

WE DON'T WASTE, INC.

FINANCIAL STATEMENTS

December 31, 2022 and 2021

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JOHN CUTLER & ASSOCIATES

Board of Directors
We Don't Waste, Inc.
Denver, Colorado

Independent Auditors' Report

Report on the Financial Statements

Opinions

We have audited the accompanying financial statements of We Don't Waste, Inc. (the "Organization") which comprise the statement of financial position as of and for the year ended December 31, 2022 and 2021, and the related statement of activities, cash flows, functional expenses and notes to the financial statements.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective statement of financial position, and related statements of activity, functional expenses and cash flows of We Don't Waste, Inc. as of December 31, 2022 and 2021, and the respective changes in financial position and, where applicable, cash flows and the budgetary comparison schedules for the general and major special revenue funds, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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 We Don't Waste, Inc., and to meet our 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 opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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 opinions. 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

The appendices have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

John Luttrell & Associates, LLC

May 23, 2023

WE DON'T WASTE, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2022 and 2021

	2022	2021
ASSETS		
Current Assets		
Cash	\$ 1,219,323	\$ 414,877
Investments	2,647,723	3,199,322
Contributions Receivable	150,000	-
Prepaid Expenses	9,000	9,000
Total Current Assets	<u>4,026,046</u>	<u>3,623,199</u>
Property and Equipment		
Land	1,843,159	-
Intangible Loan Fees	27,500	-
Construction in Progress	221,648	-
Building	2,863,787	-
Equipment	198,857	167,354
Leasehold Improvements	89,523	89,523
Vehicles	479,484	479,483
Less: Accumulated Depreciation	(419,187)	(362,463)
Total Property and Equipment, Net	<u>5,304,771</u>	<u>373,897</u>
TOTAL ASSETS	<u>\$ 9,330,817</u>	<u>\$ 3,997,096</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 123,720	\$ 6,482
Current Portion of Long-Term Debt	39,015	-
Total Current Liabilities	<u>162,735</u>	<u>6,482</u>
Long-Term Debt - Building Purchase	<u>2,686,962</u>	<u>-</u>
Total Long-Term Liabilities	<u>2,686,962</u>	<u>-</u>
TOTAL LIABILITIES	<u>2,849,697</u>	<u>6,482</u>
NET ASSETS		
Board Restricted Net Assets	600,000	600,000
Without Donor Restrictions	5,181,120	3,303,689
With Donor Restrictions	700,000	86,925
Total Net Assets	<u>6,481,120</u>	<u>3,990,614</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 9,330,817</u>	<u>\$ 3,997,096</u>

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grants and Contributions	\$ 3,749,379	\$ 700,000	\$ 4,449,379
In Kind - Food Contributions	10,703,423	-	10,703,423
In Kind - Non Food Contributions	98,000	-	98,000
Interest Income	35,494	-	35,494
Unrealized Gain/(Loss) on Investments	(130,801)	-	(130,801)
Special Events - Less related expenses	330,724	-	330,724
Net Assets Released from Restrictions	86,925	(86,925)	-
TOTAL REVENUES, GAINS AND OTHER SUPPORT	14,873,144	613,075	15,486,219
EXPENSES			
Program Services	1,488,851	-	1,488,851
In Kind - Food Distribution	10,703,423	-	10,703,423
In Kind - Non Food Distribution	68,000	-	68,000
Total Program Services	12,260,274	-	12,260,274
Supporting Services			
General and Administrative	438,511	-	438,511
Fundraising	296,928	-	296,928
Total Supporting Services	735,439	-	735,439
TOTAL EXPENSES	12,995,713	-	12,995,713
CHANGE IN NET ASSETS	1,877,431	613,075	2,490,506
NET ASSETS, Beginning	3,903,689	86,925	3,990,614
NET ASSETS, Ending	\$ 5,781,120	\$ 700,000	\$ 6,481,120

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

STATEMENT OF ACTIVITIES

Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES, GAINS AND OTHER SUPPORT			
Grants and Contributions	\$ 2,891,376	\$ 126,800	\$ 3,018,176
In Kind - Food Contributions	8,895,133	-	8,895,133
In Kind - Non Food Contributions	68,000	-	68,000
Interest Income	37,033	-	37,033
Special Events - Less related expenses	255,157	-	255,157
Net Assets Released from Restrictions	152,375	(152,375)	-
	<u>12,299,074</u>	<u>(25,575)</u>	<u>12,273,499</u>
TOTAL REVENUES, GAINS AND OTHER SUPPORT			
EXPENSES			
Program Services	1,069,279	-	1,069,279
In Kind - Food Distribution	8,895,133	-	8,895,133
In Kind - Non Food Distribution	68,000	-	68,000
	<u>10,032,412</u>	<u>-</u>	<u>10,032,412</u>
Total Program Services			
	<u>10,032,412</u>	<u>-</u>	<u>10,032,412</u>
Supporting Services			
General and Administrative	270,597	-	270,597
Fundraising	299,346	-	299,346
	<u>569,943</u>	<u>-</u>	<u>569,943</u>
Total Supporting Services			
	<u>569,943</u>	<u>-</u>	<u>569,943</u>
TOTAL EXPENSES	<u>10,602,355</u>	<u>-</u>	<u>10,602,355</u>
CHANGE IN NET ASSETS	1,696,719	(25,575)	1,671,144
NET ASSETS, Beginning	<u>2,206,970</u>	<u>112,500</u>	<u>2,319,470</u>
NET ASSETS, Ending	<u><u>\$ 3,903,689</u></u>	<u><u>\$ 86,925</u></u>	<u><u>\$ 3,990,614</u></u>

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

STATEMENT OF CASH FLOWS
Year Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,490,506	\$ 1,671,144
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided by Operating Activities		
(Increase) Decrease in Accounts Receivable	(150,000)	112,500
Increase (Decrease) in Accounts Payable	117,238	(17,831)
Depreciation	56,724	68,007
Forgiveness of Loan	-	(107,100)
	<u>2,514,468</u>	<u>1,726,720</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property	(4,987,598)	(141,480)
Sale of Investments	551,599	(1,639,091)
	<u>(4,435,999)</u>	<u>(1,780,571)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan	2,725,977	-
NET INCREASE (DECREASE) IN CASH	804,446	(53,851)
CASH, Beginning	414,877	468,728
CASH, Ending	<u>\$ 1,219,323</u>	<u>\$ 414,877</u>

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2022

	Program Services		Support Services		Totals
	Program Expenses	Food Distribution	Management and General	Fundraising	
Board Expense	\$ -	\$ -	\$ 19,183	\$ -	\$ 19,183
Capital Campaign	-	-	-	37,518	37,518
Depreciation and Amortization	56,724	-	-	-	56,724
Food Purchases	40,277	-	-	-	40,277
In Kind - Food Distribution	-	10,703,423	-	-	10,703,423
In Kind - Non Food Distribution	-	68,000	-	-	68,000
Interest Expense	-	-	39,015	-	39,015
Insurance	31,657	-	14,666	-	46,323
License and Fees	13,815	-	3,694	4,043	21,552
Office Expenses	7,293	-	3,968	731	11,992
Other Expenses	5,030	-	7,133	-	12,163
Program Supplies	58,266	-	-	-	58,266
Professional Services	176	-	70,614	44	70,834
Facilities	167,952	-	10,997	7,464	186,413
Repairs and Maintenance	31,349	-	-	-	31,349
Salaries and Wages	1,056,384	-	254,376	161,802	1,472,562
Technology/IT	1,256	-	7,548	6,484	15,288
Training and Travel	6,128	-	5,057	353	11,538
Fundraising and Development	12,544	-	2,260	78,489	93,293
	<u>\$ 1,488,851</u>	<u>\$ 10,771,423</u>	<u>\$ 438,511</u>	<u>\$ 296,928</u>	<u>\$ 12,995,713</u>

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended December 31, 2021

	Program Services		Support Services		Totals
	Program Expenses	Food Distribution	Management and General	Fundraising	
Board Expense	\$ -	\$ -	\$ 2,043	\$ -	\$ 2,043
Depreciation and Amortization	68,007	-	-	-	68,007
In Kind - Food Distribution	-	8,895,133	-	-	8,895,133
In Kind - Non Food Distribution	-	68,000	-	-	68,000
Insurance	32,396	-	6,457	-	38,853
License and Fees	11,874	-	2,639	791	15,304
Office Expenses	4,783	-	8,062	1,595	14,440
Other Expenses	1,359	-	775	237	2,371
Program Supplies	21,172	-	-	849	22,021
Database Services	4,828	-	-	-	4,828
Professional Services	-	-	121,644	-	121,644
Facilities	143,168	-	7,689	3,077	153,934
Repairs and Maintenance	39,400	-	-	-	39,400
Salaries and Wages	736,063	-	119,068	227,313	1,082,444
Training and Travel	1,220	-	2,220	95	3,535
Fundraising and Development	5,009	-	-	65,389	70,398
	<u>\$ 1,069,279</u>	<u>\$ 8,963,133</u>	<u>\$ 270,597</u>	<u>\$ 299,346</u>	<u>\$ 10,602,355</u>

The accompanying notes are an integral part of the financial statements.

WE DON'T WASTE, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization: We Don't Waste, Inc. (the "Organization") is a Colorado nonprofit corporation which was incorporated in July 2009. The Organization's mission is to increase food access and protect the planet by rescuing and repurposing food, while educating and advocating to increase food security and decrease food waste. The Organization does this by resourcing surplus food from venues, caterers, restaurants, and other major food distributors and delivers the products to community-based non-profit agencies serving vulnerable populations, and directly to communities in food deserts through Mobile Food Markets. The organization also reduces the amount of food destined for landfills through educating businesses, schools, community groups, and individuals on strategies to reduce their own food waste through smart planning, cooking, and food storage techniques.

Basis of Presentation –The financial statements of We Don't Waste, Inc. have been prepared in accordance with U.S. generally accepted accounting principles ("US GAAP"), which require the organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time.

Cash and Cash Equivalents – For financial statement purposes, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Contributions – Contributions received are recognized in the period received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are restricted by the donor for specific purposes are reported as net assets with donor restrictions. Support that is restricted by the donor is reported as net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Net assets with donor restrictions are reclassified to net assets without donor restrictions when the donor restriction is satisfied. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Contributed property and equipment are recorded at fair value at the date of donation. Contributions with donor-imposed stipulations regarding how long the contributed assets must be used are recorded as net assets with donor restrictions; otherwise, the contributions are recorded as net assets without donor restrictions.

WE DON'T WASTE, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(Continued)

Fair value measurements – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions. The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). The Organization groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

- Level 1 Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.
- Level 2 Other observable inputs, either directly or indirectly, including:
 - Quoted prices for similar assets/liabilities in active markets;
 - Quoted prices for identical or similar assets in non-active markets;
 - Inputs other than quoted prices that are observable for the asset/liability; and,
 - Inputs that are derived principally from or corroborated by other observable market data.
- Level 3 Unobservable inputs that cannot be corroborated by observable market data.

The Organization has investments that are valued using Level 2 inputs.

Revenue Recognition – All revenues are recognized as earned.

WE DON'T WASTE, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the accompanying financial statements. Accordingly, certain costs have been allocated among the program and supporting services. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Board Expense	Time and Effort
Depreciation and Amortization	Square Footage
Dues and Subscriptions	Time and Effort
Events	Time and Effort
Food	Time and Effort
Insurance	Full Time Equivalent
License and Fees	Full Time Equivalent
Office Expenses	Full Time Equivalent
Other Expenses	Time and Effort
Payroll Fees	Full Time Equivalent
Postage and Delivery	Full Time Equivalent
Printing and Reproduction	Full Time Equivalent
Professional Services	Full Time Equivalent
Facilities	Time and Effort
Repairs and Maintenance	Time and Effort
Salaries and Wages	Time and Effort
Training and Travel	Time and Effort
Fundraising and Development	Time and Effort

Income Tax Status – The Organization is incorporated and registered as a Colorado Non-profit corporation. They received their 501(c)(3) designation from the Internal Revenue Service in May of 2011.

Subsequent Events – Potential subsequent events were considered through May 23, 2023.

WE DON'T WASTE, INC.

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022 and 2021

NOTE 2: IN-KIND DONATIONS

During the year the Organization received donated food, property and other supplies and services. For the years ended December 31, 2022 and 2021, the amount of in-kind donations totaled \$10,801,423 (\$10,703,423 food value, 22,640,969 food servings) and \$8,963,113 (\$8,895,133 food value, 20,615,351 food servings), respectively. These amounts are recorded as contribution revenue and expense in the financial statements.

A number of volunteers have donated time in connection with Organization's activities. No amounts have been reflected in the financial statements for these donated services as they do not meet the criteria for recognition under SFAS No. 116.

NOTE 3: AVAILABILITY AND LIQUIDITY

As of December 31, 2022, the Organization has a working capital of \$3,902,326 and average days (based on normal expenditures) cash on hand of 597.

Financial assets available for general expenditure within one year of the balance sheet date, consist of the following:

	<u>2022</u>	<u>2021</u>
Cash and Investments	\$ 3,867,046	\$ 3,614,199
Accounts Receivable, Net	<u>150,000</u>	<u>-</u>
Total Financial Assets	<u>4,017,046</u>	<u>3,614,199</u>
Less amounts not available to be used within a year:		
Net Assets with donor restrictions	700,000	86,925
Board designated reserves	600,000	600,000
Less net assets with purpose restrictions to be met in less than a year	<u>(700,000)</u>	<u>(86,925)</u>
Financial Assets available to meet general expenditures over the next twelve months	<u>\$ 3,417,046</u>	<u>\$ 3,014,199</u>

The Board has restricted funds in the amount of \$600,000 for operating expenses that approximate 3 months of operating costs.

As part of the Organization's liquidity management plan, cash in excess of daily requirements are invested in money market funds.

The Organization's goal is generally to maintain financial assets to meet 90 days of operating expenses (approximately \$582,600). As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts.

WE DON'T WASTE, INC.

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2022 and 2021

NOTE 5: NET ASSETS

Net assets with donor restrictions were as follows for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Passage of Time:		
Unspent Grant Proceeds	\$ 700,000	\$ 86,925
Total	<u>\$ 700,000</u>	<u>\$ 86,925</u>

Net assets without donor restrictions and board designated net assets for the years ended December 31, 2022 and 2021 were \$5,181,120 and \$3,303,689, respectively.

Net assets released from net assets with donor restrictions are as follows:

	<u>2022</u>	<u>2021</u>
Satisfaction of Purpose Restrictions		
Satisfaction of Purpose	\$ 86,925	\$ 152,375
Total	<u>\$ 86,925</u>	<u>\$ 152,375</u>

NOTE 6: RELATED PARTIES

Jordy Construction, a construction company owned by board member, Charles Jordy, was selected as the general contractor for building improvements to the newly purchased building. Charles Jordy did not take part in the voting for this bid. Transactions in 2022 totaled \$142,976, recorded as construction in progress for the new building.

NOTE 7: NOTE PAYABLE

The Organization has a note payable with a local bank for the purchase of their building with a maturity date of August 1, 2025. The note requires monthly payments of \$15,759 and accrues interest at 4.75%. As of December 31, 2022, the balance of this note was \$2,725,977.

Maturities of long-term debt for the next five years are as follows:

<u>Year Ending December 31,</u>	<u>Amount</u>
2023	\$ 59,130
2024	61,678
2025	<u>2,605,169</u>
Total	<u>\$ 2,725,977</u>

Interest paid was \$39,015 during the year ended December 31, 2022.

2022 APPENDIX

APPENDIX A - NONPROFIT REPORT

History

We Don't Waste, founded in 2009, concluded its 14th year of operation, the first three under the fiscal umbrella of an established 501(c)(3). In 2011, We Don't Waste secured its 501(c)(3) and has operated successfully ever since as its own independent entity.

Servings of Food and Valuation

By the end of 2022, We Don't Waste had recovered over 21 million servings of food, valued at more than \$10M, from 327 food donors. We Don't Waste distributed nearly 22 million servings of food in 2022, equal to nearly 7.3 million meals. This food was distributed through We Don't Waste's Mobile Food Markets, 87 in 2022, and to 109 agencies (plus an additional 130 agencies through partner distribution) throughout the Metro Denver area at a cost of \$0.30 per meal. With the recovery of 21 million servings, We Don't Waste diverted over 6,000 tons of greenhouse gases (CO₂e), equal to removing more than 1,200 cars from the road for an entire year.

Financial Position

The We Don't Waste net position increased by \$2,489,950 for the year ended December 31, 2022. In the view of management, the entity is in a solid financial condition.

The value of the service of We Don't Waste to community-based agencies allows each agency to provide more nutritious food to their clients as more than 50% of the food recovered and distributed is comprised of fresh fruit, vegetables, lean protein and dairy, while at the same time saving agencies substantial sums of money from their food budgets for use in expanding other programing.