina's Club is a California non-profit corporation that has qualified for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and the California Revenue and Tax Code Section 23701(d). Accordingly, no provision for income taxes has been made in the accompanying financial statements. However, Caterina's Club is subject to income taxes on any net income that is derived from an unrelated business activity and not in furtherance of the purposes for which it was granted exemption. No income tax provision had been recorded, as net income, if any, from any unrelated trade or business, in the opinion of management, is not material to the accompanying financial statements taken as a whole.

Caterina's Club follows the accounting standard for uncertainty in income taxes recognized in a non-public entity's financial statements. It details how entities should recognize, measure, present, and disclose uncertain tax positions that have been or are expected to be taken. As such, financial statements will reflect expected future tax consequences of uncertain tax positions presuming the taxing authorities' full knowledge of the position and all relevant facts. There was no impact to Caterina's Club's financial statements as a result of these provisions.

Functional allocation of expenses – The costs of providing program and supporting services have been summarized on a functional basis in the statements of functional expenses. Certain categories of expenses that are attributable to more than one program or supporting function require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the program and supporting services benefited based on estimated usage. Salaries and wages of administrative and development personnel are allocated to general and administrative and fundraising. Program-specific personnel costs are allocated to programs services. All other costs are allocated between program services and supporting services on a pro rata basis determined by management's estimated usage.

Advertising – Caterina's Club follows the policy of charging the costs of advertising expenses as incurred. Advertising expense was approximately $69,000 and $97,000 for the years ended December 31, 2022 and 2021, respectively.

Recently adopted accounting pronouncements – The FASB issued ASU No. 2016-02, *Leases (Topic 842) Accounting Standards Codification (ASC Topic 842)*, which increases transparency and comparability among entities by recognizing right-of-use (ROU) assets and lease liabilities on the statements of financial position and requires disclosure of key information about leasing arrangements. Caterina's Club adopted ASC Topic 842 effective January 1, 2022, utilizing the transition method for adoption provided in ASU 2018-11 such that prior period amounts are not adjusted and continue to be reported in accordance with ASC 840, *Leases*. The new guidance was applied for all leases that existed at the date of initial application.

In connection with its adoption of ASC Topic 842, Caterina's Club recorded $119,693 and $119,693 of operating lease liabilities and operating ROU assets, respectively, as of January 1, 2022. See Note 9 for additional information on leases.

In 2022, Caterina's Club elected to adopt ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The new guidance requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statements of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial asset a nonprofit entity has received. Adoption of this standard did not have a significant om the financial statements, with the exception of increased disclosure.

Note 3 – Availability and Liquidity

Caterina's Club's financial assets available for general expenditure (that is, without donor or other restrictions limiting their use), within one year of the statement of financial position date, are as follows as of December 31:

	2022	2021
Cash and cash equivalents	$ 3,014,647	$ 2,351,084
Investments in equity securities	257,056	349,225
Contributions receivable	470,170	10,000
Total financial assets available to meet general expenditures within one year	$ 3,741,873	$ 2,710,309

In order to safeguard operations and the ability to fulfill its mission during periods of economic downturn, Caterina's Club strives to maintain one full year of operating support in reserves.

Note 4 – Investments and Fair Value Measurements

Caterina's Club follows the requirement for the disclosure of fair value measurements in accordance with a three-level valuation hierarchy. The valuation hierarchy is based upon the transparency of inputs in the valuation of an asset as of the measurement date. The three levels are defined as follows:

Level 1 – Quoted market prices in active markets for identical assets or liabilities.

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.

The following is a description of the valuation methodology used for assets measured at fair value. There has been no change in the methodology used at December 31, 2022:

Equity securities – Valued at the daily closing price as reported by the securities. Equity securities held by Caterina's Club are securities that are registered with the Securities and Exchange Commission. These securities are required to publish their daily net asset value and to transact at that price. The equity securities held by Caterina's Club are deemed to be actively traded.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while Caterina's Club believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Caterina's Club's domestic equity securities of $257,056 and $349,225 as of December 31, 2022 and 2021, respectively, were considered Level 1 investments. Of the investments held, three individual securities represented 81% and 83% of the portfolio at December 31, 2022 and 2021, respectively.

Note 5 – Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of $50,232 subject to expenditure for a specific program, Chef Bruno's Hospitality Academy, as of December 31, 2022. There were no net assets with donor restrictions as of December 31, 2021. Additionally, there were no net assets released from donor restrictions during the years ending December 31, 2022 and 2021.

Note 6 – In-Kind Donations

In-kind donations are summarized as follows at December 31:

	2022	2021
Inventory - food	$ 245,198	$ 165,098
Auction donations	18,603	56,284
Inventory - supplies	13,466	1,550
	$ 277,267	$ 222,932

Inventory – food – Caterina's Club receives in-kind food from corporate and individual donors that is utilized in its programs. The donated food is recorded in the financial statements as in-kind donations and as an expense at the estimated average fair value of one pound of donated food product at the industry standard rates between $1.75 and $2.75 depending on food type, for the years ended December 31, 2022 and 2021, respectively. The industry standard rates are evaluated and revised annually, and are based on analysis of data collected from USDA and other publicly available sources.

Auction donations – Caterina's Club received various auction donations including gift cards, experiences, services, and goods to be held at the special event auction to raise funds for Caterina's Club. Auction donations value is originally assigned based upon donor provided information verified by market comparisons. Auction items are monetized and their value is updated to be recorded at the amount the item sells for at the auction.

Inventory – supplies – Caterina's Club reports goods meeting recognition criteria under GAAP based on estimated fair values based on going rate for similar supplies. The Caterina's Club did not monetize any contributed supplies and they did not have donor restrictions.

Note 7 – Special Events

Gross receipts from special fundraising events recorded by Caterina's Club consist of exchange transaction revenue from tickets and auction items and contribution revenue from sponsorships and donations:

	2022			2021		
	Annual Gala	KFI Radiothon	Other	Annual Gala	KFI Radiothon	Other
Contributions	$ 731,228	$ 1,068,983	$ -	$ 425,399	$ 516,116	$ 10,050
Special event revenue	-	-	(608)	-	-	-
Special fundraising events - gross	731,228	1,068,983	(608)	425,399	516,116	10,050
Less: direct benefits to donors	(68,750)	-	-	(56,500)	-	-
Total	$ 662,478	$ 1,068,983	$ (608)	$ 368,899	$ 516,116	$ 10,050

Revenues net of direct benefits from the Annual Gala for the years ended December 31, 2022 and 2021, were $662,478 and $368,899, respectively. Revenues net of direct benefits for the KFI Radiothon for the years ended December 31, 2022 and 2021, were $1,068,983 and $516,116, respectively. Sales from the *Power of Pasta* book, net of cost of sales and books given away, resulted in revenue of $3,948 and $10,050 for the years ended December 31, 2022 and 2021, respectively. Revenues from other events for the years ended December 31, 2022 and 2021, total ($4,556) and $0, respectively.

Expenses for certain special events are reported in the statements of functional expenses. Expenditures for these events are as follows for the years ended December 31:

	2022		2021	
	Annual Gala	KFI Radiothon	Annual Gala	KFI Radiothon
Food and beverages	$ 52,038	$ -	$ 2,599	$ -
Press releases	29,504	4,595	14,417	3,413
Auction items	28,127	-	16,528	-
Facility and equipment rental	13,455	-	-	-
Other	3,758	6,449	37,884	13,944
Supplies	1,917	926	3,051	765
Total	$ 128,799	$ 11,970	$ 74,479	$ 18,122

Note 8 – Paycheck Protection Program Loan

On May 1, 2020, Caterina's Club received a loan in the amount of $92,290 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1.0% per annum, with the first six months of interest deferred, has a term of five years, and is unsecured and guaranteed by the U.S. Small Business Administration (SBA). Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if the company fails to apply for forgiveness within 10 months after the covered period, payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from May 1, 2020, to June 28, 2020, is the time that a business has to spend its PPP Loan funds. In March 2021, the Caterina's Club received forgiveness for the PPP Loan totalling $92,290, which was recognized as revenue in 2021. The SBA may review funding eligibility and usage of funds for compliance with the program based on thresholds and other factors. The amount of any liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Caterina's Club financial position.

Note 9 – Lease Commitments

On January 27, 2020, Caterina's Club signed a 38-month agreement for office space through March 31, 2023. Caterina's Club extended the lease for the first of two additional 24-month periods at its option. The monthly rentals range from $1,809 to $2,097 through March 31, 2027.

For the year ended December 31, 2022, Caterina's Club reported lease liabilities in accordance with ASU Topic 842, *Leases*. The future minimum payments due on all lease agreements and optional extensions that management deemed probable are due as follows:

Years Ending December 31:	
2023	$ 22,860
2024	23,532
2025	24,249
2026	24,981
2027	6,291
Total lease payments	101,913
Less: imputed interest	2,950
Lease liabilities as of December 31, 2022	$ 98,963

Additional information for Caterina's Club’s leases at December 31, 2022, are summarized below:

Weighted-average remaining lease term	51 months
Weighted-average discount rate	1.37%

For the year ended December 31, 2021, the Caterina's Club reported lease liabilities in accordance with ASU Topic 840, *Leases*. Minimum annual rental payments, excluding any future inflation adjustments, were as follows:

Years Ending December 31:	
2022	$ 22,302
2023	22,860
2024	23,541
2025	24,252
2026	24,981
Thereafter	6,291
Lease liabilities as of December 31, 2021	$ 124,227

Office rent expense for the years ended December 31, 2022 and 2021, was approximately $21,000 and $21,000, respectively.

Caterina's Club also rents storage space and kitchen space/equipment on a month-to-month basis. Storage and kitchen rent expense for the years ended December 31, 2022 and 2021, was approximately $71,000 and $49,000, respectively.

Note 10 – Related-Party Transaction

Caterina's Club paid the Gallio Corporation and White House Catering, Inc., which are owned by a member of the Board of Directors, approximately $45,000 and $184,000 for cooking and other expenses for the years ended December 31, 2022 and 2021, respectively.

Note 11 – Subsequent Events

Caterina's Club has evaluated events and transactions occurring subsequent to the statement of financial position date of December 31, 2022, for items that should potentially be recognized or disclosed in the financial statements. The evaluated was conducted through November 30, 2023, the date the financial statements were available to be issued. No such material events or transactions were noted to have occurred, other than the acquisition of property as discussed below.

Caterina's Club entered into a purchase and sale agreement effective October 5, 2023, with the City of Anaheim to acquire property in Anaheim, California, for the purpose of storing inventory and supplies. Caterina's Club paid a $10,000 deposit of the $830,000 purchase price. The remaining purchase price will be covered through a capital campaign and a bank loan that has not yet been entered into.