Report of Independent Auditors and
Financial Statements

Caterina's Club

December 31, 2023 and 2022

MOSSADAMS

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Board of Directors

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

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

SECRETARY:
Barbara Stovall,
Concert Pianist & Philanthropist

TREASURER:
David Pryor
CEO, Southland Tools

BOARD DIRECTORS:
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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

ADVISORY BOARD:
Maestro Carlo Ponti Jr.,
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 statements of financial position as of December 31, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Caterina's Club as of December 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

Moss Adams LLP

Irvine, California
June 13, 2024

Financial Statements

Caterina's Club
Statements of Financial Position
December 31, 2023 and 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 3,270,796	$ 3,014,647
Investments	818,379	257,056
Contributions receivable	207,709	470,170
Inventory	131,262	281,384
Prepaid expenses	72,325	500
Total current assets	4,500,471	4,023,757
PROPERTY AND EQUIPMENT, net	69,532	111,214
RIGHT-OF-USE ASSETS - OPERATING LEASES	-	97,603
OTHER ASSETS - DEPOSITS	4,700	4,700
Total assets	$ 4,574,703	$ 4,237,274
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 51,969	$ 3,442
Accrued payroll	40,824	61,979
Operating lease liabilities, current portion	-	21,576
Total current liabilities	92,793	86,997
OPERATING LEASE LIABILITIES, long-term portion, net	-	77,387
Total liabilities	92,793	164,384
NET ASSETS		
Without donor restrictions	4,189,898	4,022,658
With donor restrictions	292,012	50,232
Total net assets	4,481,910	4,072,890
Total liabilities and net assets	$ 4,574,703	$ 4,237,274

See accompanying notes.

Caterina's Club
Statements of Activities
Years Ended December 31, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND OTHER GAINS						
Contributions and grants	$ 751,276	$ 325,000	$ 1,076,276	$ 1,190,795	$ 50,232	$ 1,241,027
In-kind donations	363,155	-	363,155	277,267	-	277,267
Special events revenue, net	1,737,478	-	1,737,478	1,590,564	-	1,590,564
Realized and unrealized gain (loss) on on investments	59,824	-	59,824	(85,259)	-	(85,259)
Employee retention tax credit	-	-	-	343,185	-	343,185
Other revenue	32	-	32	-	-	-
Net assets released from restriction	83,220	(83,220)	-	-	-	-
Total revenues, support, and other gains	2,994,985	241,780	3,236,765	3,316,552	50,232	3,366,784
EXPENSES						
Program services						
Feeding the Kids in America	1,870,962	-	1,870,962	1,320,021	-	1,320,021
Welcome Home	136,108	-	136,108	118,663	-	118,663
Hospitality Academy	161,266	-	161,266	169,104	-	169,104
Total program services	2,168,336	-	2,168,336	1,607,788	-	1,607,788
Supporting services						
General and administrative	331,848	-	331,848	304,844	-	304,844
Fundraising	327,561	-	327,561	267,378	-	267,378
Total supporting services	659,409	-	659,409	572,222	-	572,222
Total expenses	2,827,745	-	2,827,745	2,180,010	-	2,180,010
CHANGE IN NET ASSETS	167,240	241,780	409,020	1,136,542	50,232	1,186,774
NET ASSETS, beginning of year	4,022,658	50,232	4,072,890	2,886,116	-	2,886,116
NET ASSETS, end of year	$ 4,189,898	$ 292,012	$ 4,481,910	$ 4,022,658	$ 50,232	$ 4,072,890

See accompanying notes.

Caterina's Club
Statement of Functional Expenses
Year Ended December 31, 2023

	Program Services				Supporting Services			
	Feeding the Kids in America	Welcome Home	Hospitality Academy	Total Program Services	General and Administrative	Fundraising	Total Supporting Services	2023 Total
Salaries	$ 663,161	$ 26,640	$ 61,406	$ 751,207	$ 70,073	$ 123,273	$ 193,346	$ 944,553
Payroll taxes	51,092	2,154	6,097	59,343	5,106	9,827	14,933	74,276
Benefits	33,949	9,864	10,629	54,442	557	556	1,113	55,555
	748,202	38,658	78,132	864,992	75,736	133,656	209,392	1,074,384
Accounting and legal	9,183	9,183	9,183	27,549	146,935	9,183	156,118	183,667
Bank fees	-	-	-	-	1,368	27,066	28,434	28,434
Communication	37,988	7,048	8,998	54,034	-	7,957	7,957	61,991
Depreciation	-	-	-	-	41,682	-	41,682	41,682
Dues and subscriptions	-	-	-	-	1,213	-	1,213	1,213
Food preparation and delivery	386,572	1,940	-	388,512	-	-	-	388,512
Grant writing	-	-	-	-	-	102,375	102,375	102,375
Hospitality Academy Program	-	-	30,543	30,543	-	-	-	30,543
In-kind goods	394,649	1,745	-	396,394	-	-	-	396,394
Insurance	7,914	5,238	5,056	18,208	11,130	-	11,130	29,338
Kitchen supplies	58,792	-	-	58,792	-	-	-	58,792
Office supplies	-	-	-	-	17,173	-	17,173	17,173
Other	13,504	1,182	2,860	17,546	27,909	30,569	58,478	76,024
Postage	1,391	384	384	2,159	112	112	224	2,383
Rent - office	5,193	5,193	5,193	15,579	5,193	5,193	10,386	25,965
Rental assistance	-	52,770	-	52,770	-	-	-	52,770
Repairs and maintenance	16,975	1,327	1,327	19,629	-	-	-	19,629
Scholarships	-	-	8,894	8,894	-	-	-	8,894
Storage and kitchen rental	81,310	2,340	3,290	86,940	950	950	1,900	88,840
Utilities	109,289	9,076	7,406	125,771	2,447	4,500	6,947	132,718
Travel	-	24	-	24	-	6,000	6,000	6,024
Total expenses	$ 1,870,962	$ 136,108	$ 161,266	$ 2,168,336	$ 331,848	$ 327,561	$ 659,409	$ 2,827,745

See accompanying notes.

Caterina's Club
Statement 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
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
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	6,972	35,150	52,138
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	$ 267,378	$ 572,222	$ 2,180,010

See accompanying notes.

Caterina's Club
Statements of Cash Flows
Years Ended December 31, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 409,020	$ 1,186,774
Adjustments to reconcile increase in net assets to net cash from operating activities		
Net change in in-kind donations of inventory	115,074	13,244
Depreciation	41,682	33,207
Donation of investments in equity securities	-	(6,334)
Unrealized (gain) loss on investments	(61,323)	85,259
Changes in assets and liabilities		
(Increases) decreases in		
Contributions receivable	262,461	(460,170)
Inventory	35,048	(148,617)
Prepaid expenses	(71,825)	35,710
Increases (decreases) in		
Accounts payable	48,527	(62,428)
Accrued payroll	(21,155)	37,877
Operating lease liabilities	(1,360)	1,360
Net cash from operating activities	756,149	715,882
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of investments	(500,000)	-
Purchases of equipment	-	(52,319)
Net cash from investing activities	(500,000)	(52,319)
NET INCREASE IN CASH AND CASH EQUIVALENTS	256,149	663,563
CASH AND CASH EQUIVALENTS, beginning of year	3,014,647	2,351,084
CASH AND CASH EQUIVALENTS, end of year	$ 3,270,796	$ 3,014,647
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 – Caterina's Club is reports 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 will be met by the passage of time or by use in 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. Donor restrictions on long-lived assets or cash to construct or acquire long-lived assets are considered to have expired when the assets are placed in service.

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.

Investments – Investments are stated at fair value. The estimated fair value of investments is based on quoted market prices. The net appreciation (depreciation) of the fair value of investments is included in realized and unrealized gains and losses, net of investment expenses, on the statements of activities.

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 methodologies used for assets measured at fair value. There has been no change in the methodology used at December 31, 2023 and 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.

U.S. Treasuries – These investments are traded frequently, and fair value has been determined using market quotations such as active trade markets.

The preceding methods 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.

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). Certain investments held with financial institutions are insured up to a specific limit by the Securities Investor Protection Corporation (SIPC). Caterina's Club has not experienced any credit losses in such accounts.

Investments are exposed to various risks such as interest rates, market, and credit risks. Risk is managed through evaluation before an investment is made and regular communication with investment managers. It is at least reasonably possible, given the level of risk associated with investments, that changes in the near term could materially affect the amounts reported.

Contributions receivable – Receivables consist of unconditional promises to give that were 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 credit losses 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. Management considers all contributions receivable that are collected within 60 days of year and are not restricted by the donor for purpose to be contributions without donor restrictions.

Inventory – Inventory, consisting of food, pasta, sauces, 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 eligible expenditures for property and equipment in excess of $500. Depreciation is calculated using the straight-line method over the estimated useful lives of property and equipment which approximates three to five years. At December 31, 2023 and 2022, net property and equipment consist of office equipment of $43,028 and $43,028, vans of $157,372 and $157,372, and accumulated depreciation of $130,868 and $89,186, respectively. For the years ended December 31, 2023 and 2022, depreciation expense was $41,682 and $33,683, 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, 2023 and 2022. Repairs and maintenance are charged to expense when incurred.

Leases – In the ordinary course of business, Caterina's Club may enter into a variety of lease arrangements. Caterina's Club determines whether the arrangement is or contains a lease at inception and only reassesses its determination if the terms and conditions of the agreement are changed. Transactions give rise to leases when Caterina's Club receives substantially all the economic benefits from and can direct the use of a specified property or equipment. Caterina's Club recognizes a lease liability and a right-of-use (ROU) asset for all leases with an expected term greater than 12 months, on its statements of financial position. The lease liability is determined based on the present value of the minimum rental payments using a risk-free incremental borrowing rate in effect at the time of the lease commencement. The ROU asset is determined based on the lease liability adjusted for lease incentives received. Operating lease cost is recognized on a straight-line basis over the lease term. Certain optional renewal periods were not included in the determination of the lease liability and ROU asset if management determined it was not reasonably certain that the lease would be extended.

Contributions and grants – 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.

Conditional contributions are not recognized until the conditions which they depend are substantially met. There were no conditional contributions as of December 31, 2023 and 2022.

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 $62,000 and $69,000 for the years ended December 31, 2023 and 2022, respectively.

Reclassifications – Certain amounts presented in the prior year financial statements have been reclassified to conform to the current year presentation. These reclassifications had no impact on net assets, changes in net assets, or net asset classifications.

Recent accounting guidance – In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments– Credit Losses (Topic 326)*, which introduced the current expected credit losses (CECL) methodology for estimating allowances for credit losses. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by Caterina's Club that are subject to Topic 326 include accounts receivable but exclude receivables from contributions and government granting agencies. Caterina's Club adopted this ASU effective January 1, 2023. The impact of this adoption was not considered material to the financial statements and primarily resulted in enhanced disclosures only.

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 statements of financial position date, are as follows as of December 31:

	2023	2022
Cash and cash equivalents	$ 3,270,796	$ 3,014,647
Investments	818,379	257,056
Contributions receivable	207,709	470,170
Total financial assets	4,296,884	3,741,873
Less amounts restricted by donors	292,012	50,232
Total financial assets available to meet general expenditures within one year	$ 4,004,872	$ 3,691,641

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

The following table presents investments measured at fair value on a recurring basis at December 31, 2023 and 2022:

	2023			
	Level 1	Level 2	Level 3	Total
Equity securities	$ 308,304	$ -	$ -	$ 308,304
U.S. Treasuries	510,075	-	-	510,075
Total investments	$ 818,379	$ -	$ -	$ 818,379

	2022			
	Level 1	Level 2	Level 3	Total
Equity securities	$ 257,056	$ -	$ -	$ 257,056

Note 5 – Net Assets with Donor Restrictions

At December 31, 2023 and 2022, net assets with donor restrictions consisted of the following:

	2023	2022
Net assets with donor restrictions		
Subject to expenditure for specified purposes		
Chef Bruno's Hospitality Academy	$ 42,012	$ 50,232
Acquisition of a new food storage facility	250,000	-
	$ 292,012	$ 50,232

During the years ended December 31, 2023 and 2022, net assets were released from door restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events as specified by donors, as follows:

	2023	2022
Chef Bruno's Hospitality Academy	$ 83,220	$ -

Note 6 – In-Kind Donations

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

	2023	2022
Inventory - food	$ 245,481	$ 245,198
Auction donations	72,891	18,603
Inventory - supplies	44,783	13,466
	$ 363,155	$ 277,267

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, 2023 and 2022, respectively. The industry standard rates are evaluated and revised annually, and are based on analysis of data collected from the United States Department of Agriculture 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:

	2023			2022		
	Annual Gala	KFI Radiothon	Other	Annual Gala	KFI Radiothon	Other
Contributions	$ 541,393	$ 900,787	185,154	$ 662,478	$ 1,068,983	$ 25,925
Special event revenue	159,600	-	353,667	-	-	-
Special fundraising events - gross	700,993	900,787	538,821	662,478	1,068,983	25,925
Less direct benefits to donors and other direct benefits	(242,232)	(90,821)	(70,070)	(128,299)	(11,970)	(26,553)
Total	$ 458,761	$ 809,966	$ 468,751	$ 534,179	$ 1,057,013	$ (628)

Revenues net of direct benefits from the Annual Gala for the years ended December 31, 2023 and 2022, were $458,761 and $534,179, respectively. Revenues net of direct benefits for the KFI Radiothon for the years ended December 31, 2023 and 2022, were $809,966 and $1,057,013, respectively. Revenues from other events for the years ended December 31, 2023 and 2022, total $468,751 and ($628), respectively.

Expenditures for these events are as follows for the years ended December 31:

	2023			2022		
	Annual Gala	KFI Radiothon	Other	Annual Gala	KFI Radiothon	Other
Food and beverages	$ 54,975	$ -	$ -	$ 52,038	$ -	$ -
Press releases	21,880	35,779	-	29,504	4,595	-
Auction items	91,270	28,194	40,531	28,127	-	20
Donor appreciation	3,050	21,010	-	-	-	477
Facility and equipment rental	17,683	-	-	13,455	-	-
Other	42,746	2,826	29,539	3,258	6,449	26,056
Supplies	10,628	3,012	-	1,917	926	-
Total	$ 242,232	$ 90,821	$ 70,070	$ 128,299	$ 11,970	$ 26,553

Note 8 – Leases

On January 27, 2020, Caterina's Club signed a 38-month agreement for the use of office space through March 31, 2023. Caterina's Club extended the lease for the first of two additional 24-month periods at its option; however, subsequent to that renewal date, the terms were modified, and the lease payments are made month-to-month with the option to cancel anytime. As a result, Caterina's Club amortized the remaining right-of-use asset and liability during the year ended December 31, 2023.

Office rent expense for the years ended December 31, 2023 and 2022, was approximately $25,000 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, 2023 and 2022, was approximately $89,000 and $71,000, respectively.

Note 9 – 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 $303,000 and $45,000 for cooking preparation, inventory, and other operating expenses such as monthly rent charges, utilities, maintenance, and insurance for the years ended December 31, 2023 and 2022, respectively.

Note 10 – Subsequent Events

Caterina's Club has evaluated events and transactions occurring subsequent to the statements of financial position date of December 31, 2023, for items that should potentially be recognized or disclosed in the financial statements. The evaluated was conducted through June 13, 2024, the date the financial statements were available to be issued. No such material events or transactions were noted to have occurred, other than as discussed below.

Caterina's Club entered into a purchase and sale agreement in October 2023 with the City of Anaheim to acquire property in Anaheim, California in the amount of $830,000 for the purpose of storing inventory and supplies. Caterina's Club entered into a loan agreement for $430,000 to supplement the purchase. The loan accrues interest at 7.17% and matures February 23, 2039.