

**EXHIBIT A
THIRTEEN PAGES**

LAKE CARES, INC.

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2022

Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-12

DAY & DAY, P.A.

Certified Public Accountants

Member

American Institute of Certified Public Accountants

Florida Institute of Certified Public Accountants

2801 S.W. COLLEGE ROAD
SUITE #13
OCALA, FLORIDA 34474

(352) 237-6161

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
of Lake Cares, Inc.

Opinion

We have audited the accompanying financial statements of Lake Cares, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2022, and the related statements of activities and cash flows for the year 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 Lake Cares, Inc. as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Lake Cares, Inc. 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 Financial Statements

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

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

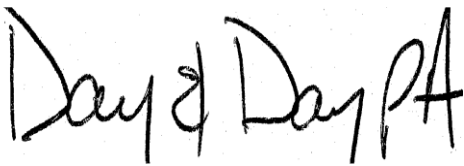
Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 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 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 Lake Cares, 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 Lake Cares, 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.

A handwritten signature in black ink that reads "Day & Day PA". The signature is written in a cursive, flowing style.

July 18, 2023

Ocala, Florida

LAKE CARES, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2022

Assets

Current Assets

Cash and cash equivalents	\$	1,636,404
Accounts receivable		552
Capital campaign pledges		40,895
Inventory		<u>118,292</u>

Total Current Assets 1,796,143

Property and equipment, net

506,441

Long-Term Assets

Operating lease right-of-use asset		21,435
Interest in beneficial trust		59,944
Other assets		<u>4,070</u>

Total Long-Term Assets 85,449

TOTAL ASSETS \$ 2,388,033

Liabilities and Net Assets

Current Liabilities

Credit cards	\$	10,850
Accrued expenses		7,081
Payroll taxes		1,344
Current portion of lease liabilities		<u>23,620</u>

TOTAL CURRENT LIABILITIES 42,895

Net Assets

Without donor restrictions:		
Net investment in property and equipment		506,441
Undesignated		<u>1,656,157</u>
Total without donor restrictions		2,162,598
With donor restrictions		<u>182,540</u>

TOTAL NET ASSETS 2,345,138

TOTAL LIABILITIES AND NET ASSETS \$ 2,388,033

Read accompanying notes

LAKE CARES, INC.
STATEMENT OF ACTIVITIES
For the year ended December 31, 2022

SUPPORT AND REVENUES	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Donations	\$ 681,066	\$ 182,540	\$ 863,606
Direct public grants	184,075		184,075
Special events (net of \$18,466 of expenses)	36,115		36,115
Contributions of nonfinancial assets	1,932,598		1,932,598
Rental income	5,303		5,303
Gain on disposal of assets	24,335		24,335
Other income	11,692		11,692
Net assets released from restriction			
	<hr/>	<hr/>	<hr/>
Total Support and Revenues	<u>2,875,184</u>	182,540	3,057,724
 EXPENSES			
Program services	2,617,197		2,617,197
Management & general	155,726		155,726
Fundraising	105,030		105,030
	<hr/>	<hr/>	<hr/>
Total Expenses	<u>2,877,953</u>		2,877,953
Change in Net Assets	(2,769)	182,540	179,771
Net Assets, Beginning of Year	2,165,367		2,165,367
	<hr/>	<hr/>	<hr/>
Net Assets, End of Year	<u>\$ 2,162,598</u>	<u>\$ 182,540</u>	<u>\$ 2,345,138</u>

Read accompanying notes

LAKE CARES, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the year ended December 31, 2022

FUNCTIONAL EXPENSES	SUPPORTING SERVICES			TOTAL
	PROGRAM SERVICES	MANAGEMENT &GENERAL	FUNDRAISING	
Personnel Services				
Wages	\$ 117,375	\$ 113,198	\$ 74,459	\$ 305,032
Payroll taxes	9,219	8,884	5,845	23,948
Advertising	1,067	-	3,200	4,267
Community outreach	-	-	2,064	2,064
Computers and software	-	12,498	-	12,498
Donor and volunteer recognition	2,174	-	477	2,651
Food distribution	2,286,357	-	-	2,286,357
Insurance	14,851	4,950	-	19,801
Lease expense	17,116	-	-	17,116
Miscellaneous	15,385	563	16,594	32,542
Occupancy	28,863	-	-	28,863
Office and postage	29,278	2,383	2,383	34,044
Personal items for clients	13,712	-	-	13,712
Printing	101	-	8	109
Professional fees	2,089	13,250	-	15,339
Repairs and maintenance	34,993	-	-	34,993
Telecommunications	1,045	-	-	1,045
Transportation/travel	10,238	-	-	10,238
TOTAL FUNCTIONAL EXPENSES BEFORE DEPRECIATION	2,583,863	155,726	105,030	2,844,619
Depreciation	33,334	-	-	33,334
TOTAL FUNCTIONAL EXPENSES	\$ 2,617,197	\$ 155,726	\$ 105,030	\$ 2,877,953

Read accompanying notes

LAKE CARES, INC.
STATEMENT OF CASH FLOWS
For the year ended December 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$	179,771
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation		33,334
Gain on asset disposal		(24,335)
(Increase) decrease in operating assets		
Accounts receivable		13,820
Capital campaign pledges		(40,895)
Inventory		69,978
Increase (decrease) in operating liabilities		
Credit Cards		3,013
Accrued expenses		(4,645)
Payroll taxes payable		(16,827)
Operating lease liabilities		<u>2,185</u>

**NET CASH PROVIDED BY
OPERATING ACTIVITIES**

215,399

CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of investments		(16,469)
Cash received on sale of fixed assets		752,928
Purchase of fixed assets		<u>(98,899)</u>

**NET CASH PROVIDED BY
OPERATING ACTIVITIES**

637,560

**NET INCREASE IN CASH
AND CASH EQUIVALENTS**

852,959

BEGINNING CASH AND CASH EQUIVALENTS

783,445

ENDING CASH AND CASH EQUIVALENTS

\$ 1,636,404

Read accompanying notes

NOTES TO FINANCIAL STATEMENTS
LAKE CARE, INC.
DECEMBER 31, 2022

Note 1 - Summary of Significant Accounting Policies

Reporting Entity

Lake Cares, Inc. (the Organization) is a Florida nonprofit corporation chartered in 2009. Its purpose is to serve as a strategic resource to support the need of hungry families in Mount Dora, Florida and surrounding communities. Lake Cares, Inc.'s goal is to feed the body, educate the mind and lift the spirit of all individuals.

Financial Statement Presentation

The financial statements of the organization have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. The net assets of the organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions - Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Lake Cares, Inc.'s management and the board of directors.
- Net assets with donor restrictions - Net assets subject to stipulations imposed by donors and granters. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by passage of time. Other restrictions are perpetual by nature, whereby the donor has stipulated the funds be maintained in perpetuity.
- Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Revenue and Revenue Recognition

Support received from governmental and private sources are recognized as support when performance occurs pursuant to the contract agreement.

Gifts of cash and other assets received with donor stipulations that limit the use of the donated assets are reported as a donor-restricted contribution. When a restriction ends, or the purpose of the restriction is accomplished, donor-restricted net assets are reclassified to net assets without donor restrictions and are reported as net assets released from restrictions. Donor-restricted contributions whose restrictions are met within the same reporting period are reported as contributions without donor restrictions in that period.

Recognition of Donor Restricted Contributions

Unconditional contributions are recognized as revenue when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets. When a restriction expires, that is, when a stipulated time restriction or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported on the statement of activities as net assets released from restrictions.

NOTES TO FINANCIAL STATEMENTS
LAKE CARE, INC.
DECEMBER 31, 2022

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to the Organization's program services, administration and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at \$1.79 per pound according to the Feeding America study. The value of donated food is \$1,932,598 for the year ended December 31, 2022. Inventories of food supplies are carried at the lower of cost or fair market value.

The Organization does not sell any donated products, and only distributes goods for program use.

Cash and Cash Equivalents

The organization considers cash in banks, cash on hand, and other highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

Accounts Receivable

Accounts receivable consists of contracts receivable. All receivables are expected to be received within one year. As of December 31, 2022, management believes that all accounts receivable are collectible. Therefore, no allowance for doubtful accounts is recorded in the accompanying financial statements for these receivables.

Pledged Capital Contributions

The organization has received pledges to build a new building. Allowance for doubtful pledges has been recorded at 11%.

Inventory

Food inventory is carried at the lower of cost or market, using the first-in first-out method.

Expense Allocation

Expenses are allocated to each program or activity based on direct expenditures incurred. Any expenditure not directly chargeable is allocated based on management's decision on a basis consistent with prior years. The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Telephone	Time and effort
Utilities	Time and effort
Vehicles expense	Time and effort

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and from state income taxes under similar provisions of the Florida laws. The organization has been classified as an organization that is not a private foundation under Section 509(a)(2) of the Internal Revenue Code and donors may deduct contributions as provided in Section 170 of the Code.

It is the policy of management to evaluate its tax positions on an ongoing basis and to disclose any such positions it believes would have a material impact on the financial statements and related notes. Management believes that no such required disclosures exist.

NOTES TO FINANCIAL STATEMENTS
LAKE CARE, .INC.
DECEMBER 31, 2022

The Organization is no longer subject to U.S. federal or state income tax examinations by tax authorities for years before 2019. The Organization would recognize interest accrued related to unrecognized tax benefits in interest expense and penalties, if any, in operating expenses.

Right-of-Use Assets and Lease Liabilities

Lease liabilities are initially measured at the present value of minimum lease payments using a risk-free rate that approximates the remaining term of the lease. The right-of-use (ROU) asset is the lease liability adjusted for other lease-related accounts. Management considered the likelihood of exercising renewal or termination clauses (if any) in measuring the Organization's ROU assets and lease liabilities. Operating lease expense and finance lease amortization expense is allocated over the remaining lease term on a straight-line basis. Finance lease interest expense is calculated using a risk-free rate that approximates the remaining term of the lease multiplied by the outstanding finance lease liability.

The Organization considers leases with initial terms of twelve months or less, and no option to purchase the underlying asset, to be short-term leases. Accordingly, short-term lease costs are expensed over the remaining lease term, with no corresponding right-of-use asset or lease liability.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Property and Equipment

It is the Organization's policy to capitalize property and equipment over \$2,000. Lessor amounts are expensed. Property and equipment is stated at cost or, if donated, at estimated fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of 5-7 years for furniture and equipment and 10-39 years for buildings and improvements.

Investments

Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets. Investment income is reported as an increase in unrestricted net assets.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents and investments are shown at fair value.

Subsequent Events

Lake Cares, Inc. has evaluated subsequent events and transactions for potential recognition or disclosure in the financial statements through July 18, 2023, the date the financial statements were available to be issued.

Adoption of Accounting Standards Updates

The Organization adopted Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which increases the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The adoption of the standard did not change the recognition and measurement requirements for contributed nonfinancial assets.

NOTES TO FINANCIAL STATEMENTS
LAKE CARE, INC.
DECEMBER 31, 2022

The Organization also adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. The Organization elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016 02, Lake Cares, Inc. recognized an ROU asset and a lease liability of \$38,552. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2022.

Note 2 - Fixed Assets and Depreciation

Property and equipment consist of the following at December 31, 2022:

Buildings	\$	126,342
Equipment, furniture and vehicles		143,485
Land		<u>309,150</u>
		578,977
Less: accumulated depreciation		<u>(72,536)</u>
	\$	<u>506,441</u>

Depreciation expense for the year ended December 31, 2022 was \$33,334.

Note 3 - Interest in Beneficial Trust

The amount reported in the statement of financial position as interest in beneficial trust represents the net cumulative transfers and earnings by the Organization the Mount Dora Community Trust. The amount totals \$59,944 as of December 31, 2022. The Mount Dora Community Trust holds and invests the funds on behalf of Lake Cares, Inc. in an endowment fund for the benefit of the Organization. Funds are invested in mutual funds and bonds. Funds are to be distributed to Lake Cares, Inc. at their request.

Note 4 - Leases

As disclosed in Note 1, the Organization has adopted the provisions of Financial Accounting Standards Codification Section 842, Leases (FASB ASC 842) to reflect its investment in right-of-use assets (ROU) and the corresponding lease liability.

Lake Cares, Inc. is leasing warehouse space. The lease is for 18 months (May 1, 2022 through October 1, 2023). Cash paid for the lease for the year ended December 31, 2022 was \$16,000.

The ROU asset and lease liability were calculated at the net present value of the guaranteed lease payments over the term of the lease using a discount rate of 5%.

**NOTES TO FINANCIAL STATEMENTS
LAKE CARE, INC.
DECEMBER 31, 2022**

Note 4 - Leases (continued)

The following represents the future minimum lease payments:

Payments required in 2023	\$	24,200
Less: imputed interest		(580)
Present value of liability	\$	23,620
		=====

Note 5 - Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statement of financial position date to meet cash needs for general expenditures as of December 31, 2022 are as follows:

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

Note 6 - Concentration of Credit Risk

Financial instruments, which potentially subject the Organization to credit risk, consist of cash deposits in financial institutions and accounts receivable. At December 31, 2022, uninsured deposits amounted to \$757,559.

Cash and cash equivalents	\$	1,636,404
Accounts receivable		552
Total financial assets		1,636,956
Less donor restricted net assets		(182,540)
Financial assets available to meet expenditures	\$	1,454,416
		=====

Note 7-Volunteers

Lake Cares, Inc. relies upon volunteers to help achieve its purpose of collecting and distributing food. For the year ended December 31, 2022, 21,122 hours were contributed by 2,891 active volunteers.

Note 8 - Board-Designated Net Assets

The Board has designated \$43,374 of net assets to be used for future repairs and maintenance.

**NOTES TO FINANCIAL STATEMENTS
LAKE CARE, INC.
DECEMBER 31, 2022**

Note 9 - Supplemental Cash Flow Information

The Organization paid the following amounts for interest and income taxes for the year ended December 31, 2022:

Interest	\$ _____
Income Taxes	\$ _____