CANDY CARES, INC

FINANCIAL STATEMENTS

DECEMBER 31, 2024

Candy Cares, Inc.®

FIGHTING HUNGER BY PROVIDING THE FOOD INSECURE WITH AID, RESOURCES, AND EDUCATION.

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DECEMBER 31, 2024

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BBCP

Barnes, Brock, Cornwell & Painter, PLC
Certified Public Accountants and Consultants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Candy Cares, Inc.
Portsmouth, Virginia

We have audited the accompanying financial statements of Candy Cares, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2024, and the related statements of activities, functional expenses 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 Candy Cares, Inc. as of December 31, 2024, and the changes in 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 Candy 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 Candy 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, 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 financial statements.

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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 Candy 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 Candy 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.

Barnes, Brock, Cornwell & Painter, PLLC

June 16, 2025
Chesapeake, Virginia

CANDY CARES, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2024

ASSETS

CURRENT ASSETS:		
Cash	$	6,353
FURNITURE AND EQUIPMENT:		
Furniture and fixtures	$	2,302
Equipment		4,669
Total	$	6,971
Less accumulated depreciation		(737)
Net furniture and equipment	$	6,234
Total assets	$	12,587

NET ASSETS

NET ASSETS:		
Without donor restrictions	$	12,587

See independent auditor's report and accompanying notes to the financial statements.

CANDY CARES, INC.

STATEMENT OF ACTIVITIES
DECEMBER 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
OPERATING REVENUE AND SUPPORT:			
Contributions	$ 29,938	$ -	$ 29,938
Miscellaneous income	169	-	169
In-kind donations	16,238	-	16,238
Total operating revenue and support	$ 46,345	$ -	$ 46,345
OPERATING EXPENSES:			
Program services	$ 32,954	$ -	$ 32,954
Support services:			
Management and general	1,627	-	1,627
Fundraising	77	-	77
Total operating expenses	$ 34,658	$ -	$ 34,658
CHANGES IN NET ASSETS FROM OPERATING ACTIVITIES	$ 11,687	$ -	$ 11,687
NET ASSETS, BEGINNING OF YEAR	899	-	899
NET ASSETS, END OF YEAR	$ 12,587	$ -	$ 12,587

See independent auditor's report and accompanying notes to the financial statements.

CANDY CARES, INC.

STATEMENT OF FUNCTIONAL EXPENSES
DECEMBER 31, 2024

		SUPPORT SERVICES			
	Program Services	Management and General	Fund Raising	Total	Total
Bank fees	$ 89	$ 10	$ -	$ 10	$ 99
Conferences and meetings	313	35	-	35	348
Depreciation	737	-	-	-	737
Insurance	617	77	77	154	771
Office expenses	725	81	-	81	806
Postage expense	307	34	-	34	341
Program supplies	17,660	-	-	-	17,660
Professional fees	5,175	575	-	575	5,750
Rent expense	2,970	330	-	330	3,300
Storage expense	4,050	450	-	450	4,500
Telephone	311	35	-	*35*	346
Total expenses	$ 32,954	$ 1,627	$ 77	$ 1,704	$ 34,658

See independent auditor's report and accompanying notes to the financial statements.

CANDY CARES, INC.

STATEMENT OF CASH FLOWS
DECEMBER 31, 2024

CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	$	11,687
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		737
NET CASH PROVIDED BY OPERATING AND ACTIVITIES	$	12,424
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of furniture and equipment		(6,971)
NET CHANGE IN CASH AND CASH EQUIVALENTS	$	5,453
CASH - BEGINNING OF YEAR		900
CASH - END OF YEAR	$	6,353

See independent auditor's report and accompanying notes to the financial statements.

NOTE 1 - ORGANIZATION:

Candy Cares, Inc. (Organization, Candy Cares) is a non-profit organization was founded in 2022 in Portsmouth, Virginia with the goal of fighting hunger by providing the food insecure with aid, resources, and education. Candy Cares, Inc. achieves this mission by providing hot meals, operating a food pantry, and providing information on state and local food assistance programs.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting and, as such, recognize income when earned and expenses when incurred.

Basis of Presentation

These financial statements, presented on the accrual basis of accounting, have been prepared to focus on the Organization as a whole and to present net assets, revenues, and expenses based on the existence or absence of donor-impaired restrictions. This has been accomplished by the classification of assets, liabilities, and net assets into two groups with donor restrictions and without donor restrictions.

These two groups are defined 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. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

- *Net assets with donor restrictions* - Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity.

The Organization follows the provisions of the Financial Accounting Standards Board *Accounting Standards Codification (FASB ASC).*

Cash and Cash Equivalents

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

Recognition of Restrictions on Assets

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the same reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. No donor-restricted support was received during the year ended December 31, 2024.

Use of Estimates

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

See independent auditor's report. Notes continued on next page.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Contributions

Unconditional contributions are recognized 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 ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of goods and services are recorded as support at their estimated fair value at the date of donation.

Donated Goods and Services

Candy Cares recognizes in-kind contributions as revenue and expense in the period in which they are received. Donated materials are valued by donor at fair market value on the date of the gift. No amounts have been reflected in the accompanying financial statements for volunteer services since they are not susceptible to objective measurement or valuation; however, a number of volunteers donated significant amounts of their time performing services that would otherwise be performed by paid employees.

Contributions of facilities of $7,800 was recognized in the year ended December 31, 2024 and is included in in-kind contributions revenue and rent expense.

Income Taxes

The Organization is exempt from federal tax under section 501(c)(3) of the US Internal Revenue Code. Accordingly, no provision for federal taxes has been included in the accompanying financial statements. Any unrelated business income may be subject to taxation. There was no unrelated business income tax recorded for the year ended December 31, 2024. The Organization follows the guidance of Accounting Standards Codification (ASC) 740, Accounting for Income Taxes, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of tax positions taken or expected to be taken in a tax return. There are no such uncertain tax positions for the Organization for the year ended December 31, 2024. The Organization’s income tax returns are subject to examination by the Internal Revenue Service, generally, for three years after they are filed.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Functional Allocation of Expenses

The cost of providing Candy Cares' programs and supporting services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on an equitable basis.

See independent auditor's report. Notes continued on next page.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued):

Functional Allocation of Expenses (Continued)

The expenses that are allocated include the following:

Expense	Method of Allocation
Bank fees	Reasonable basis consistently applied
Conferences and meetings	Reasonable basis consistently applied
Insurance	Reasonable basis consistently applied
Office expenses	Reasonable basis consistently applied
Postage	Reasonable basis consistently applied
Professional fees	Reasonable basis consistently applied
Rent expense	Reasonable basis consistently applied
Storage expense	Reasonable basis consistently applied
Telephone	Reasonable basis consistently applied

Furniture and Equipment

Furniture and equipment are recorded at cost. Expenditures for maintenance and repairs are expensed as incurred while renewals and betterments are capitalized. The gain or loss on items traded is applied to the asset account, and on items otherwise disposed of are reflected in income.

Depreciation has been provided for using the MACRS (modified accelerated cost recovery system) and straight-line method over the estimated useful lives of the assets. The estimated useful lives of the assets are as follows:

Furniture and fixtures	7 years
Equipment	5 years

Depreciation expense for the year ended December 31, 2024 amounted to $737.

NOTE 3 - CONCENTRATION OF CREDIT RISK:

Financial instruments, which potentially subject Candy Cares to concentration of credit risk, consist of demand deposit and savings accounts with a financial institution. The Organization places its cash on deposit with financial institutions in the United States. Deposits held in noninterest-bearing transaction accounts are aggregated with any interest-bearing deposits the Organization may hold in the same ownership category, and the combined total is insured up to $250,000 by FDIC. As of December 31, 2024, all funds were insured.

Candy Cares solicits contributions from individuals, businesses, and various agencies. Contributions are not collateralized, and there is no legal recourse to collect unpaid contributions.

NOTE 4 - LIQUIDITY AND AVAILABILITY:

The following represents Organization's financial assets at December 31, 2024:

Financial assets available to meet general expenditures within one year	
Cash	$ 6,353

NOTE 5 - SUBSEQUENT EVENTS:

Subsequent events were evaluated through June 16, 2025, which is the date the financial statements were available to be issued. No events have occurred subsequent to the statement of financial position date and through June 16, 2025 that would require adjustment to, or disclosure in, the financial statements.