

WHOLESOME WAVE, INC.
FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Wholesome Wave, Inc.
Bridgeport, Connecticut

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Wholesome Wave, Inc., which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Wholesome Wave, Inc., as of December 31, 2022 and 2021, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Wholesome Wave, Inc. 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.

Change in Accounting Principle

As discussed in Note 1, during the year ended December 31, 2022, Wholesome Wave, Inc. adopted Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Wholesome Wave, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' 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 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 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 Wholesome Wave, Inc.'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 Wholesome Wave, Inc.'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.



CliftonLarsonAllen LLP

West Hartford, Connecticut
July 12, 2023

WHOLESOME WAVE, INC.
STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 461,101	\$ 703,761
Accounts Receivable	119,752	160,764
Contributions Receivable	86,267	157,510
Investments	155,765	192,657
Prepaid Expenses	4,667	74,474
Other Assets	6,517	5,425
Property and Equipment, Net	-	15,000
Total Assets	\$ 834,069	\$ 1,309,591
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 371,032	\$ 512,674
Deferred Compensation	138,734	169,438
Note Payable	200,000	250,000
Total Liabilities	709,766	932,112
NET ASSETS		
Without Donor Restrictions	(107,362)	(462,672)
With Donor Restrictions	231,665	840,151
Total Net Assets	124,303	377,479
Total Liabilities and Net Assets	\$ 834,069	\$ 1,309,591

See accompanying Notes to Financial Statements.

WHOLESOME WAVE, INC.
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT AND REVENUE						
Private Grants and Contributions	\$ 1,365,762	\$ 114,052	\$ 1,479,814	\$ 1,626,173	\$ 792,793	\$ 2,418,966
Program Income, Net	126,892	-	126,892	120,024	-	120,024
Government Grants and Contracts	15,102	-	15,102	468,848	-	468,848
Donated Services	17,400	-	17,400	14,043	-	14,043
Other Income	-	-	-	2,960	-	2,960
Unrealized (Loss) Gain on Investments	(11,296)	-	(11,296)	1,726	-	1,726
Net Assets Released from Restrictions	722,538	(722,538)	-	24,145	(24,145)	-
Total Public Support and Revenue	<u>2,236,398</u>	<u>(608,486)</u>	<u>1,627,912</u>	<u>2,257,919</u>	<u>768,648</u>	<u>3,026,567</u>
EXPENSES						
Program Services	1,288,627	-	1,288,627	1,600,632	-	1,600,632
Management and General	231,245	-	231,245	378,193	-	378,193
Development and Fundraising	361,216	-	361,216	687,615	-	687,615
Total Expenses	<u>1,881,088</u>	<u>-</u>	<u>1,881,088</u>	<u>2,666,440</u>	<u>-</u>	<u>2,666,440</u>
INCREASE (DECREASE) IN NET ASSETS	355,310	(608,486)	(253,176)	(408,521)	768,648	360,127
Net Assets - Beginning of Year	<u>(462,672)</u>	<u>840,151</u>	<u>377,479</u>	<u>(54,151)</u>	<u>71,503</u>	<u>17,352</u>
NET ASSETS - END OF YEAR	<u>\$ (107,362)</u>	<u>\$ 231,665</u>	<u>\$ 124,303</u>	<u>\$ (462,672)</u>	<u>\$ 840,151</u>	<u>\$ 377,479</u>

See accompanying Notes to Financial Statements.

WHOLESOME WAVE, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022				2021			
	Program Services	Management and General	Development and Fundraising	Total	Program Services	Management and General	Development and Fundraising	Total
Personnel Costs	\$ 583,161	\$ 62,249	\$ 250,839	\$ 896,249	\$ 688,270	\$ 148,508	\$ 486,426	\$ 1,323,204
Incentive Costs	154,733	-	-	154,733	125,845	-	-	125,845
Contracted Services	419,154	-	35,410	454,564	608,378	175	139,639	748,192
Office Expense	35,513	27,497	31,883	94,893	44,051	11,234	24,736	80,021
Professional Fees	8,547	121,298	2,949	132,794	62,114	181,087	6,472	249,673
Travel and Meetings	39,257	2,029	2,865	44,151	12,135	5,113	1,014	18,262
Occupancy	37,434	3,323	15,648	56,405	40,146	11,099	21,470	72,715
Insurance	-	13,550	-	13,550	5,989	1,656	3,203	10,848
Donated Services	-	-	17,400	17,400	-	14,043	-	14,043
Depreciation Expense	10,000	1,000	4,000	15,000	8,704	2,406	4,655	15,765
Miscellaneous Expenses	828	299	222	1,349	5,000	2,872	-	7,872
Total Expenses	\$ 1,288,627	\$ 231,245	\$ 361,216	\$ 1,881,088	\$ 1,600,632	\$ 378,193	\$ 687,615	\$ 2,666,440

See accompanying Notes to Financial Statements.

WHOLESOME WAVE, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (Decrease) in Net Assets	\$ (253,176)	\$ 360,127
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided (Used) by Operating Activities:		
Depreciation	15,000	15,765
Unrealized Loss (Gain) on Investments	11,296	(1,726)
(Increase) Decrease in Operating Assets:		
Accounts Receivable	41,012	109,005
Other Assets	(1,092)	-
Contributions Receivable	71,243	(98,678)
Prepaid Expenses	69,807	(49,060)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable and Accrued Expenses	(141,642)	(35,491)
Deferred Compensation	(30,704)	23,982
Net Cash Provided (Used) by Operating Activities	(218,256)	323,924
 CASH FLOWS FROM INVESTING ACTIVITIES		
Sale (Purchase) of Investments	20,059	(39,495)
Proceeds from Sales of Investments	5,537	-
Net Cash Provided (Used) by Investing Activities	25,596	(39,495)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of Notes Payable	(50,000)	(250,000)
Net Cash Used by Financing Activities	(50,000)	(250,000)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(242,660)	34,429
Cash and Cash Equivalents - Beginning of Year	703,761	669,332
 CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 461,101	\$ 703,761

See accompanying Notes to Financial Statements.

WHOLESOME WAVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Wholesome Wave, Inc. (Wholesome Wave) is a nonprofit organization located in Bridgeport, Connecticut. Its mission is to inspire underserved consumers to make healthier food choices by increasing affordable access to fresh, local and regional food. Wholesome Wave is supported by contributions from private foundations and donors and program income.

Change in Accounting Principle

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases (ASC 842)*. The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. The Company adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. In addition, the Company has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the statement of financial position.

The Company has no long-term leases and minimal month-to-month rentals. Therefore, the standard had minimal impact on the statement of financial position, the statement of activities, and the statement of cash flows.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including disclosure requirements for contributed services. The amendments do not change the recognition and measurement requirements for those assets. The new standard is effective for annual reporting periods beginning after June 15, 2021. Management has adopted the standard for the year ended December 31, 2022.

See Note 10 for application of ASU 2020-07.

Basis of Accounting and Presentation

The financial statements of Wholesome Wave have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). Accordingly, the accounts of Wholesome Wave are reported in the following net asset categories:

Net Assets without Donor Restrictions – Net assets with donor restrictions represent available resources other than donor-restricted contributions. These resources may be expended at the discretion of the board of directors.

WHOLESOME WAVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Accounting and Presentation (Continued)

Net Assets with Donor Restrictions – Net assets with donor restrictions represent contributions that are restricted by the donor as to purpose or time of expenditure. Net assets with donor restrictions also represent resources that have donor-imposed restrictions that require that the principal be maintained in perpetuity but permit Wholesome Wave to expend the income earned thereon. Wholesome Wave does not currently have any net assets with donor restriction to be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures in the financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash and cash equivalents include cash in banks and certain highly liquid investments with original maturities of 90 days or less, exclusive of amounts held by brokers, which are considered to be investments.

Wholesome Wave places its cash deposits with high credit-quality institutions. Such deposits exceed federal depository insurance limits at times during the year. However, management believes that Wholesome Wave's deposits are not subject to significant credit risk.

Investment Valuation and Income Recognition

Investments are reported at fair value. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. See Note 2 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Investment income includes Wholesome Wave's gains and losses on investments bought and sold as well as held during the year. Realized and unrealized gains and losses and other investment income are reflected in the accompanying statements of activities and changes in net assets as net realized and unrealized gains and losses on investments and investment income. These amounts are reported in the statements of activities and changes in net assets as increases or decreases in net assets without donor restrictions or net assets with donor restrictions as appropriate based on any donor stipulations or law.

Property and Equipment

Property and equipment acquisitions and improvements thereon that exceed \$1,000 are capitalized at cost and depreciated on a straight-line basis over their estimated useful lives. Repairs and maintenance are charged to expense as incurred.

WHOLESOME WAVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases

The Company leases office space and office equipment under operating lease agreements. The Company determined if an arrangement is a lease at inception. The Company has elected to recognize payments for short-term leases with a lease of 12 months or less as expenses as incurred, and these leases are not reported as lease liabilities or right of use assets on the statement of financial position.

Revenue Recognition

Wholesome Wave recognizes revenue at an amount that reflects the consideration to which Wholesome Wave expects to be entitled in exchange for transferring goods or services to its customers using the following five step process:

1. Identify the contract(s) with the customer
2. Identify the performance obligation(s) in the contract
3. Determine the transaction price
4. Allocate the transaction price to performance obligations in the contract
5. Recognize revenue when (or as) the company satisfies a performance obligation

Refer to the following disclosures for details on how the above five step process is applied to Wholesome Wave's contracts with customers.

Service Contracts

Wholesome Wave revenue is derived from contracts to provide nutrition consulting services and sponsorship agreements. Income is recognized at a point in time when the performance obligations have been met.

Contract Balances

The opening and closing balances of Wholesome Wave's service contracts receivable are as follows:

	<u>Receivables</u>
Opening (January 1, 2021)	\$ 269,769
Closing (December 31, 2021)	160,764
Decrease	<u>\$ (109,005)</u>
Opening (January 1, 2022)	\$ 160,764
Closing (December 31, 2022)	119,752
Decrease	<u>\$ (41,012)</u>

Transaction Price

Consulting services and sponsorship agreements services are identified through contracts. The transaction price is determined up on establishment of the contract that contains the final terms of the agreement, including the description and price of each service and payment terms. Management has determined that Wholesome Wave's contracts do not contain a significant financial component.

WHOLESOME WAVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Performance Obligations

Contracts for services are assessed for performance obligations at contract inception. Wholesome Wave determines the performance obligations based on contract specifics and ultimate deliverables to the client. To identify the performance obligations,

Wholesome Wave considers all of the services promised in the contract regardless of whether they are explicitly stated or implied by customary business practices.

The services rendered represent point in time transactions for services rendered and invoiced at a point in time. Revenue is not recognized until the service has been rendered and the performance obligation has been met.

Contributions Including Government Grants and Contracts

Certain governmental grants and contracts received by a nonprofit are generally considered to be contributions rather than exchange transactions since there was not commensurate value transferred between the resource provider and Wholesome Wave. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of return of assets) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

Wholesome Wave reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the accompanying statements of activities as net assets released from restrictions. Contributions received whose restrictions are met in the same period are presented as net assets without donor restrictions.

Contributed services are recognized in the financial statements if they enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributed services recognized in the financial statements totaled \$17,400 and \$14,043 for the years ended December 31, 2022 and 2021, respectively. General volunteer services do not meet these criteria for recognition.

Wholesome Wave reports gifts of property and equipment as support without donor restrictions. Gifts of long-lived assets with explicit restrictions on how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. Wholesome Wave reports expirations of donor restrictions when the assets are placed in service.

There are no conditional grants, contracts or contributions as of December 31, 2022 and 2021.

WHOLESOME WAVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Such allocations are determined by management on an equitable basis. The expenses are allocated based on time and effort, usage, or square footage.

Income Taxes

Wholesome Wave is exempt from federal and state income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code.

Subsequent Events

In preparing these financial statements, management has evaluated subsequent events through July 12, 2023, which represents the date the financial statements were available to be issued.

NOTE 2 FAIR VALUE MEASUREMENTS

GAAP establishes 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 (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets in active markets that Wholesome Wave has the ability to access.

Level 2 – Inputs to the valuation methodology include:

- quoted prices for similar assets in active markets;
- quoted prices for identical or similar assets in inactive markets;
- inputs other than quoted prices that are observable for the asset;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset.

Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. As a practical expedient, certain investments are measured at fair value on the basis of net asset value. The fair value of these investments is not included in the fair value hierarchy.

WHOLESOME WAVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 2 FAIR VALUE MEASUREMENTS (CONTINUED)

Financial Instruments Measured at Fair Value

The following is a description of the valuation methodologies and investment strategies used for assets measured at fair value:

Deferred Compensation Investments: Deferred compensation is valued using the quoted price of shares held in the active market in which the securities are traded and in variable annuities which are stated at their net asset value as reported by independent pricing sources based on the fair value of the underlying assets and liabilities at the measurement date. The net asset value is used as a practical expedient to estimate fair value for the variable annuities.

Marketable Equity Securities: Marketable Equity Securities are valued at the closing price reported in the active market in which the individual securities are traded.

There have been no changes in the methodologies used at December 31, 2022 and 2021.

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 Wholesome Wave 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.

The following is a summary of the source of fair value measurements for assets that are measured at fair value as of December 31:

	Fair Value Measurements Using				Investments Measured at Net Asset Value (a)
	2022	Level 1	Level 2	Level 3	
Deferred Compensation Investments	\$ 138,734	\$ -	\$ -	\$ -	\$ 138,734
Marketable Equity Securities	17,031	17,031	-	-	-
Total Assets at Fair Value	<u>\$ 155,765</u>	<u>\$ 17,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 138,734</u>

	Fair Value Measurements Using				Investments Measured at Net Asset Value (a)
	2021	Level 1	Level 2	Level 3	
Deferred Compensation Investments	\$ 169,438	\$ -	\$ -	\$ -	\$ 169,438
Marketable Equity Securities	23,219	23,219	-	-	-
Total Assets at Fair Value	<u>\$ 192,657</u>	<u>\$ 23,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 169,438</u>

(a) Certain investments that are measured using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

WHOLESOME WAVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable, which represent promises made by individuals and corporations, receivable in less than one year, consist of \$86,267 and \$157,510 at December 31, 2022 and 2021, respectively. Based on management's assessment of outstanding balances, it has concluded that no reserve is deemed necessary at December 31, 2022 and 2021.

NOTE 4 NOTE PAYABLE

During 2018, Wholesome Wave entered into a note payable with Newman's Own Foundation for \$500,000 with an annual interest rate of 1.5%. The note had a maturity date and lump sum due on August 2, 2022. On December 16, 2022 the note was amended providing for payments of \$50,000 by December 31, 2022 and payments of \$12,500 each by March 21, June 30, and December 31, 2023 at which point the remainder of the loan would be forgiven. There was \$200,000 and \$250,000 outstanding on this note at December 31, 2022 and 2021, respectively. In accordance with the terms of this loan, the 2023 payments were made and the remainder of the loan was forgiven as of May 31, 2023.

NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purpose or time periods at December 31:

	<u>2022</u>	<u>2021</u>
Advancement of the Produce Prescription Model	\$ -	\$ 552,193
Voices for Healthy Kids	70,255	196,782
Enhancement of Development Function	-	43,817
In School Distribution Channel Program	40,000	40,000
Navajo Nation	7,359	7,359
Point 32	49,039	-
Rockefeller	65,012	-
Total	<u>\$ 231,665</u>	<u>\$ 840,151</u>

NOTE 6 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the following purpose or time restrictions for the years ended December 31:

	<u>2022</u>	<u>2021</u>
Walmart - Capacity Building	\$ 552,193	-
SNAP Expansion and Nutrition Incentives	126,528	-
Dietel	43,817	-
In-School Distribution Channel	-	-
NYC WRx	-	14,079
Navajo Nation	-	10,066
Total Net Assets Released from Restrictions	<u>\$ 722,538</u>	<u>\$ 24,145</u>

WHOLESOME WAVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 7 LIQUIDITY AND AVAILABILITY OF RESOURCES

The Wholesome Wave's financial assets available within one year of the statements of financial position date for general expenditure are as follows:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 461,101	\$ 703,761
Accounts Receivable	119,752	160,764
Contributions Receivable	86,267	157,510
Investments	17,031	23,219
Total	<u>684,151</u>	<u>1,045,254</u>
Less: Net Assets with Donor Restrictions	<u>(231,665)</u>	<u>(840,151)</u>
Total Financial Assets Available to Management for General Expenditure Within One Year	<u>\$ 452,486</u>	<u>\$ 205,103</u>

Liquidity Management

Wholesome Wave maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition to financial assets available to meet general expenditures over the next 12 months, Wholesome Wave operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures.

NOTE 8 ROYALTY AGREEMENT

During 2019, Wholesome Wave signed a royalty agreement with Wholesome Crave, LLC, for intellectual property licensing. Wholesome Crave will utilize certain trademarks owned by Wholesome Wave and in return will pay a royalty. As of December 31, 2022 and 2021, \$20,077 and \$8,183, respectively, was received under this agreement.

NOTE 9 LEASE COMMITMENTS

Wholesome Wave has an operating lease agreement for its office space in Bridgeport, Connecticut, expiring in December 2022 and a copier lease expiring in June 2023. The Company cancelled its copier lease effective December 2022. Therefore, no future minimum lease payments under these operating leases. Rent expense under these leases totaled \$70,911 and \$84,570 for the years ended December 31, 2022 and 2021, respectively.

WHOLESOME WAVE, INC.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021

NOTE 10 CONTRIBUTED NONFINANCIAL ASSETS

Wholesome Wave has recorded contributed nonfinancial assets in the statement of activities as follows for the year ended December 31, 2022:

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Wine and Auction Item	<u>\$ 17,400</u>	Fundraising	GWF Gala	Based on Cost

Wholesome Wave has recorded contributed nonfinancial assets in the statement of activities as follows for the year ended December 31, 2021:

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Pro-Bono Legal Services	<u>\$ 14,043</u>	Management	No Associated Donor Restrictions	Based on Time Spent

NOTE 11 RETIREMENT PLANS

Wholesome Wave sponsors a tax-deferred 401(k) profit-sharing retirement plan for its employees over the age of 21. An employee is eligible to participate in the plan after three months of service. Each plan year, Wholesome Wave may make discretionary profit-sharing contributions as determined by the board of directors for all eligible participants. Wholesome Wave did not make discretionary profit sharing contributions for the years ended December 31, 2022 and 2021.

Wholesome Wave also maintains a nonqualified 457(b) deferred compensation plan for eligible employees. As of December 31, 2022 and 2021, assets that fully fund the related liabilities of \$138,734 and \$169,438, respectively, are included in investments and the related liability is included in deferred compensation in the statements of financial position. During the years ended December 31, 2022 and 2021, deferred compensation expense totaled \$-0- and \$-0-, respectively.

NOTE 12 CORONAVIRUS

On March 11, 2020, the World Health Organization declared the Coronavirus to be a global pandemic. Wholesome Wave is unable to determine the direct impact of the outbreak on future operations at this time.

On April 23, 2020, Wholesome Wave received a Paycheck Protection Program (PPP) loan of \$359,674 granted by the Small Business Administration (SBA) under the Coronavirus Aid Relief, and Economic Security Act (CARES Act). Wholesome Wave considers PPP loans to be conditional contributions, with a right of return in the form of an obligation to be repaid if barriers to entitlement are not met.

WHOLESOME WAVE, INC.
NOTES TO FINANCIAL STATEMENTS
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NOTE 12 CORONAVIRUS (CONTINUED)

During the year ended December 31, 2020 Wholesome Wave recognized \$359,674 as government grants and contracts revenue based on the amount of qualifying expenditures incurred and employee headcount and salary levels maintained through December 31, 2020. On May 20, 2021, management received notification of full forgiveness by the SBA. The forgiveness of this loan is subject to audit by the SBA for a period of six years.

On February 8, 2021, Wholesome Wave received a PPP loan of \$359,672 granted by the SBA under the CARES Act. During the year ended December 31, 2021 Wholesome Wave recognized \$359,672 as government grants and contracts revenue based on the amount of qualifying expenditures incurred and employee headcount and salary levels maintained through December 31, 2021. On December 22, 2021, management received notification of full forgiveness by the SBA. The forgiveness of this loan is subject to audit by the SBA for a period of six years.

During the year ended December 31, 2021, Wholesome Wave applied for Employee Retention Credits (ERC) in compliance with the program for the third quarter of the year. The ERC is a credit against certain payroll taxes allowed to an eligible employer for qualifying wages, which was established by the CARES Act and further amended by the Consolidated Appropriations Act (CAA) and the American Rescue Plan (ARP). Grants related to this program are classified as contributions. Wholesome Wave recognized \$75,254 of Employee Retention Credit revenue as performance requirements being met and costs being incurred in compliance with the program during the year ended December 31, 2021.

NOTE 13 FUTURE OPERATIONS

Due to the deficit in net assets without donor restrictions, management is working to reverse the deficit within net assets without donor restrictions. Once the Coronavirus epidemic wanes and the economy returns to some semblance of normalcy, management expects to begin receiving additional royalty payments from Wholesome Crave.