

CONSOLIDATED FINANCIAL STATEMENTS

**D.C. CENTRAL KITCHEN, INC. AND
DCCK SUPPORT CORPORATION**

FOR THE YEAR ENDED JUNE 30, 2024

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
D.C. Central Kitchen, Inc. and DCKK Support Corporation
Washington, D.C.

Opinion

We have audited the accompanying consolidated financial statements of D.C. Central Kitchen, Inc. and DCKK Support Corporation (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2024, and the related consolidated statements of activities and change in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization as of June 30, 2024, and the consolidated change 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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization 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.

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 the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

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MEMBER OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS' PRIVATE COMPANIES PRACTICE SECTION

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, 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 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 consolidated financial statements.
- Conclude whether, in our judgment, 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The Consolidating Schedule of Financial Position on pages 23 - 24, Consolidating Schedule of Activities on pages 25 - 26, and Consolidating Schedule of Change in Net Assets on page 27 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The 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 information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



December 2, 2024

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 3,031,848
Investments	15,036,328
Accounts receivable	2,265,846
Grants and contributions receivable	8,514,633
Inventory	290,615
Prepaid expenses	<u>329,479</u>
Total current assets	<u>29,468,749</u>

FIXED ASSETS

Furniture and equipment	4,288,301
Vehicles	1,663,542
Leasehold improvements	<u>15,159,051</u>
	21,110,894
Less: Accumulated depreciation and amortization	<u>(2,667,746)</u>
Net fixed assets	<u>18,443,148</u>

OTHER ASSETS

Security deposits	259,879
Right-of-use asset	16,583,983
Note receivable	13,668,750
Investments, net of current portion	6,000,000
Grants and contributions receivable, net of current portion and discount	133,919
Deferred compensation	417,268
Interest receivable	<u>99,342</u>
Total other assets	<u>37,163,141</u>

TOTAL ASSETS **\$ 85,075,038**

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2024

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts and grants payable	\$ 772,288
Accrued salaries and related benefits	849,132
Deferred revenue	162,954
Operating lease liability	<u>2,813,141</u>
Total current liabilities	<u>4,597,515</u>

LONG-TERM LIABILITIES

Deferred compensation	417,268
Mortgages payable	18,500,000
Operating lease liability, net of current portion	<u>18,250,800</u>
Total long-term liabilities	<u>37,168,068</u>
Total liabilities	<u>41,765,583</u>

NET ASSETS

Without donor restrictions:	
Board designated	9,000,000
Undesignated	<u>14,036,479</u>
Total net assets without donor restrictions	23,036,479
With donor restrictions	<u>20,272,976</u>
Total net assets	<u>43,309,455</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 85,075,038</u>

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants and contributions	\$ 8,272,747	\$ 15,286,741	\$ 23,559,488
Contracts	11,024,376	-	11,024,376
Program service sales	3,024,249	-	3,024,249
Contributed services and materials	634,095	-	634,095
Special events, net of expenses of \$246,178	511,990	-	511,990
Contributions - United Way	103,851	-	103,851
Government grants	686,913	-	686,913
Loan interest revenue	156,781	-	156,781
Other revenue	46,944	-	46,944
Net assets released from donor restrictions	<u>10,499,421</u>	<u>(10,499,421)</u>	<u>-</u>
Total revenue and support	<u>34,961,367</u>	<u>4,787,320</u>	<u>39,748,687</u>
EXPENSES			
Program Services:			
Community Meals	9,134,648	-	9,134,648
Healthy School Food	13,096,077	-	13,096,077
Retail Cafes and Catering	2,983,171	-	2,983,171
Culinary Job Training/Workforce Development	2,383,259	-	2,383,259
Healthy Corners	1,486,480	-	1,486,480
Community Development & Partnerships	327,437	-	327,437
Impact and Evaluation	831,487	-	831,487
Support Corporation	<u>1,735,329</u>	<u>-</u>	<u>1,735,329</u>
Total program services	<u>31,977,888</u>	<u>-</u>	<u>31,977,888</u>
Supporting Services:			
Development	1,517,041	-	1,517,041
Management and General	<u>3,366,296</u>	<u>-</u>	<u>3,366,296</u>
Total supporting services	<u>4,883,337</u>	<u>-</u>	<u>4,883,337</u>
Total expenses	<u>36,861,225</u>	<u>-</u>	<u>36,861,225</u>
Change in net assets before other item	(1,899,858)	4,787,320	2,887,462
OTHER ITEM			
Investment return, net	<u>1,206,398</u>	<u>-</u>	<u>1,206,398</u>
Change in net assets	(693,460)	4,787,320	4,093,860
Net assets at beginning of year	<u>23,729,939</u>	<u>15,485,656</u>	<u>39,215,595</u>
NET ASSETS AT END OF YEAR	<u>\$ 23,036,479</u>	<u>\$ 20,272,976</u>	<u>\$ 43,309,455</u>

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024**

	Program Services						
	Community Meals	Healthy School Food	Retail Cafes and Catering	Culinary Job Training/ Workforce Development	Healthy Corners	Community Development and Partnerships	Impact and Evaluation
Personnel expenses	\$ 4,776,183	\$ 7,205,043	\$ 1,696,844	\$ 929,197	\$ 503,343	\$ 205,172	\$ 723,236
Food and beverages - purchased	1,701,389	4,139,033	673,042	37,548	337,817	-	-
Food and beverages - donated	382,652	-	-	-	-	-	-
Professional services - purchased	243,991	236,129	59,647	158,324	86,550	17,415	21,165
Professional services - donated	-	-	-	-	-	-	-
Facilities space - purchased	587,059	559,663	243,207	335,798	111,933	55,966	55,966
Depreciation and amortization	74,170	74,169	-	-	-	-	-
Insurance	67,182	76,104	13,436	40,309	13,436	6,718	6,718
Interest and bank fees	-	-	51,116	-	-	-	-
Kitchen costs	895,799	470,568	163,206	5,141	16,469	-	-
Program expenses	18,154	846	8	757,619	241,743	26,215	-
Meetings and conventions	5,568	13,090	866	3,566	2,552	1,184	5,820
Office expenses	134,221	90,722	29,068	31,068	63,224	3,568	1,993
Miscellaneous	97,701	80,443	30,466	45,102	50,006	6,875	7,722
Technology and communication	60,191	57,767	21,810	25,982	13,188	3,989	4,939
Travel expenses	1,363	3,475	455	13,605	1,707	335	3,928
Vehicle expenses	89,025	89,025	-	-	44,512	-	-
Special event	-	-	-	-	-	-	-
Subtotal	9,134,648	13,096,077	2,983,171	2,383,259	1,486,480	327,437	831,487
Less: Special event expenses	-	-	-	-	-	-	-
TOTAL	\$ 9,134,648	\$ 13,096,077	\$ 2,983,171	\$ 2,383,259	\$ 1,486,480	\$ 327,437	\$ 831,487

See accompanying notes to consolidated financial statements.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2024

	Program Services (Continued)		Supporting Services			Total Expenses
	Support Corporation	Total Program Services	Development	Management and General	Total Supporting Services	
Personnel expenses	\$ -	\$ 16,039,018	\$ 1,129,600	\$ 1,909,813	\$ 3,039,413	\$ 19,078,431
Food and beverages - purchased	-	6,888,829	-	-	-	6,888,829
Food and beverages - donated	-	382,652	-	-	-	382,652
Professional services - purchased	99,340	922,561	107,321	104,488	211,809	1,134,370
Professional services - donated	-	-	-	251,443	251,443	251,443
Facilities space - purchased	430,712	2,380,304	111,933	335,798	447,731	2,828,035
Depreciation and amortization	989,570	1,137,909	-	85,704	85,704	1,223,613
Insurance	-	223,903	13,436	40,309	53,745	277,648
Interest and bank fees	197,026	248,142	526	88,844	89,370	337,512
Kitchen costs	-	1,551,183	11,339	154,121	165,460	1,716,643
Program expenses	-	1,044,585	-	-	-	1,044,585
Meetings and conventions	-	32,646	4,437	7,740	12,177	44,823
Office expenses	-	353,864	80,052	11,470	91,522	445,386
Miscellaneous	18,681	336,996	19,673	348,172	367,845	704,841
Technology and communication	-	187,866	36,744	23,932	60,676	248,542
Travel expenses	-	24,868	1,980	4,462	6,442	31,310
Vehicle expenses	-	222,562	-	-	-	222,562
Special event	-	-	246,178	-	246,178	246,178
Subtotal	1,735,329	31,977,888	1,763,219	3,366,296	5,129,515	37,107,403
Less: Special event expenses	-	-	(246,178)	-	(246,178)	(246,178)
TOTAL	\$ 1,735,329	\$ 31,977,888	\$ 1,517,041	\$ 3,366,296	\$ 4,883,337	\$ 36,861,225

See accompanying notes to consolidated financial statements.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2024**

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 4,093,860
Adjustments to reconcile change in net assets to net cash used by operating activities:	
Depreciation and amortization	1,223,613
Unrealized gains on investments	(311,557)
Receipt of donated securities	(1,061,061)
Proceeds from sale of donated securities	1,075,032
Realized gain from sale of contributed securities	(13,971)
Change in discount on non-current grants and contributions receivable	(103,989)
Change in allowance for doubtful accounts	(1,280)
Amortization of right-of-use asset	1,164,867
Increase in:	
Accounts receivable	(438,366)
Grants and contributions receivable	(5,133,894)
Inventory	(165,262)
Prepaid expenses	(6,389)
Interest receivable	(14,224)
(Decrease) increase in:	
Accounts and grants payable	(856,186)
Accrued salaries and related benefits	127,598
Deferred revenue	27,125
Operating lease liability	<u>(320,365)</u>
Net cash used by operating activities	<u>(714,449)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of fixed assets	(573,074)
Net withdrawals of investments	<u>200,133</u>
Net cash used by investing activities	<u>(372,941)</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from line of credit	3,590,000
Payments on line of credit	<u>(3,590,000)</u>
Net cash provided by financing activities	<u>-</u>

Net decrease in cash and cash equivalents	(1,087,390)
Cash and cash equivalents at beginning of year	<u>4,119,238</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u><u>\$ 3,031,848</u></u>

SUPPLEMENTAL INFORMATION

Interest Paid	<u><u>\$ 203,892</u></u>
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See accompanying notes to consolidated financial statements.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS JUNE 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION

Organization -

D.C. Central Kitchen, Inc. (DCCK) was organized in the District of Columbia in 1988 as a not-for-profit organization for the purposes of fighting hunger and creating opportunity.

DCCK uses food as a tool to strengthen bodies, empower minds, and build communities. The organization prepares nutritious meals for schools, shelters, youth programs, and other community-based organizations while providing culinary job training to unemployed adults and Opportunity Youth who are disconnected from both work and school. DCCK also safely recovers unused food, engages volunteers, helps disadvantaged local farmers bring healthy foods to market, empowers small corner stores to stock and sell more nutritious options, and creates employment opportunities for its own culinary graduates to carry out these community service activities.

DCCK relocated its headquarters and main service center to a leased property located in a new mixed-use development in the Buzzard Point neighborhood along the Southwest Waterfront of Washington, D.C. (the "Property"). The move to the Property allows DCCK to increase its service capacity and provide a state-of-the-art learning environment and base of operations.

The DCCK Support Corporation ("Support Corporation") was formed in 2021 to act as the "qualified active low-income community business" ("QALICB") under the New Markets Tax Credit (NMTC) Program. The Support Corporation supports DCCK by (a) separating certain considerations from DCCK's general operations, including isolating certain real estate activities and liabilities from DCCK's overall charitable activities and assets; and (b) facilitating DCCK's participation in a financing transaction for the construction of improvements at the Property using NMTC.

Program descriptions:

Community Meals: During the year ended June 30, 2024, DCCK prepared, served, and delivered more than 1,294,000 meals to front-line shelters, youth programs, and community-based organizations serving food insecure and other vulnerable populations.

Healthy School Food: DCCK provides healthy breakfasts, lunches, and suppers to 24 public schools and six charter and private schools in Washington, D.C. This service aims to bring local, seasonable and sustainable cost-effective dining service to local schools that want to serve healthy, locally sourced meals to low-income student populations. In addition to promoting access to good nutrition, the program creates and sustains employment opportunities for at-risk men and women who have completed DCCK's culinary job training program. During the year ended June 30, 2024, this program served more than 1,488,000 meals to food insecure children during the last fiscal year.

Retail Cafés and Catering: DCCK creates job and internship opportunities for individuals facing barriers to employment through these social enterprise activities. Since 2019, DCCK's cafe in Ward 8 has also been a job training site, and in 2024 served as a focused training location for low-income mothers. DCCK operates 3 cafes across the city, allowing the program to hire DCCK culinary graduates, host DCCK culinary interns as well as community events, and support local farm purchasing.

Culinary Job Training/Workforce Development: DCCK operates an intense, nationally recognized fourteen-week culinary job training program for adults who have experienced barriers to employment such as histories of incarceration, addiction, homelessness, and trauma.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Organization (continued) -

Program descriptions (continued):

Culinary Job Training/Workforce Development (continued): The program offers comprehensive training in culinary arts and food safety and sanitation in combination with job readiness and life skills training. This program operated continuously throughout the past fiscal year, producing 131 graduates across 7 classes, 90% of whom secured full-time employment upon graduation.

Healthy Corners: DCCK offers an affordable wholesale delivery service for fresh produce and healthy snack items in communities where healthy retail options are scarce. DCCK delivers nutritious options to 56 corner stores and other small retailers, primarily those located in the underserved neighborhoods of Wards 5, 7, and 8. We provide these small businesses with discounted healthy food items, free infrastructure, nutrition education, marketing support, and technical assistance. Our participating retailers sold more than 421,000 units of healthy food in the last fiscal year.

Community Development and Partnerships. This department starts and sustains meaningful partnerships with more than 50 nonprofits and service providers in the DC area. Their collaborations allow us to raise awareness about our programs and services among eligible participants, refer potential students to our training program, conduct five or more nutrition education and cooking demonstrations at accessible community locations each month, and collect survey data and community feedback that informs our continued programming.

Impact and Evaluation: This department is responsible for DCCK's program evaluation activities, cross-cutting case management and clinical services, and management of external, community-facing partnerships with peer nonprofit organizations. Core functions include collecting and analyzing participant feedback and outcomes, tracking progress toward organizational goals, attending community events, and creating awareness of available program resources with food insecure and underserved community members.

Principles of consolidation -

The accounts of DCCK have been consolidated with the accounts of the Support Corporation (collectively, the Organization) pursuant to the criterion established by FASB ASC 958-810, *Not-for-Profit Entities Consolidation*. Under FASB ASC 958-810, consolidation is required if a separate not-for-profit organization has control (i.e., major voting interest) and significant economic interest in that other organization. All significant inter-company accounts and transactions have been eliminated in consolidation.

Basis of presentation -

The accompanying consolidated financial statements are presented on the accrual basis of accounting, and in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP) related to nonprofit entities. As such, net assets are reported within two net asset classifications: without donor restrictions and with donor restrictions. Descriptions of the two net asset categories are as follows:

- **Net Assets without Donor Restrictions** - Net assets available for use in general operations and not subject to donor restrictions are recorded as "net assets without donor restrictions". Net assets set aside solely through the actions of the Board are referred to as Board Designated and are also reported as net assets without donor restrictions.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Basis of presentation (continued) -

- **Net Assets with Donor Restrictions** - Net assets may be subject to donor-imposed stipulations that are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Donor imposed restrictions are released when the restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. Other donor imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue without donor restrictions when the assets are placed in service.

New accounting pronouncement adopted -

Accounting Standards Update (ASU) 2016-13, *Financial Instruments – Credit Losses* (Topic 326), replaces the incurred loss impairment methodology in current U.S. GAAP with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Organization that are subject to the guidance in FASB ASC 326 are receivables related to contracts and program service sales. The Organization implemented the ASU on July 1, 2023, using a modified retrospective approach. The standard was deemed immaterial to the financial statements and resulted in enhanced disclosures only.

Cash and cash equivalents -

The Organization considers all highly liquid investments with maturities of three months or less, which are not part of the investment portfolio, to be cash and cash equivalents. Money market funds held by investment managers totaled \$2,532,444 as of June 30, 2024. Bank deposit accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a limit of \$250,000. At times during the year, The Organization maintains cash balances in excess of the FDIC insurance limits. Management believes the risk in these situations to be minimal.

Investments -

Investments are recorded at their readily determinable fair value. Interest, dividends and unrealized gains and losses are included in investment return, which is presented net of investment expenses paid to external investment advisors, in the accompanying Consolidated Statement of Activities and Change in Net Assets.

Investments acquired by gift, such as donated securities, are recorded at their fair value at the date of the gift. The Organization's policy is to liquidate all gifts of investments as soon as possible after the gift.

Accounts receivable -

Accounts receivable primarily consists of amounts due within one year related to contracts and program service sales, Accounts receivable are recorded at their net realizable value which approximates fair value.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Grants and contributions receivable -

Grants and contributions receivable include unconditional promises to give that are expected to be collected in future years. Grants and contributions receivable are recorded at their fair value, which is measured as the present value of the future cash flows. The discount on long-term grants and contributions receivable is computed using the risk-adjusted interest rates applicable to the years in which the promises to give were received.

Amortization of the discount is included in contributions. All grants and contributions receivable are considered by management to be fully collectable. Accordingly, an allowance for doubtful accounts has not been established.

Inventory -

Inventory consists of disposable serving supplies, raw food and cooking ingredients. Inventory is stated at the lower of cost or net realizable value using the first in, first out (FIFO) method of valuation. Management performs an annual physical count of all merchandise and publications and, as a result, inventory is adjusted annually to agree to the physical count. Therefore, management has not established an allowance for obsolete inventory.

Fixed assets -

Fixed assets in excess of \$10,000 are capitalized and stated at cost. Fixed assets are depreciated on a straight-line basis over the estimated useful lives of the related assets, generally two to ten years.

Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining life term of the lease. The cost of maintenance and repairs is recorded as expenses are incurred. Depreciation and amortization expense for the year ended June 30, 2024 totaled \$1,223,613.

Impairment of long-lived assets -

Management reviews asset carrying amounts whenever events or circumstances indicate that such carrying amounts may not be recoverable. When considered impaired, the carrying amount of the assets is reduced, by a charge to the Consolidated Statement of Activities and Change in Net Assets, to its current fair value.

Income taxes -

DCCK and the Support Corporation are exempt from Federal income tax under Section 501(a) of the Internal Revenue Code ("IRC"), as organizations described in IRC Section 501(c)(3). Accordingly, no provision for income taxes has been made in the accompanying consolidated financial statements. DCCK and the Support Corporation are not private foundations.

Contributed services and materials -

Contributed services and materials are recorded at their fair value as of the date of the gift, and consisted of donated legal, lobbying and technology services, and food. Donated legal, lobbying and technology services are valued based on the prevailing market rates charged by the service providers. Donated food is valued based on the prevailing prices for similar food in the open market.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Contributed services and materials (continued) -

Contributed services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. None of the contributed nonfinancial assets were restricted by donors and none of the donated goods were monetized through sale.

Revenue from contracts with customers -

The Organization's contracts and program service sales are the most significant revenue streams that are treated as exchange transaction revenue following ASC Topic 606. Revenue from contracts with customers is recorded when the performance obligations are met. The Organization has elected to opt out of all (or certain) disclosures not required for nonpublic entities. Transaction price is based on sales price. Amounts received in advance of satisfying performance obligations are recorded as deferred revenue. The Organization's contracts with customers generally have initial terms of one year or less.

Special events revenue has elements of both exchange transaction revenue and support from contributions. Special events revenue includes ticket sales and sponsorships. The portion of special events revenue that provides a benefit to the donor in return is based on the cost of those performance obligations. As such, special events revenue is presented net of related event expenses totaling \$246,178 for the year ended June 30, 2024. For the exchange transaction portion of special events revenue, the performance obligation is met when the event occurs.

Support from grants and contributions, including Federal awards -

The Organization receives grants and contributions, including Federal awards from the U.S. Government. Grants and contributions are recognized in the appropriate category of net assets in the period received. The Organization performs an analysis of the individual grant or contribution agreement to determine if the funding stream follows the contribution rules or if it should be recorded as an exchange transaction, depending upon whether the transaction is deemed reciprocal or nonreciprocal in accordance with ASC Topic 958.

For grants and contributions qualifying under the contribution rules, support is recognized upon notification of the award and satisfaction of all conditions, if applicable. Conditional promises to give are not recognized until the conditions on which they depend are substantially met. Grants and contributions that are unconditional but have donor restrictions are recognized as "without donor restrictions" only to the extent of actual expenses incurred in compliance with the donor-imposed restrictions and satisfaction of time restrictions. Grants and contributions with donor restrictions either in excess of expenses incurred or with time restrictions are shown as net assets with donor restrictions in the accompanying consolidated financial statements.

Conditional grants and contributions contain a right of return and a measurable barrier. Most Federal grants are for direct and indirect program costs and are considered to be conditional contributions which are recognized as contributions when the amounts become unconditional. Conditional contributions received in advance of meeting specified conditions established by donors are recorded as refundable advances. However, the Organization had no refundable advances as of June 30, 2024.

In addition, the Organization has obtained funding source agreements related to conditional contributions, such as Federal awards from the U.S. Government, which will be received in future years. The Organization's unrecognized conditional contributions to be received in future years totaled \$1,117,240 as of June 30, 2024.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND GENERAL INFORMATION
(Continued)**

Use of estimates -

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Functional allocation of expenses -

The costs of providing the various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Change in Net Assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses directly attributed to a specific functional area of the Organization are reported as direct expenses to the programmatic area and those expenses that benefit more than one function are allocated on a basis of time and effort.

Special event expenses -

The Consolidated Statement of Functional Expenses includes special event expenses which are deducted from special event revenue in the Consolidated Statement of Activities and Change in Net Assets.

Risks and uncertainties -

The Organization invests in various investment securities. Investment securities are exposed to various risks such as interest rates, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the accompanying consolidated financial statements.

2. INVESTMENTS

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization has categorized its financial instruments, based on the priority of the inputs to the valuation technique, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Consolidated Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1. These are investments where values are based on unadjusted quoted prices for identical assets in an active market the Organization has the ability to access.

Level 2. These are investments where values are based on quoted prices for similar instruments in active markets, quoted prices for identical or similar instruments in markets that are not active, or model-based valuation techniques that utilize inputs that are observable either directly or indirectly for substantially the full-term of the investments.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

2. INVESTMENTS (Continued)

Level 3. These are investments where inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Following is a description of the valuation methodology used for investments measured at fair value. There were no transfers between levels in the fair value hierarchy during the year ended June 30, 2024. Transfers between levels are recorded at the end of the reporting period, if applicable.

- *Money Market Funds* - The money market funds are open-end funds that are registered with the Securities and Exchange Commission (SEC) and are deemed to be actively traded.
- *U.S. Government Bonds* - Valued at the closing price reported in the active market in which the individual securities are traded.
- *Mutual Funds* - Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily value and to transact at that price. Mutual funds held by the Organization are deemed to be actively traded.
- *Certificates of Deposit* - Generally valued at original cost plus accrued interest, which approximates fair value.

The table below summarizes, the investments measured at fair value on a recurring basis, by level within the fair value hierarchy as of June 30, 2024.

Asset Class:	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market Funds	\$ 2,532,444	\$ -	\$ -	\$ 2,532,444
U.S. Government Bonds	7,335,309	-	-	7,335,309
Mutual Funds - Equity	1,234,350	-	-	1,234,350
Certificates of Deposit	<u>-</u>	<u>9,934,225</u>	<u>-</u>	<u>9,934,225</u>
TOTAL	<u>\$ 11,102,103</u>	<u>\$ 9,934,225</u>	<u>\$ -</u>	<u>\$ 21,036,328</u>

Net investment return consisted of the following for the year ended June 30, 2024:

Interest and dividends	\$ 959,010
Unrealized gain	311,557
Less: Investment expenses provided by external investment advisors	<u>(64,169)</u>
NET INVESTMENT RETURN	<u>\$ 1,206,398</u>

3. GRANTS AND CONTRIBUTIONS RECEIVABLE

As of June 30, 2024, the Organization has received written promises to give from various donors totaling \$8,662,633 as of June 30, 2024. Grants and contributions receivable that are due in more than one year have been recorded at the net present value of their estimated future cash flows using a discount rate of 9.25%.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

3. GRANTS AND CONTRIBUTIONS RECEIVABLE (Continued)

Pledges receivable are expected to be collected as follows as of June 30, 2024:

Less than one-year	\$ 8,514,633
One to five years	<u>148,000</u>
Total	8,662,633
Less: Allowance to discount balance to present value	<u>(14,081)</u>
GRANTS AND CONTRIBUTIONS RECEIVABLE, NET	<u>\$ 8,648,552</u>

4. CONTRACT ASSETS AND CONTRACT LIABILITIES

Contract assets consisted of the following revenue streams as of:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>July 1, 2022</u>
Contracts	\$ 2,109,106	\$ 1,595,054	\$ 1,720,382
Program service sales	<u>156,740</u>	<u>231,146</u>	<u>163,719</u>
TOTAL CONTRACT ASSETS	<u>\$ 2,265,846</u>	<u>\$ 1,826,200</u>	<u>\$ 1,884,101</u>

Contract liabilities consisted of the following revenue streams as of:

	<u>June 30, 2024</u>	<u>June 30, 2023</u>	<u>July 1, 2022</u>
Program Service Sales	<u>\$ 162,954</u>	<u>\$ 135,829</u>	<u>\$ 4,132</u>

5. NEW MARKETS TAX CREDIT PROGRAM

The New Markets Tax Credit Program ("NMTC") is designed to facilitate economic and community development in low income communities and offers a means for subsidized financing of charitable operations planned in such areas.

Under the NMTC program, the U.S. Department of Treasury's Community Development Financial Institutions Fund ("CDFI Fund") awards authority to certain qualified Community Development Entities ("CDE") and Community Development Financial Institutions ("CDFI"), to select low-income community business projects to benefit from NMTC financing. Private investors, generally financial institutions, then make qualifying equity investments in such CDEs or CDFIs, which in turn provide loan funding necessary for the low-income community project, in exchange for Federal income tax credits.

Through participating in the NMTC financing, the Support Corporation has borrowed the funds necessary to develop and construct the improvements to the Property at an interest rate that is below market. Refer to Note 5 for details of the loans, including the dates they were entered into. The Support Corporation has used the proceeds of the loan to pay construction and other development costs, and acquire furniture, fixtures, and equipment necessary for the operation of the Property.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

5. NEW MARKETS TAX CREDIT PROGRAM (Continued)

Following completion of the improvements, DCCK used the Property to carry out its exempt activities of operating a community kitchen and offering job training for individuals in the Washington, D.C. area who are experiencing poverty or are otherwise at risk. The rental payments from DCCK to the Corporation are used to make debt service payments on the loan and to pay amounts owed by the Support Corporation to the owner of the Property under the lease.

DCCK loaned approximately \$13,668,750 (the "Leverage Loan") to Chase NMTC DCCK Investment Fund, LLC (the "Investment Fund"), an entity owned by Chase Community Equity, LLC, an affiliate of JPMorgan Chase Bank ("Investor"), and into which Investor invested approximately \$5,411,250 (the "Tax Credit Equity"). The Leverage Loan commenced on January 12, 2022 and will mature on September 1, 2046. The annual interest rate on the loan is 1.147%. Monthly interest only payments are made up to June 2029, after which quarterly payments are made, including the amortization of the loan principal.

The Investment Fund used substantially all of the proceeds of the Leverage Loan and the Tax Credit Equity to make "Qualified Equity Investments" or "QEIs" in each of the following lenders (collectively, the "CDE Lenders"), as follows: (i) a QEI in CAHEC SUB-CDE XXI, LLC in the amount of \$8,000,000; (ii) a QEI in CNMC SUB-CDE 192, LLC in the amount of \$2,500,000; and (iii) a QEI in TRF NMTC Fund 57, LP in the amount of \$8,000,000. The CDE Lenders then collectively loaned \$18,500,000 (the "QLICI Loans") to the Support Corporation. Refer to Note 6 for details of the loans, including the dates they were entered into.

6. MORTGAGES PAYABLE

As part of the NMTC program, the Support Corporation has entered into the following mortgage payable agreements:

- A mortgage of \$2,500,000 payable to CNMC SUB-CDE 192, at a 1% annual interest rate. The loan was entered into on January 12, 2022, and will mature on June 1, 2050. The loan will be interest only on a monthly basis until September 2029, after which quarterly principal amortization payments will also be made.
- A mortgage of \$8,000,000 payable to CAHEC Sub-CDE XXI, LLC, at a 1% annual interest rate. The loan was entered into on January 12, 2022, and will mature on June 1, 2050. The loan will be interest only on a monthly basis until September 2029, after which quarterly principal amortization payments will also be made.
- A mortgage of \$8,000,000 payable to TRF NMTC Fund 57, LP, at a 1.15% annual interest rate. The loan was entered into on January 12, 2022, and will mature on June 1, 2050. The loan will be interest only on a monthly basis until September 2029, after which quarterly principal amortization payments will also be made.

The mortgages are collateralized by the Property and reserve funds held with JPMorgan Chase Bank. Principal payments are due as follows:

Year Ending June 30, 2028 and Thereafter

\$ 18,500,000

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

6. MORTGAGES PAYABLE (Continued)

Interest expense was \$197,000 for the year ended June 30, 2024, and is included in interest and fees in the accompanying Consolidated Statement of Functional Expenses. The loan agreements contain various covenants, which among other things, place restrictions on the Organization's ability to incur additional indebtedness and require the Organization to maintain certain financial ratios.

7. LINE OF CREDIT

The Organization maintains a \$4,500,000 bank line of credit which matures October 15, 2025. Amounts borrowed under this agreement bear interest at the Bloomberg Short-Term Bank Yield Index (BSBY) plus 2.35%. The line is secured by inventory, receivables and equipment. The line of credit agreement contains various covenants, which among other things, place restrictions on the Organization's ability to incur additional indebtedness without prior written consent. During the year ended June 30, 2024, the Organization drew down and repaid \$3,590,000 on the line of credit. There was no outstanding balance due as of June 30, 2024.

Interest expense for the year ended June 30, 2024 totaled \$6,892 and is included in interest and fees in the accompanying Consolidated Statement of Functional Expenses.

8. BOARD DESIGNATED NET ASSETS

The Organization's net assets without donor restrictions include certain amounts that have been designated by the Board of Directors. Board designated net assets included the following as of June 30, 2024:

Operating Reserve	<u>\$ 9,000,000</u>
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9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following as of June 30, 2024:

Subject to expenditure for specified purpose: Capital Campaign	\$ 11,653,903
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Subject to passage of time	<u>8,619,073</u>
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TOTAL NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 20,272,976</u>
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The following net assets with donor restrictions were released from donor restrictions either by incurring expenses which satisfied the restricted purposes specified by the donors or through the passage of time during the year ended June 30, 2024:

Purpose restrictions accomplished: Capital Campaign	\$ 1,894,308
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Expiration of time restrictions	<u>8,605,113</u>
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TOTAL NET ASSETS RELEASED FROM DONOR RESTRICTIONS	<u>\$ 10,499,421</u>
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D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

10. LIQUIDITY AND AVAILABILITY

Financial assets available for use for general expenditures within one year of the Consolidated Statement of Financial Position date comprise the following:

Cash and cash equivalents	\$ 3,031,848
Investments	15,036,328
Accounts receivable	2,265,846
Grants and contributions receivable	<u>8,514,633</u>
Subtotal financial assets available within one year	28,848,655
Less: Donor purpose restricted funds	(11,653,903)
Less: Board designated funds	<u>(6,000,000)</u>

**FINANCIAL ASSETS AVAILABLE TO MEET CASH NEEDS FOR
GENERAL EXPENDITURES WITHIN ONE YEAR** **\$ 11,194,752**

The Organization has a policy to structure their financial assets to be available and liquid as their obligations become due. The Organization has a line of credit agreement (as further discussed in Note 7) which allows for additional available borrowings up to \$4,500,000.

11. CONTRIBUTED NONFINANCIAL ASSETS

The Organization was the beneficiary of certain contributed nonfinancial assets which allowed the Organization to provide greater resources towards its various programs. No donor-imposed restrictions were associated with the contributed nonfinancial assets, which are recorded at their estimated fair market value as of the date of the gift. In addition, none of the donated goods were monetized through sale.

The contributed nonfinancial assets consisted of the following for the year ended June 30, 2024:

Donated food and beverage	\$ 382,652
Donated professional services	<u>251,443</u>
	<u>\$ 634,095</u>

The contributed nonfinancial assets have been recorded in support and in the following functional expense categories for the year ended June 30, 2024:

Community Meals	\$ 382,652
Management and General	<u>251,443</u>
	<u>\$ 634,095</u>

12. NOTE RECEIVABLE

During the year ended June 30, 2022, DCCK loaned \$13,668,750 to Chase NMTC DCCK Investment Fund, LLC, an entity owned by Chase Community Equity, LLC, an affiliate of JPMorgan Chase Bank. The note is at an annual interest rate of 1.147% and will mature in September 2046. The note receivable is related to the NMTC, as discussed in Note 5. The borrower will make monthly interest only payments until September 2029, after which quarterly principal amortization payments will also be made to DCCK.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

12. NOTE RECEIVABLE (Continued)

The following is a schedule of required principal receipts under the aforementioned loan:

Year Ending June 30, 2028 and Thereafter **\$ 13,668,750**

Loan interest revenue for the year ended June 30, 2023 was \$156,781.

13. LEASE COMMITMENTS

The Organization follows FASB ASC 842 for leases. The Organization has elected the practical expedient that allows lessees to choose to not separate lease and non-lease components by class of underlying asset and is applying this expedient to all relevant asset classes. The Organization has also elected to use its incremental borrowing rate of 5% as the lease discount rate for all leases as allowed under FASB ASC 842.

During the year ended June 30, 2019, DCCK entered into a sublease for space in Washington, D.C. The sublease commenced on April 1, 2019 and will continue for ten years. Under this sublease, the Organization is only required to pay its proportionate share of the lessor's operating expenses. Accordingly, management is unable to calculate the future minimum lease payments under this sublease.

The Organization entered into a lease for office space under a twenty-five year agreement, which originated on May 1, 2022. Base rent is \$86,626 per month for the first 10 years, and increases by varying percentages every 5 years after that.

The following is a schedule of the future minimum lease payments:

<u>Year Ending June 30,</u>	
2025	\$ 1,039,514
2026	1,039,514
2027	1,039,514
2028	1,039,514
2029	1,039,514
Thereafter	<u>24,009,130</u>
	29,206,700
Less: Imputed interest	<u>(8,142,759)</u>
	21,063,941
Less: Current portion	<u>(2,813,141)</u>
LONG-TERM PORTION	<u>\$ 18,250,800</u>

For the year ended June 30, 2024, total purchased facilities space expense was \$2,828,035 and total cash paid was \$2,210,108.

14. RETIREMENT PLAN

DCCK provides a Safe Harbor 401(k) retirement plan for all employees. Employees are eligible to participate in the Plan after six full months of employment. The Organization uses the Basic Match: 100% of the first 3% of pay that is deferred; and 50% of the next 2% of pay. For the year ended June 30, 2024, contributions to the Plan totaled \$820,923 and are included in personnel expenses in the Consolidated Statement of Functional Expenses.

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2024**

14. RETIREMENT PLAN (Continued)

The Organization has also established a deferred compensation plan for certain eligible employees. The Plan constitutes an eligible deferred compensation plan within the meaning of Section 457(b) of the Internal Revenue Code. The Organization's contributions to the Plan for the year ended June 30, 2024 totaled \$230,000, and are included in the personnel expenses in the accompanying Consolidated Statement of Functional Expenses.

15. CONTINGENCY

The Organization receives grants from the U.S. government. Such grants are subject to audit under the provisions of Title 2 U.S. Code of Federal Regulations (CFR) Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The ultimate determination of amounts received under the federal awards is based upon the allowance of costs reported to and accepted by the United States Government as a result of the audits. Until such audits have been accepted by the United States Government, there exists a contingency to refund any amount received in excess of allowable costs. Management is of the opinion that no material liability will result from such audits. Audits in accordance with the applicable provisions of Subpart F of the Uniform Guidance have been completed for all required fiscal years through the year ended June 30, 2024.

16. LITIGATION

During October 2023, a lawsuit and lien were filed in the District of Columbia against the Organization by a subcontractor who worked on the construction project for the Organization's headquarters, claiming approximately \$1.5 million in unpaid fees for their work. During January 2024, the litigation was settled whereby the Organization made a payment of approximately \$1,235,000 to the subcontractor.

17. SUBSEQUENT EVENTS

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through December 2, 2024, the date the consolidated financial statements were issued.

SUPPLEMENTAL INFORMATION

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2024

	ASSETS			
	<u>DCCK</u>	<u>DSC</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT ASSETS				
Cash and cash equivalents	\$ 1,422,137	\$ 1,609,711	\$ -	\$ 3,031,848
Investments	15,036,328	-	-	15,036,328
Accounts receivable	2,265,846	-	-	2,265,846
Grants and contributions receivable	8,514,633	-	-	8,514,633
Due from related party	1,066,050	-	(1,066,050)	-
Inventory	290,615	-	-	290,615
Prepaid expenses	<u>329,479</u>	<u>-</u>	<u>-</u>	<u>329,479</u>
Total current assets	<u>28,925,088</u>	<u>1,609,711</u>	<u>(1,066,050)</u>	<u>29,468,749</u>
FIXED ASSETS				
Furniture and equipment	456,223	3,832,078	-	4,288,301
Vehicles	1,663,542	-	-	1,663,542
Leasehold improvements	<u>-</u>	<u>15,159,051</u>	<u>-</u>	<u>15,159,051</u>
	2,119,765	18,991,129	-	21,110,894
Less: Accumulated depreciation and amortization	<u>(1,354,179)</u>	<u>(1,313,567)</u>	<u>-</u>	<u>(2,667,746)</u>
Net fixed assets	<u>765,586</u>	<u>17,677,562</u>	<u>-</u>	<u>18,443,148</u>
OTHER ASSETS				
Security deposits	-	259,879	-	259,879
Right-of-use asset	2,833,225	13,750,758	-	16,583,983
Note receivable	13,668,750	-	-	13,668,750
Investments, net of current portion	6,000,000	-	-	6,000,000
Rent receivable	-	34,222,005	(34,222,005)	-
Grants and contributions receivable, net of current portion and discount	133,919	-	-	133,919
Deferred compensation	417,268	-	-	417,268
Interest receivable	<u>99,342</u>	<u>-</u>	<u>-</u>	<u>99,342</u>
Total other assets	<u>23,152,504</u>	<u>48,232,642</u>	<u>(34,222,005)</u>	<u>37,163,141</u>
TOTAL ASSETS	<u>\$ 52,843,178</u>	<u>\$ 67,519,915</u>	<u>\$ (35,288,055)</u>	<u>\$ 85,075,038</u>

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AS OF JUNE 30, 2024

LIABILITIES AND NET ASSETS

	<u>DCCK</u>	<u>DSC</u>	<u>Eliminations</u>	<u>Total</u>
CURRENT LIABILITIES				
Deferred rental income	\$ -	\$ 34,222,005	\$ (34,222,005)	\$ -
Accounts and grants payable	662,865	109,423	-	772,288
Accrued salaries and related benefits	849,132	-	-	849,132
Deferred revenue	162,954	-	-	162,954
Due to related party	-	1,066,050	(1,066,050)	-
Operating lease liability	<u>2,813,141</u>	<u>-</u>	<u>-</u>	<u>2,813,141</u>
Total current liabilities	<u>4,488,092</u>	<u>35,397,478</u>	<u>(35,288,055)</u>	<u>4,597,515</u>
LONG-TERM LIABILITIES				
Deferred compensation	417,268	-	-	417,268
Mortgages payable	-	18,500,000	-	18,500,000
Operating lease liability, net of current portion	<u>2,045,234</u>	<u>16,205,566</u>	<u>-</u>	<u>18,250,800</u>
Total long-term liabilities	<u>2,462,502</u>	<u>34,705,566</u>	<u>-</u>	<u>37,168,068</u>
Total liabilities	<u>6,950,594</u>	<u>70,103,044</u>	<u>(35,288,055)</u>	<u>41,765,583</u>
NET ASSETS				
Without donor restrictions:				
Board designated	9,000,000	-	-	9,000,000
Undesignated	<u>16,619,608</u>	<u>(2,583,129)</u>	<u>-</u>	<u>14,036,479</u>
Total without donor restrictions	25,619,608	(2,583,129)	-	23,036,479
With donor restrictions	<u>20,272,976</u>	<u>-</u>	<u>-</u>	<u>20,272,976</u>
Total net assets	<u>45,892,584</u>	<u>(2,583,129)</u>	<u>-</u>	<u>43,309,455</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 52,843,178</u>	<u>\$ 67,519,915</u>	<u>\$ (35,288,055)</u>	<u>\$ 85,075,038</u>

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

**CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024**

	<u>DCCK</u>	<u>DSC</u>	<u>Eliminations</u>	<u>Total</u>
WITHOUT DONOR RESTRICTIONS REVENUE AND SUPPORT				
Grants and contributions	\$ 8,272,747	\$ -	\$ -	\$ 8,272,747
Contracts	11,024,376	-	-	11,024,376
Program service sales	3,024,249	-	-	3,024,249
Contributed services and materials	634,095	-	-	634,095
Special events, net of expenses	511,990	-	-	511,990
Contributions - United Way	103,851	-	-	103,851
Government grants	686,913	-	-	686,913
Rental income	-	1,221,002	(1,221,002)	-
Loan interest revenue	156,781	-	-	156,781
Other revenue	46,944	-	-	46,944
Net assets released from donor restrictions	<u>10,499,421</u>	<u>-</u>	<u>-</u>	<u>10,499,421</u>
Total without donor restrictions revenue and support	<u>34,961,367</u>	<u>1,221,002</u>	<u>(1,221,002)</u>	<u>34,961,367</u>
EXPENSES				
Program Services:				
Community Meals	9,134,648	-	-	9,134,648
Healthy School Food	13,096,077	-	-	13,096,077
Retail Cafes and Catering	2,983,171	-	-	2,983,171
Culinary Job Training/Workforce Development	2,383,259	-	-	2,383,259
Healthy Corners	1,486,480	-	-	1,486,480
Community Development & Partnerships	327,437	-	-	327,437
Impact and Evaluation	831,487	-	-	831,487
Support Corporation	<u>-</u>	<u>2,956,331</u>	<u>(1,221,002)</u>	<u>1,735,329</u>
Total program services	<u>30,242,559</u>	<u>2,956,331</u>	<u>(1,221,002)</u>	<u>31,977,888</u>
Supporting Services:				
Development	1,517,041	-	-	1,517,041
Management and General	<u>3,366,296</u>	<u>-</u>	<u>-</u>	<u>3,366,296</u>
Total supporting services	<u>4,883,337</u>	<u>-</u>	<u>-</u>	<u>4,883,337</u>
Total expenses	<u>35,125,896</u>	<u>2,956,331</u>	<u>(1,221,002)</u>	<u>36,861,225</u>
Change in net assets without donor restrictions before other item	(164,529)	(1,735,329)	-	(1,899,858)
OTHER ITEM				
Investment return, net	<u>1,198,050</u>	<u>8,348</u>	<u>-</u>	<u>1,206,398</u>
CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS	<u>\$ 1,033,521</u>	<u>\$ (1,726,981)</u>	<u>\$ -</u>	<u>\$ (693,460)</u>

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

CONSOLIDATING SCHEDULE OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

	<u>DCCK</u>	<u>DSC</u>	<u>Eliminations</u>	<u>Total</u>
WITH DONOR RESTRICTIONS REVENUE AND SUPPORT				
Grants and contributions	\$ 15,286,741	\$ -	\$ -	\$ 15,286,741
Net assets released from donor restrictions	<u>(10,499,421)</u>	<u>-</u>	<u>-</u>	<u>(10,499,421)</u>
CHANGE IN NET ASSETS WITH DONOR RESTRICTIONS	<u>\$ 4,787,320</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,787,320</u>

D.C. CENTRAL KITCHEN, INC. AND DCCK SUPPORT CORPORATION

CONSOLIDATING SCHEDULE OF CHANGE IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2024

	<u>DCCK</u>	<u>DSC</u>	<u>Total</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS			
Net assets at beginning of year	\$ 24,586,087	\$ (856,148)	\$ 23,729,939
Change in net assets without donor restrictions	<u>1,033,521</u>	<u>(1,726,981)</u>	<u>(693,460)</u>
NET ASSETS WITHOUT DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 25,619,608</u>	<u>\$ (2,583,129)</u>	<u>\$ 23,036,479</u>
NET ASSETS WITH DONOR RESTRICTIONS			
Net assets at beginning of year	\$ 15,485,656	\$ -	\$ 15,485,656
Change in net assets with donor restrictions	<u>4,787,320</u>	<u>-</u>	<u>4,787,320</u>
NET ASSETS WITH DONOR RESTRICTIONS AT END OF YEAR	<u>\$ 20,272,976</u>	<u>\$ -</u>	<u>\$ 20,272,976</u>