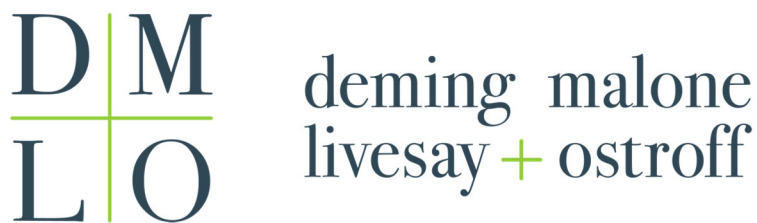


DARE TO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

Years Ended June 30, 2025 and 2024

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Independent Auditors' Report

To the Board of Directors
Dare to Care, Inc.
Louisville, Kentucky

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Dare to Care, Inc. (a nonprofit organization) and Subsidiaries (collectively, Organization) which comprise the consolidated statement of financial position as of June 30, 2025 and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the 2025 consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dare to Care, Inc. and Subsidiaries as of June 30, 2025, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of Dare to Care, Inc. and Subsidiaries 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.

Adjustments to Prior Period Financial Statements

The consolidated financial statements of Dare to Care, Inc. and Subsidiaries as of June 30, 2024, were audited by other auditors whose report dated November 6, 2024, expressed an unmodified opinion on those consolidated statements. As more fully described in Note 15, the Organization has made a reclassification to its 2024 consolidated net assets, in accordance with accounting principles generally accepted in the United States of America. The other auditors reported on the 2024 consolidated financial statements before the reclassification.

As part of our audit of the 2025 financial statements, we also audited the adjustment described in Note 15 that was applied to reclassify the 2024 net assets. In our opinion, such adjustment is appropriate and has been properly applied. We were not engaged to audit, review, or apply any procedures to the 2024 consolidated financial statements of the Organization other than with respect to the reclassification and, accordingly, we do not express an opinion or any other form of assurance on the 2024 consolidated financial statements as a whole.

Responsibilities of Management for the Consolidated Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with auditing standards generally accepted in the United States of America 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 consolidated financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Dare to Care, Inc. and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Dare to Care, Inc. and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying Schedules of Revenues and Expenses on page 25 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Deming, Malone, Linsay & Petroff

Louisville, Kentucky
October 28, 2025

DARE TO CARE, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2025 and 2024

Assets	<u>2025</u>	<u>2024</u>
Current assets:		
Cash and cash equivalents	\$ 4,284,395	\$ 1,560,175
Investments - undesignated	251,512	1,019,493
Accounts receivable	69,910	31,368
Contributions and grants receivable	777,919	530,127
Inventory	3,635,941	4,223,073
Prepaid expenses and other current assets	<u>59,795</u>	<u>151,299</u>
Total current assets	<u>9,079,472</u>	<u>7,515,535</u>
Investments - designated	12,746,741	14,423,765
Contributions and grants receivable	240,000	144,000
Property and equipment, net	10,027,457	9,427,722
Operating lease right-of-use assets	<u>934,025</u>	<u>631,436</u>
	<u>23,948,223</u>	<u>24,626,923</u>
Total assets	<u><u>\$ 33,027,695</u></u>	<u><u>\$ 32,142,458</u></u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable	\$ 277,579	\$ 185,127
Accrued expenses and other current liabilities	1,162,290	823,436
Operating lease liabilities	<u>336,889</u>	<u>312,962</u>
Total current liabilities	1,776,758	1,321,525
Operating lease liabilities, less current portion	<u>594,744</u>	<u>320,432</u>
Total liabilities	<u>2,371,502</u>	<u>1,641,957</u>
Net Assets		
Without donor restrictions:		
Undesignated	17,385,886	15,173,514
Board designated reserves	12,414,922	14,126,909
Board designated endowment	<u>331,819</u>	<u>296,856</u>
Total net assets without donor restrictions	30,132,627	29,597,279
With donor restrictions	<u>523,566</u>	<u>903,222</u>
Total net assets	<u>30,656,193</u>	<u>30,500,501</u>
Total liabilities and net assets	<u><u>\$ 33,027,695</u></u>	<u><u>\$ 32,142,458</u></u>

See Notes to Consolidated Financial Statements.

DARE TO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2025 and 2024

	2025			2024		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Contributions and grants	\$ 12,222,995	\$ 354,496	\$ 12,577,491	\$ 10,937,830	\$ 605,178	\$ 11,543,008
Donations of food and commodities	43,106,868		43,106,868	40,037,469		40,037,469
In-kind contributions - other	287,984		287,984	457,533		457,533
Child and adult care food program	446,804		446,804	354,036		354,036
Special events	497,497		497,497	541,666		541,666
Other revenues	107,755		107,755	337,151		337,151
Net investment return:						
Income from investments, net	431,229		431,229	539,045		539,045
Realized gains on investments	1,976,181		1,976,181	298,525		298,525
Unrealized (losses) gains on investments	(1,001,164)		(1,001,164)	936,615		936,615
Net investment return	1,406,246		1,406,246	1,774,185		1,774,185
Gain on sale of property and equipment	27,986		27,986			
	58,104,135	354,496	58,458,631	54,439,870	605,178	55,045,048
Net assets released from restrictions	734,152	(734,152)		2,457,284	(2,457,284)	
Total revenues, gains, and other support	<u>58,838,287</u>	<u>(379,656)</u>	<u>58,458,631</u>	<u>56,897,154</u>	<u>(1,852,106)</u>	<u>55,045,048</u>
Expenses						
Program services	53,266,286		53,266,286	48,931,116		48,931,116
Management and general	2,590,692		2,590,692	2,458,646		2,458,646
Fundraising	2,445,961		2,445,961	2,419,006		2,419,006
Total expenses	<u>58,302,939</u>		<u>58,302,939</u>	<u>53,808,768</u>		<u>53,808,768</u>
Change in net assets	535,348	(379,656)	155,692	3,088,386	(1,852,106)	1,236,280
Net assets, beginning of year	29,597,279	903,222	30,500,501	26,508,893	2,755,328	29,264,221
Net assets, end of year	<u>\$ 30,132,627</u>	<u>\$ 523,566</u>	<u>\$ 30,656,193</u>	<u>\$ 29,597,279</u>	<u>\$ 903,222</u>	<u>\$ 30,500,501</u>

See Notes to Consolidated Financial Statements.

DARE TO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2025

	2025						
	Food bank and foundational food	Community Kitchen	Kid's Café and school programs	Total Program Services	Management and General	Fundraising	Total
Distribution of food and commodities	\$ 44,867,722	\$ 747,782	\$ 157,075	\$ 45,772,579			\$ 45,772,579
Salaries, wages, and benefits	3,042,101	761,184	11,681	3,814,966	\$ 1,795,301	\$ 816,124	6,426,391
Payroll taxes	197,649	51,323	891	249,863	117,944	53,265	421,072
Public relations	18,941	56		18,997	11,457	1,072,806	1,103,260
Special event - costs of direct benefit to donors						106,086	106,086
Special events - other						59,629	59,629
Warehouse	387,773	53,175		440,948	792		441,740
Rent	127,722			127,722			127,722
Utilities	133,112	50,004		183,116	34,016		217,132
Repairs and maintenance	240,407	48,060		288,467	67,816	91	356,374
Freight	861,596			861,596	34		861,630
Truck	59,212	8,343		67,555			67,555
Insurance	133,473	33,985	567	168,025	57,697	21,045	246,767
Depreciation	410,042		214,392	624,434	38,991	38,989	702,414
Supplies and other office	12,552	3,191	267	16,010	38,055	9,058	63,123
Telephone	25,128	11,200	38	36,366	8,127	2,126	46,619
Memberships and subscriptions	11,526	90		11,616	49,913	13,727	75,256
Meetings, conferences, and travel	15,320	1,408	895	17,623	34,686	23,303	75,612
Professional and consulting	98,756			98,756	281,253	214,171	594,180
Agency capacity development	367,870			367,870			367,870
Bank fees	36,215	10,865	3,622	50,702	7,243	14,486	72,431
Other expenses	47,327	1,748		49,075	47,367	1,055	97,497
Total expenses	\$ 51,094,444	\$ 1,782,414	\$ 389,428	\$ 53,266,286	\$ 2,590,692	\$ 2,445,961	\$ 58,302,939

See Notes to Consolidated Financial Statements.

DARE TO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2024

	2024						
	Food bank and foundational food	Community Kitchen	Kid's Café and school programs	Total Program Services	Management and General	Fundraising	Total
Distribution of food and commodities	\$ 40,238,248	\$ 970,977	\$ 169,635	\$ 41,378,860			\$ 41,378,860
Salaries, wages, and benefits	3,129,256	674,056	38,859	3,842,171	\$ 1,505,087	\$ 821,045	6,168,303
Payroll taxes	188,244	46,253	2,881	237,378	101,736	53,416	392,530
Public relations	26,666	152	89	26,907	7,993	997,464	1,032,364
Special event - costs of direct benefit to donors						87,877	87,877
Special events - other						136,275	136,275
Warehouse	400,040	53,342	141	453,523	2,133		455,656
Rent	131,298			131,298			131,298
Utilities	119,974	55,461		175,435	35,953		211,388
Repairs and maintenance	210,107	52,754		262,861	67,294		330,155
Freight	913,034	15,058		928,092			928,092
Truck	72,950	10,661		83,611			83,611
Insurance	109,255	30,051	1,137	140,443	61,040	22,863	224,346
Depreciation	367,298		192,043	559,341	34,926	34,925	629,192
Supplies and other office	12,472	2,403	28	14,903	34,011	7,931	56,845
Telephone	24,983	7,808	126	32,917	6,930	1,988	41,835
Memberships and subscriptions	13,617	1,187	64	14,868	42,026	9,203	66,097
Meetings, conferences, and travel	31,656	13,600	852	46,108	70,240	24,658	141,006
Professional and consulting	92,029	35,000	443	127,472	441,946	205,320	774,738
Agency capacity development	358,907			358,907			358,907
Bank fees	35,218	10,565	3,522	49,305	7,044	14,086	70,435
Other expenses	64,911	1,805		66,716	40,287	1,955	108,958
Total expenses	\$ 46,540,163	\$ 1,981,133	\$ 409,820	\$ 48,931,116	\$ 2,458,646	\$ 2,419,006	\$ 53,808,768

See Notes to Consolidated Financial Statements.

DARE TO CARE, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Change in net assets	\$ 155,692	\$ 1,236,280
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Non-cash receipts of donated food and USDA inventory	(43,106,868)	(40,037,469)
Non-cash distributions of donated food and USDA inventory	43,789,568	39,213,634
Net realized and unrealized gain on investments	(975,017)	(1,235,140)
Contributions and grants restricted for purchases of property and equipment	(130,000)	(1,000,000)
Non-cash contributions of property and equipment		(351,348)
Depreciation	702,414	629,192
(Gain) loss on sale of property and equipment	(27,986)	2,042
Investment income reinvested	(364,808)	
Other change in operating leases	(4,350)	1,469
Change in assets and liabilities:		
Accounts receivable	(38,542)	44,381
Contributions and grants receivable	(343,792)	1,034,238
Inventory	(95,568)	(90,830)
Prepaid expenses and other current assets	91,504	(74,280)
Accounts payable	92,452	27,774
Accrued expenses and other current liabilities	338,854	384,133
Net cash provided by (used in) operating activities	<u>83,553</u>	<u>(215,924)</u>
Cash Flows from Investing Activities		
Purchases of property and equipment	(1,308,663)	(3,576,954)
Proceeds from sales of property and equipment	34,500	
Purchases of investments	(5,935,291)	(9,144,750)
Proceeds from sales of investments	9,720,121	8,115,420
Net cash provided by (used in) investing activities	<u>2,510,667</u>	<u>(4,606,284)</u>
Cash Flows Provided by Financing Activities		
Proceeds from contributions and grants restricted for purchases of property and equipment	130,000	1,000,000
Net change in cash and cash equivalents	2,724,220	(3,822,208)
Cash and cash equivalents, beginning of year	<u>1,560,175</u>	<u>5,382,383</u>
Cash and cash equivalents, end of year	<u>\$ 4,284,395</u>	<u>\$ 1,560,175</u>

See Notes to Consolidated Financial Statements.

DARE TO CARE, INC. AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Nature of Operations and Summary of Significant Accounting Policies

Nature of operations and principles of consolidation:

Dare to Care, Inc. (Dare to Care) is a nonprofit agency committed to leading Greater Louisville, Kentucky, and Southern Indiana to feed the hungry and conquer the cycle of need. Dare to Care fulfills its mission by partnering with over 400 food pantries, shelters, and/or emergency kitchens throughout the community. Dare to Care solicits surplus product from the food industry locally and nationally, through its membership in Feeding America, a nationwide network of food banks and the leading domestic hunger-relief charity throughout the United States. Dare to Care is principally supported through contributions, grants, and the receipts of donated food and food commodities.

The accompanying consolidated financial statements included the accounts of Dare to Care and its two wholly-owned subsidiaries (hereafter collectively referred to as Organization), Dare to Care Community Kitchen, LLC (the operations of the Community Kitchen) and Dare to Care Transportation, LLC (the operations of the vehicles owned and leased by the Organization), both of which are Kentucky limited liability companies. As applicable, all significant inter-company accounts and transactions have been eliminated in consolidation.

As limited liability companies, except as otherwise provided for by Kentucky law, no member, manager, agent, or employee of Dare to Care Community Kitchen, LLC and Dare to Care Transportation, LLC shall be personally liable for the debts, obligations, or liabilities of the respective entities, whether arising in contract, tort, or otherwise, or for the acts of omissions of any other member, manager, agent, or employee.

Summary of significant accounting policies:

This summary of significant accounting policies of the Organization is presented to assist in understanding the Organization's consolidated financial statements. The consolidated financial statements and notes are representations of the Organization's management, which is responsible for the integrity and objectivity of the consolidated financial statements. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the consolidated financial statements.

Basis of accounting:

The accompanying consolidated financial statements of the Organization have been prepared on the accrual basis of accounting. Accounting Standards Codification (ASC) as produced by the Financial Accounting Standards Board is the sole source of authoritative generally accepted accounting principles (GAAP) for nonprofit entities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Use of estimates:

The preparation of consolidated financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Net assets:

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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 management and Dare to Care's 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 Organization or by the passage of time. Other donor restrictions are perpetual in nature whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statements of activities. Contributions or grants whose restrictions are satisfied in the period the contribution or grant is received are reported as net assets without donor restrictions.

Cash and cash equivalents:

The Organization considers all highly liquid instruments, not designated for investment purposes, with an original maturity when purchased of three months or less, to be cash equivalents.

Investments:

Investments are stated at fair value with gains and losses included in the change in net assets per the accompanying consolidated statements of activities. Fair value is the price that would be received to sell an asset (or paid to transfer a liability) in an orderly transaction between market participants at the measurement date. Investments are recorded at cost when initially purchased.

The receipt of donated investments is recorded at the quoted market value of the respective investment at the time of donation. It is generally the Organization's policy to liquidate donated investments upon receipt.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Accounts receivable:

Accounts receivable represent contract assets and are carried at their estimated collectible amounts. Accounts receivable consist of amounts due from the agency purchased food program. Accounts receivable totaled \$69,910, \$31,368, and \$75,749 for the years ended June 30, 2025, 2024, and 2023, respectively.

Accounts receivable are presented net of an allowance for credit losses and are charged off in the period in which they are deemed uncollectible. The allowance for credit losses is management's estimate of probable losses determined on the basis of historical collection experience, known troubled accounts, and management's expectations about current and future economic conditions. The Organization considers all accounts receivable to be fully collectible. Accordingly, there was no allowance for credit losses at June 30, 2025 or 2024. If an amount becomes uncollectible, the balance will be written off through an allowance in the year so determined.

Contributions and grants receivable:

Contributions and grants receivable are recorded at their net realizable value upon receipt. The valuation of contributions and grants receivable is based upon historical collection experience with donors and an evaluation of the collectability of each outstanding receivable. Management determined that no allowance for uncollectible contributions and grants was necessary for the years ended June 30, 2025 and 2024. If an amount becomes uncollectible, the balance will be written off through an allowance in the year so determined.

Inventory:

Inventory consists of food that has been donated, U.S. Department of Agriculture (USDA) commodities passed-through to the Organization by the Kentucky Department of Agriculture Division of Food Distribution and the Indiana Department of Health, and food purchased by the Organization. Donated food and USDA commodities inventory is valued at the lower of cost or net realizable value using the approximate average wholesale value per pound of donated product based on an annual study by Feeding America (see Note 4). Purchased food inventory is valued at the lower of cost of net realizable value determined on a first-in, first-out basis.

Property and equipment:

Property and equipment is stated at cost at the date of acquisition or estimated fair value at the date of donation in the case of gifts.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The Organization generally capitalizes all expenditures for property and equipment exceeding \$1,000. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range from three to thirty years. Repairs and maintenance that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Leases:

The Organization determines if an arrangement is a lease at inception of the related contract/agreement. A contract/agreement is or contains a lease if the contract/agreement conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Lease right-of-use (ROU) assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease. Lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of the lease payments over the lease term, which is determined as the non-cancelable period, including periods for which termination options are reasonably certain of not being exercised, and periods for which renewal options are reasonably certain of being exercised. The lease liabilities are measured by discounting the future lease payments using a risk-free rate (the U.S. Department of the Treasury Daily Treasury Par Yield Curve Rate) unless an implicit rate is readily determinable. Lease ROU assets also include initial direct costs and prepaid lease payments made, if any, less lease incentives, if any. Lease terms may include options to extend or terminate the lease when it is reasonable certain that the option will be exercised. Lease and non-lease components are treated as a single lease component.

Lease expense for operating lease payments is recognized on a straight-line basis over the lease term. As applicable, variable lease payments are not considered in the determination of the lease payments for purposes of measuring the lease ROU assets and liabilities. Such variable lease payments are recognized as an expense in the period during which the related obligation is incurred.

Short-term leases (leases with an initial term of 12 months or less that do not contain a purchase option that is likely to be exercised) are not recorded on the consolidated statements of financial position.

Revenue recognition:

Contract revenue:

Contract revenue, as defined under FASB ASC 606, is derived primarily from fees for meals delivered under the child and adult care food program. Contract revenues are recognized at a point in time or over time upon satisfaction of the performance obligation. For the years ended June 30, 2025 and 2024, performance obligations are satisfied at a point in time for all of the Organization's contract revenues. Revenues are reported at the estimated net realizable amounts. Approximately 1% of the Organization's revenues are derived under contracts, as defined under ASC 606, for the years ended June 30, 2025 and 2024.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Revenue from child and adult care food programs is recognized at a point in time when the meals are delivered. Revenues are recorded at the established rates for the service per the contractual agreement with the agency. Contract amounts are billed as services are provided and subject to established payment terms.

The Organization has determined that the nature, amount, timing, and uncertainty of contract revenues and cash flows are affected by the economy and needs of the community agencies.

Contributions and grants:

The Organization recognizes contributions when cash/cash equivalents, investments, or other assets, or an unconditional promise to give, is received. An unconditional promise to give is recognized in the year the promise to give is made. Conditional promises to give, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been met.

Contributions other than cash:

Contributions of assets other than cash/cash equivalents (non-financial assets) are recorded at their estimated fair value at the date of donation. The values of such contributions of non-financial assets at the time of donation are estimated based on the actual cost of similar services and goods and/or the sales of comparable items. It is generally the Organization's policy to utilize such contributed services and goods upon receipt. Such contributed services and goods are generally used for both program and supporting (administration and fundraising) services as appropriate.

Contributed services must meet the specific expertise requirements and would normally have been purchased before they are recorded. Throughout the year individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received the benefit of approximately 18,000 and 17,000 volunteer hours during the years ended June 30, 2025 and 2024, respectively. Calculated at the federal minimum wage rate, the value of these volunteer hours totals approximately \$127,000 and \$123,000 for the years ended June 30, 2025 and 2024, respectively. Such volunteer services do not meet the requirements for recognition and, therefore, are not recorded in the accompanying consolidated financial statements.

See Note 4 for the value of donated food and commodities. The Organization treats these donations as support without donor restrictions. Other in-kind donations for the years ended June 30, 2025 and 2024 consisted of the following:

	<u>2025</u>	<u>2024</u>
Securities	\$166,843	
Special events – food, beverage, labor	106,086	\$ 87,877
Property and equipment		351,348
Other	<u>15,055</u>	<u>18,308</u>
	<u>\$287,984</u>	<u>\$457,533</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Special events:

Special event revenue is recorded equal to the cost of the direct benefit to donors and the related contribution from the donor.

Functional allocation of expenses:

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of allocation</u>
Salaries, wages, and benefits	Time and effort
Warehouse	Pounds distributed/asset use
Utilities	Square footage/asset use
Insurance	Square footage/asset use
Depreciation	Square footage/asset use
Other	Time and effort

Advertising costs:

The Organization expenses advertising costs, including media campaigns, as incurred. Such costs, which are largely reflected as fundraising expenses, total approximately \$252,000 and \$175,000 for the years ended June 30, 2025 and 2024, respectively.

Freight costs:

The costs associated with both preparing food to be delivered (the value-added packaging costs) and having food delivered to the Organization's warehouse, are expensed as freight costs as incurred. Such costs total approximately \$862,000 and \$928,000 for the years ended June 30, 2025 and 2024, respectively.

Income taxes:

Dare to Care has been granted exempt status by the Internal Revenue Service under Internal Revenue Code Section 501(c)(3) as a nonprofit organization that is not a private foundation. Dare to Care Community Kitchen, LLC and Dare to Care Transportation, LLC are both single member limited liability companies. Accordingly, no provision or liability for income taxes has been included in the accompanying consolidated financial statements.

When applicable, the Organization recognizes uncertain income tax positions using the "more-likely-than-not" approach as define in the ASC. No such uncertain tax positions have been reflected in the accompanying consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2025 and 2024, the Organization did not have any accrued interest or penalties related to income tax liabilities, and no interest or penalties have been charged to operations for the years then ended.

Subsequent events:

Subsequent events for the Organization have been considered through October 28, 2025, which is the date the financial statements were available to be issued.

Note 2. Liquidity and Availability Resources

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, are as follows at June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Financial assets:		
Cash and cash equivalents	\$ 4,284,395	\$ 1,560,175
Accounts receivable	69,910	31,368
Contributions and grants receivable	1,017,919	674,127
Investments	<u>12,998,253</u>	<u>15,443,258</u>
Total financial assets	<u>18,370,477</u>	<u>17,708,928</u>
Less amounts not available to be used within one year or without Board approval:		
Board designated reserve	12,414,922	14,126,909
Board designated endowment	331,819	296,856
Net assets with donor restrictions	<u>523,566</u>	<u>903,222</u>
	<u>13,270,307</u>	<u>15,326,987</u>
Total financial assets available for general expenditure within one year	<u>\$ 5,100,170</u>	<u>\$ 2,381,941</u>

While the Organization does not intend to expend the Board designated reserve or the Board designated endowment net assets for purposes other than those for which the funds have been designated, if necessary, such funds could be expended for current operations at the discretion of Dare to Care's Board of Directors.

The Organization's goal is to generally maintain financial assets to meet 90 days of operating expenses (approximately \$3,100,000). As part of the Organization's liquidity plan, excess cash is invested in short-term investments, including money market funds. The Organization has no debt as of June 30, 2025 and 2024.

The Organization also has access to borrowings under a bank line of credit of up to an aggregate principal amount of \$3,500,000. See Note 11.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 3. Concentrations

Cash:

At various times throughout the year the Organization maintains balances in excess of federally insured limits. Sweep accounts in excess of federally insured limits are secured by a repurchase agreement with the financial institution by which the Organization's accounts are collateralized by mortgage backed and/or U.S. Treasury securities. The Organization's additional cash and cash equivalents in excess of federally insured limits total approximately \$3,300,000 in money market funds.

Receivables and revenues:

Certain donors collectively account for 68% and 90% of the total contributions and grants receivable for the years ended June 30, 2025 and 2024, respectively:

	<u>2025</u>	<u>2024</u>
Donor # 1	\$246,750	\$318,369
Donor # 2	144,000	288,000
Donor # 3	<u>300,000</u>	<u> </u>
	<u>\$690,750</u>	<u>\$606,369</u>

For the years ended June 30, 2025 and 2024, 73% of total revenues, gains, and other support consists of the revenue from donated food (52% and 50%, respectively) and USDA commodities (21% and 23%, respectively) received.

The Organization receives a significant portion of its revenue from federal government sources. This concentration in federal funding represents a potential risk to the Organization, as any significant reduction or delay in federal appropriations or changes in federal policy could adversely affect the Organization's operations and financial condition.

Market risk:

The Organization has significant investments in common stocks, corporate and municipal bonds, asset backed securities and equity mutual funds held by investment managers and are, therefore, subject to concentrations of credit risk. Investments are made by the investment managers and the investments are monitored by the Board of Directors. Though the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 4. Inventory

At June 30, 2025 and 2024, inventory consists of the following:

	<u>2025</u>	<u>2024</u>
Donated food	\$ 394,403	\$ 756,649
USDA commodities	2,788,956	3,099,671
Purchased food	<u>452,582</u>	<u>366,753</u>
	<u>\$3,635,941</u>	<u>\$4,223,073</u>

The majority of the food that is distributed by the Organization has either been donated or has been received from the USDA under federal financial assistance programs.

The approximate average wholesale value of one pound of donated product at the national level was determined by Feeding America to be \$1.74 and \$1.57 for the years ended June 30, 2025 and 2024, respectively. Revenue from donated food (and USDA commodities; see below) received, as well as the related value of donated food (and USDA commodities; see below) distributed and the value of undistributed donated food (and USDA commodities; see below) inventory as of year-end, are estimated by valuing the respective number of pounds at the per pound value.

The following table present a summary of the approximate number of pounds and the estimated values of donated food received and distributed during the years ended June 30, 2025 and 2024:

	<u>2025</u>		<u>2024</u>	
	<u>Pounds</u>	<u>Value</u>	<u>Pounds</u>	<u>Value</u>
Received	17,892,000	\$30,579,614	17,492,000	\$27,442,903
Distributed	18,123,000	\$30,938,455	17,582,000	\$27,596,827

The Organization also receives and distributes food commodities it receives from the USDA under the Commodity Supplemental Food Program (CSFP) and the Emergency Food Assistance Program (TEFAP). In Kentucky, both federal programs are administered at the state level by the Kentucky Department of Agriculture Division of Food Distribution (Division). In Indiana, both federal programs are administer at the state level by the Indiana Department of Health. The USDA commodities are passed-through to the Organization by the Division and the Indian Department of Health to be distributed to the intended recipients.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

CSFP provides a monthly box of nutritious food products to low-income elderly persons of at least sixty years of age. The food received under TEFAP is designated for nonprofit agencies serving low-income individuals and families through their emergency meal and pantry programs. Generally, each month the Organization is reimbursed for the costs (not to exceed the total amount of approved costs under each program to the extent funds are available at the state level) associated with storing, transporting, and distributing these products based on the number of CSFP recipients served or the number of pounds of TEFAP food distributed.

The following table presents a summary of the approximate number of pounds and the estimated values of USDA commodities received and distributed during the years ended June 30, 2025 and 2024:

	<u>2025</u>		<u>2024</u>	
	<u>Pounds</u>	<u>Value</u>	<u>Pounds</u>	<u>Value</u>
Received	7,246,000	\$12,527,254	7,958,000	\$12,594,566
Distributed	7,623,000	\$12,788,038	7,357,000	\$11,616,807

Note 5. Contributions and Grants Receivable

Contributions and grants receivable will be collected in one to five years and consist of the following as of June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Within one year	\$ 777,919	\$530,127
One to five years	<u>240,000</u>	<u>144,000</u>
	<u>\$1,017,919</u>	<u>\$674,127</u>

During the year ended June 30, 2020, contributed rent was recorded with an estimated fair value of \$47,000 annually through the year ending June 30, 2049. During the year ended June 30, 2024, the Organization was gifted the property that relates to the contributed rent receivable. This resulted in the Organization de-recognizing the contributed rent receivable and recognizing the related property at an estimate of fair value of \$225,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 6. Property and Equipment

At June 30, 2025 and 2024, property and equipment, net consists of the following:

	<u>2025</u>	<u>2024</u>
Land	\$ 3,424,842	\$ 2,744,842
Buildings	8,191,671	8,162,068
Leasehold improvements	151,006	151,006
Warehouse equipment	1,175,805	1,100,360
Community Kitchen equipment	1,318,301	1,318,301
Office equipment, furniture, fixtures, and other	840,540	791,019
Vehicles	677,353	775,540
Construction in progress	<u>348,320</u>	<u> </u>
	16,127,838	15,043,163
	<u>(6,100,381)</u>	<u>(5,615,414)</u>
	<u>\$10,027,457</u>	<u>\$ 9,427,722</u>

Construction in progress includes software development in progress with an estimated total cost of \$400,000, to be completed in February 2026, as well as pallet trucks and forklifts not received by the organization as of June 30, 2025.

Note 7. Board Designated Reserves

As of June 30, 2025 and 2024, Organization's Board of Directors has designated \$12,414,922 and \$14,126,909, respectively, to be used for specific capital expenditures and/or program services as approved during the course of the budget process by the Board, the Finance Committee, and the Organization's President and CEO.

Note 8. Net Assets With Donor Restrictions

At June 30, 2025 and 2024, net assets with donor restriction consist of the following:

	<u>2025</u>	<u>2024</u>
Mobile pantry	\$144,000	\$288,000
Equipment/capital expenditures	130,000	146,130
Prescriptive pantry	69,023	65,093
Feeding families		91,490
School programs	5,271	60,012
Pilot model pantry		36,900
Equitable access		8,000
Other	<u>175,272</u>	<u>207,597</u>
	<u>\$523,566</u>	<u>\$903,222</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Net assets released from restrictions consist of the following with respect to the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Mobile pantry	\$ 144,000	\$ 303,000
Equipment/capital expenditures	146,130	78,870
Prescriptive pantry	99,070	81,732
Feeding families	91,490	168,510
School programs	54,741	90,184
Pilot model pantry	36,900	151,100
Equitable access	8,000	1,149,072
Local farm grown products		109,207
Other	<u>153,821</u>	<u>325,609</u>
	<u>\$ 734,152</u>	<u>\$2,457,284</u>

Note 9. Fair Value Measurements

The ASC provides a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as described below:

- Level 1 - Quoted prices in active markets for identical assets or liabilities.
- Level 2 - Observable inputs such as quoted prices in active markets for similar assets or liabilities or quoted prices for identical or similar assets or liabilities in markets that are not active or unobservable inputs that are derived principally from or corroborated by observable market data.
- Level 3 - Unobservable inputs that are based on the Organization's own assumptions as to how knowledgeable parties would price assets or liabilities that are not corroborated by market data.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The following is a description of the valuation methodologies used for the assets measured at fair value. There have been no changes in the methodologies used to determine fair value at June 30, 2025 and 2024.

Money market funds – Valued at the net asset value of the shares held by the Organization at year end.

Corporate and municipal bonds, asset backed securities, and Treasury and agency bonds – Valued using a yield curve matrix derived from quoted prices for similar assets in active markets.

Certificates of deposit – Valued by the custodians of the securities using pricing models based on credit quality, time of maturity, stated interest rates, and market rate assumptions.

Common stocks and mutual funds – Valued at the quoted market price of the shares held by the Organization at year end.

Other pooled funds – Valued at the fair value of the underlying comingled investment pool assets at year-end as reported by The Community Foundation of Louisville, Inc. The underlying assets are principally valued at the quoted market price on the active market on which the underlying assets are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are 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.

At June 30, 2025, assets carried at fair value on a recurring basis consist of investments as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ 772,331		\$ 772,331
Corporate and municipal bonds		\$ 219,952	219,952
Asset backed securities		26,067	26,067
Treasury and agency bonds		188,483	188,483
Certificates of deposit		251,512	251,512
Common stocks	6,035,163		6,035,163
Mutual funds	5,172,926		5,172,926
Other pooled funds		<u>331,819</u>	<u>331,819</u>
	<u>\$11,980,420</u>	<u>\$1,017,833</u>	<u>\$12,998,253</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

At June 30, 2024, assets carried at fair value on a recurring basis consist of investments as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Total</u>
Money market funds	\$ 1,271,955		\$ 1,271,955
Corporate and municipal bonds		\$ 233,415	233,415
Asset backed securities		25,680	25,680
Treasury and agency bonds		1,015,524	1,015,524
Certificates of deposit		259,580	259,580
Common stocks	1,140,526		1,140,526
Mutual funds	11,199,722		11,199,722
Other pooled funds		<u>296,856</u>	<u>296,856</u>
	<u>\$13,612,203</u>	<u>\$1,831,055</u>	<u>\$15,443,258</u>

Note 10. Board Designated Endowment Fund

During the year ended June 30, 2017, Dare to Care funded a Board designated endowment fund (Fund) at The Community Foundation of Louisville, Inc. (Foundation) with an initial contribution of \$50,000. The endowment provides funding for Dare to Care's mission. The agreement with the Foundation provides that distributions from the fund are governed by the Foundation's distribution policy to determine the amount which will be made available annually for grants and will be funded from principal if necessary. In the event of its dissolution, Dare to Care reserves the right to name a successor organization to the Fund. Dare to Care makes the determination of the amount to be distributed from the amount determined by the Foundation to be available for expenditure.

There are not separate investment policies relative to endowment funds. The Organization does, however, have investment policies, approved by the Board of Directors, for investments as a whole which, as applicable, address endowment funds. The primary goals of the investment policies are to preserve principal, maximize return through income on investments and appreciation of capital within acceptable levels of investment risk, and to provide a liquid source of funds to support operations. The Organization's strategic asset allocation provides for diversification among asset classes and the achievement of its investment objectives within the established risk tolerance parameters.

Changes in endowment net assets for the years ended June 30, 2025 and 2024 are as follows:

	<u>2025</u>	<u>2024</u>
Endowment net assets, beginning of year	\$296,856	\$231,016
Contributions		35,293
Net investment return	<u>34,963</u>	<u>30,547</u>
Endowment net assets, end of year	<u>\$331,819</u>	<u>\$296,856</u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Note 11. Line of Credit

The Organization has access to borrowings under a bank line of credit of up to an aggregate principal amount of \$3,500,000. The line of credit bears interest at a variable interest rate equal to the daily Secured Overnight Financing Rate plus 1.50%. Interest on outstanding borrowings is payable monthly. The outstanding principal amount, and the unpaid interest accrued thereon, is due at maturity (January 2026). The line of credit is collateralized by the Organization's investments account held with the financial institution. There were no borrowing under the line of credit during the years ended June 30, 2025 and 2024

Note 12. Operating Leases

The Organization entered into an operating lease agreement to lease warehouse space for a term of 36 months expiring in March 2026. At June 30, 2025 and 2024, the monthly payment due under this lease is \$10,589.

The Organization has also entered into several vehicle operating leases (thirteen such leases at June 30, 2025). The term of the respective vehicle leases end between September 2025 and May 2030. The monthly lease payments (which total \$32,540 and \$20,438 per month at June 30, 2025 and 2024, respectively) range from \$1,569 to \$2,748.

The Organization's operating leases do not include any material residual value guarantees or restrictive covenants.

The following summarizes lease information for the years ended June 30, 2025 and 2024:

	<u>2025</u>	<u>2024</u>
Operating lease cost	\$373,806	\$384,800
Weighted-average remaining lease term- operating leases	3.6 years	2.2 years
Weighted-average discount rate- operating leases	3.74%	3.26%
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	\$367,282	\$386,058
Right of use assets obtained in exchange for new operating lease liabilities	\$652,116	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Warehouse space lease cost is included in rent expense on the consolidated statements of functional expenses. Vehicle lease cost is included in warehouse expense on the consolidated statements of functional expenses.

The maturities of operating lease obligations as of June 30, 2025, are as follows:

June 30, 2026	\$364,704
2027	237,436
2028	151,935
2029	145,224
2030	<u>98,734</u>
Total lease payments	998,033
Less: present value adjustment	<u>(66,400)</u>
	<u>\$931,633</u>

Note 13. Retirement Plan

Dare to Care has a 403(b) plan (Plan) for its employees that meet the Plan's eligibility requirements. Contributions under the Plan are at the discretion of Dare to Care's Board of the Directors and are in amounts up to five percent of the participating employees' compensation. Retirement plan contribution expense for the years ended June 30, 2025 and 2024 totals approximately \$198,000 and \$159,000, respectively.

Note 14. Contingencies

Reimbursement claims under federal and/or state programs are subject to audit and adjustment by the respective grantor agencies. Any disallowed claims may become a liability of the Organization. Management is not aware of any communications from grantor agencies regarding the lack of compliance with requirements that could result in such a liability.

Note 15. Prior Period Reclassification

During the year ended June 30, 2025, the Organization performed additional analysis and reclassified \$240,094 to net assets without donor restrictions that had been previously reported as net assets with donor restrictions. This reclassification had no effect on total net assets at June 30, 2025 or 2024, or on total change in net assets for the years then ended. However, the effect of the reclassification on change in net assets without donor restrictions was an increase of \$240,094 and for the year ended June 30, 2024, with a corresponding decrease in net assets with donor restrictions.

DARE TO CARE, INC. AND SUBSIDIARIES

SCHEDULES OF REVENUES AND EXPENSES

Years Ended June 30, 2025 and 2024

	2025		2024	
Revenues, Gains and Other Support				
Donations of food and commodities	\$ 43,106,868	73.74%	\$ 40,037,469	72.75%
Contributions and grants	12,577,491	21.52%	11,543,008	20.97%
Net investment return:				
Income from investments, net	431,229	0.74%	539,045	0.98%
Realized gains on investments	1,976,181	3.38%	298,525	0.54%
Unrealized (losses) gains on investments	<u>(1,001,164)</u>	<u>-1.71%</u>	<u>936,615</u>	<u>1.70%</u>
Net investment return	1,406,246	2.41%	1,774,185	3.22%
Child and adult care food program	446,804	0.76%	354,036	0.64%
Special events	497,497	0.85%	541,666	0.98%
In-kind contributions - other	287,984	0.49%	457,533	0.83%
Other revenues	107,755	0.18%	337,151	0.61%
Gain on sale of property and equipment	<u>27,986</u>	<u>0.05%</u>		<u>0.00%</u>
	<u>\$ 58,458,631</u>	<u>100.00%</u>	<u>\$ 55,045,048</u>	<u>100.00%</u>
Expenses				
Distribution of food and commodities	\$ 45,772,579	78.30%	\$ 41,378,860	75.16%
Salaries, wages, and benefits	6,426,391	10.99%	6,168,303	11.20%
Public relations	1,103,260	1.89%	1,032,364	1.88%
Freight	861,630	1.47%	928,092	1.69%
Depreciation	702,414	1.20%	629,192	1.14%
Professional and consulting	594,180	1.02%	774,738	1.41%
Warehouse	441,740	0.76%	455,656	0.83%
Payroll taxes	421,072	0.72%	392,530	0.71%
Agency capacity development	367,870	0.63%	358,907	0.65%
Repairs and maintenance	356,374	0.61%	330,155	0.60%
Insurance	246,767	0.42%	224,346	0.41%
Utilities	217,132	0.37%	211,388	0.38%
Rent	127,722	0.22%	131,298	0.24%
Special event - costs of direct benefit to donors	106,086	0.18%	87,877	0.16%
Other expenses	97,497	0.17%	108,958	0.20%
Meetings, conferences, and travel	75,612	0.13%	141,006	0.26%
Memberships and subscriptions	75,256	0.13%	66,097	0.12%
Bank fees	72,431	0.12%	70,435	0.13%
Truck	67,555	0.12%	83,611	0.15%
Supplies and other office	63,123	0.11%	56,845	0.10%
Special events - other	59,629	0.10%	136,275	0.25%
Telephone	<u>46,619</u>	<u>0.08%</u>	<u>41,835</u>	<u>0.08%</u>
	<u>\$ 58,302,939</u>	<u>99.74%</u>	<u>\$ 53,808,768</u>	<u>97.75%</u>