

Loaves & Fishes/Friendship Trays, Inc.

Financial Statements

September 30, 2022

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LOAVES & FISHES/FRIENDSHIP TRAYS, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Loaves & Fishes/Friendship Trays, Inc.
Charlotte, North Carolina

Opinion

We have audited the accompanying financial statements of Loaves & Fishes/Friendship Trays, Inc. (the "Organization" - a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loaves & Fishes/Friendship Trays, Inc. as of September 30, 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 of 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 Loaves & Fishes/Friendship Trays, 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 Loaves & Fishes/Friendship Trays, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

Loaves & Fishes/Friendship Trays, Inc.
Charlotte, North Carolina

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 purposes of expressing an opinion on the effectiveness of Loaves & Fishes/Friendship Trays, 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 Loaves & Fishes/Friendship Trays, 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.

Foard & Company, P.A.

July 24, 2023

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.**Statement of Financial Position****September 30, 2022**

ASSETS

Current Assets:

Cash and cash equivalents	\$ 12,255,380
Unconditional promises to give, net	966,030
Food on hand	284,537
Prepaid expenses and other current assets	494,830

Total Current Assets	14,000,777
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Property, net	8,770,265
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Other Assets:

Unconditional promises to give, net	1,705,075
Investments	6,188,360
Intangible assets, net	80,621

Total Other Assets	7,974,056
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TOTAL ASSETS	\$ 30,745,098
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LIABILITIES AND NET ASSETS

Current Liabilities:

Accounts payable and other current liabilities	\$ 185,998
Notes payable, current	187,501

Total Current Liabilities	373,499
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Non-Current Liabilities:

Notes payable	\$ 6,382,899
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Total Current Liabilities	6,382,899
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Net Assets:

Without Donor Restrictions:

Undesignated, available for general use	15,460,491
Designated for operating expenses	950,300
Designated for endowment	2,552,963

Total Without Donor Restrictions	18,963,754
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With donor restrictions	5,024,946
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Total Net Assets	23,988,700
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TOTAL LIABILITIES AND NET ASSETS	\$ 30,745,098
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LOAVES & FISHES/FRIENDSHIP TRAYS, INC.**Statement of Activities****Year Ended September 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Totals
<u>SUPPORT AND REVENUE</u>			
Contributed food	\$ 3,173,180	\$ -	\$ 3,173,180
Contributions and grants	7,941,251	3,567,108	11,508,359
Special event revenue, net direct benefits to donors	111,217	-	111,217
Meal revenue	323,951	-	323,951
Contributed goods (non-food)	68,255	-	68,255
Contributed office and warehouse space	32,700	-	32,700
Contributed services	74,121	-	74,121
Gain (loss) on investments, net	(960,123)	(112,909)	(1,073,032)
Rental income	200,200	-	200,200
Other income, net	18,144	-	18,144
Net assets released from restrictions	77,804	(77,804)	-
<i>TOTAL SUPPORT AND REVENUE</i>	<i>11,060,700</i>	<i>3,376,395</i>	<i>14,437,095</i>
<u>EXPENSES</u>			
Program services	6,528,609	-	6,528,609
Management and general	712,527	-	712,527
Fundraising	921,738	-	921,738
<i>TOTAL EXPENSES</i>	<i>8,162,874</i>	<i>-</i>	<i>8,162,874</i>
<i>CHANGE IN NET ASSETS</i>	<i>2,897,826</i>	<i>3,376,395</i>	<i>6,274,221</i>
<i>NET ASSETS, BEGINNING</i>	<i>16,065,928</i>	<i>1,648,551</i>	<i>17,714,479</i>
<i>NET ASSETS, ENDING</i>	<i>\$ 18,963,754</i>	<i>\$ 5,024,946</i>	<i>\$ 23,988,700</i>

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.**Statement of Functional Expenses****Year Ended September 30, 2022**

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Totals</u>
Contributed food	\$ 3,714,470	\$ -	\$ -	\$ 3,714,470
Program expenses and aid to pantries	839,123	-	-	839,123
Salaries	1,058,874	268,850	449,548	1,777,272
Payroll taxes	82,253	21,123	35,643	139,019
Employee benefits	164,668	42,287	71,356	278,311
Occupancy	286,543	14,173	7,395	308,111
Interest	124,640	6,165	3,217	134,022
Depreciation and amortization	120,171	90,800	907	211,878
Fundraising and events	-	-	170,560	170,560
Professional services	29,953	60,261	63,000	153,214
Public relations	-	-	134,696	134,696
Bank fees	-	48,872	-	48,872
Computer	-	43,387	-	43,387
Insurance	7,564	11,883	1,827	21,274
Office supplies	2,891	14,486	2,866	20,243
Repairs and maintenance	-	2,577	-	2,577
Telephone	2,256	25,225	58	27,539
Travel	-	31,914	-	31,914
Vehicle expense	74,022	-	-	74,022
Postage and printing	-	11,369	-	11,369
Other	21,181	19,155	1,648	41,984
<i>TOTAL EXPENSES</i>	\$ 6,528,609	\$ 712,527	\$ 942,721	\$ 8,183,857
Less - Amounts deducted directly against support	-	-	20,983	20,983
<i>NET EXPENSES</i>	\$ 6,528,609	\$ 712,527	\$ 921,738	\$ 8,162,874

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.**Statement of Cash Flows****Year Ended September 30, 2022**

OPERATING ACTIVITIES

Change in net assets	\$ 6,274,221
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation and amortization	211,878
(Gain) loss on investments, net	1,175,831
Donated fixed assets	(118,011)
Increase (decrease) in operating assets and liabilities:	
Unconditional promises to give	(2,628,228)
Food on hand	207,531
Prepaid expenses and other current assets	128,152
Accounts payable and other current liabilities	31,213
Cash Flows From Operating Activities	5,282,587

INVESTING ACTIVITIES

Purchase of investments, net	(1,946,851)
Purchase of property	(8,265,444)
Cash Flows From Investing Activities	(10,212,295)

FINANCING ACTIVITIES

Proceeds from note payable	6,570,400
Cash Flows From Investing Activities	6,570,400

CHANGE IN CASH ***1,640,692******CASH, BEGINNING*** ***10,614,688******CASH, ENDING*** ***\$ 12,255,380***

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.

Notes to Financial Statements

September 30, 2022

NOTE 1 - NATURE OF ACTIVITIES AND OPERATIONS

Nature of activities

Loaves & Fishes/Friendship Trays, Inc. (the "Organization") operates as a not-for-profit organization whose principal function is to reduce the incidence of hunger and malnutrition in Mecklenburg County, North Carolina by procuring and distributing food supplies and meals to the needy.

Aid to pantries

Loaves & Fishes/Friendship Trays, Inc. provides assistance to food pantries, located in certain Charlotte area churches and community centers, through distribution of food (including donated and purchased), supplies and administrative support. The pantries operate autonomously and are independent of the Organization. Accordingly, the results of these pantry operations are not reflected in the financial statements of the Organization.

Income tax status

Loaves & Fishes/Friendship Trays, Inc. is exempt from income taxes under Section 501 (c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been made in the accompanying financial statements. The Organization records liabilities for income tax positions taken or expected to be taken when those positions are deemed uncertain to be upheld in an examination by taxing authorities. No liabilities for uncertain income tax positions were recorded as of September 30, 2022.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

Loaves & Fishes/Friendship Trays, Inc. is required under generally accepted accounting principles in the United States of America (GAAP) to report information regarding its financial position and activities according to the following classes of net assets:

Net assets without donor restrictions – Net assets without donor restrictions are those currently available for use in the day-to-day operation of the Organization and those resources invested in property. From time to time, the Board of Directors may designate certain amounts to be utilized or invested to meet specific objectives of the Organization.

Net assets with donor restrictions – These are net assets subject to donor-imposed stipulations. These restrictions may be temporary in nature, with the restriction being met either by actions of the Organization or the passage of time, or permanent, such that the net assets must be held in perpetuity by the Organization.

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. The Organization maintains cash deposits with financial institutions that, at times, may exceed federally insured limits.

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.

Notes to Financial Statements

September 30, 2022

Contributions

The Organization recognizes contributions that are given unconditionally in the period the contributions are received or promised, whichever is earlier.

The Organization may receive contributions of cash or other assets which it reports as net assets with donor restrictions if such contributions are received with donor restrictions that limit the use of the donated assets. When a donor restriction is satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

Receivables

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises that are expected to be collected in future years are recorded at the present value of their future cash flows. The discounts on those amounts are computed using a discount rate applicable to the year in which the promise is received. Subsequent amortization of the discount is included in contribution revenue. Management has determined no allowance is necessary based on a review of individual accounts, prior collection history and the nature of fundraising activities.

Food on hand

Food on hand represents food which has been contributed or purchased and is available to be distributed. Such food is valued using the average cost per pound for contributed food or purchase cost for purchased food.

Donated services and goods

Donated services are reported as contributions when the services (a) create or enhance non-financial assets or (b) would be purchased if they had not been provided by contribution, require specialized skills, and are provided by individuals possessing those skills. Donated goods, if significant, are included in support at fair value.

In addition, a number of volunteers, including members of the Board of Directors and its committees, as well as various volunteer assistants, contribute significant amounts of time to the Organization's program and support functions. The value of this contributed time does not meet the criteria for recognition of contributed services and, accordingly, is not reflected as support in the accompanying financial statements. Donated services that do meet the criteria for recognition, along with donated materials, are recorded at the estimated fair value as revenue and expense (see Note 14)

Advertising

The Organization's policy is to expense the cost of advertising as it is incurred.

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.

Notes to Financial Statements

September 30, 2022

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues and expenses during the reporting period. Actual results could differ from those estimates.

Functional allocation of expenses

Loaves & Fishes/Friendship Trays, Inc.'s activities are focused in three functional areas. Program services represent the primary focus of the Organization's activities. Supporting services are fundraising activities and general and administrative activities. The expenses that are allocated include personnel and related benefits which are allocated based on management's estimates of time and effort and occupancy expenses which are based on space usage. All other expenses are allocated based on an analysis by management of the various expenses that comprise those costs.

NOTE 3 - PROPERTY AND EQUIPMENT

Property and equipment are carried at cost if purchased, and at the estimated fair market value at the date of receipt, if contributed. Contributed property and equipment is reported as unrestricted support unless the donor restricts the contributed asset to a specific purpose. The Organization records capital expenditures greater than \$500 as property.

Property and equipment as of year-end is composed of the following:

Building	\$ 7,073,123
Improvements	137,146
Land	1,114,877
Office equipment	87,789
Vehicles	542,941
Furniture and fixtures	23,982
Warehouse equipment	807,422
Total	<u>9,787,280</u>
Less - accumulated depreciation	<u>1,017,015</u>
PROPERTY AND EQUIPMENT, NET	<u>\$ 8,770,265</u>

Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the related assets.

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.**Notes to Financial Statements****September 30, 2022**

NOTE 4 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of grants receivables and multi-year pledges as of September 30, 2022. Promises to give are expected to be collected as follows:

2023	\$	966,030
2024		468,496
2025		460,246
2026		434,146
2027		434,123
		<u>2,763,041</u>
Less: Present value discount		91,936
Unconditional promises to give, net	\$	<u><u>2,671,105</u></u>

NOTE 5 – INVESTMENTS

Investments are recorded at fair value with realized and unrealized gains and losses included in the statement of activities as increases or decreases in net assets without donor restrictions, unless their use is restricted by explicit donor stipulations.

The Organization's funds are invested with Foundation for the Carolinas in an endowment fund ("FFTC"), Wells Fargo in an endowment fund ("WF"), and Merrill Lynch ("ML"). All funds held by FFTC are invested in pooled investment funds consisting primarily of common stock equities, bonds and fixed income investments and are managed by FFTC using customized investment strategies. Investment earnings and expenses are allocated based on the Organization's pro-rata share in the underlying pooled investments. The investments held by WF and ML consist of marketable equity and debt securities.

Investments consisted of the following as of September 30, 2022:

FFTC – pooled investment funds	\$	2,707,333
Wells Fargo and Merrill Lynch		
Fixed income holdings		969,256
Mutual funds - fixed income		174,867
Mutual funds - equity		1,149,377
Real asset funds		88,881
Publicly traded certificates of deposit		1,098,646
Total Wells Fargo and Merrill Lynch		<u>3,481,027</u>
TOTAL	\$	<u><u>6,188,360</u></u>

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.

Notes to Financial Statements

September 30, 2022

NOTE 6 – FAIR VALUE MEASUREMENT

GAAP provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in the active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The inputs used for valuing the Organization's investments are summarized in the three broad levels listed below:

- Level 1 - quoted prices in active markets for identical assets
- Level 2 - other significant observable inputs either directly or indirectly (including quoted prices for similar securities, interest rates, yield curves, credit risk, etc.)
- Level 3 - significant unobservable inputs

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The inputs or methodologies used for valuing the Organization's assets and liabilities are not necessarily an indication of the risk associated with those assets and liabilities.

As of September 30, 2022, the Organization's investments with FFTC were classified as Level 3 investments based upon the three levels of fair value measurement as defined in Note I. The investments held with Wells Fargo and Merrill Lynch were classified as Level 1.

The following table presents additional information about Level 3 assets and liabilities measured at fair value. Both observable and unobservable inputs may be used to determine the fair value of positions that the Organization has classified within the Level 3 category. As a result, the unrealized gains and losses for assets and liabilities within the Level 3 Category may include changes in fair value that were attributable to both observable (e.g., changes in market interest rates) and unobservable (e.g., changes in unobservable long-dated volatilities) inputs.

The changes in Level 3 assets consisted of the following for the year ended September 30, 2022:

Balance, beginning of year	\$ 3,221,117
Unrealized loss, net	(647,623)
Purchases, net	<u>133,839</u>
Balance, end of year	<u><u>\$ 2,707,333</u></u>

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.

Notes to Financial Statements

September 30, 2022

NOTE 7 – ENDOWMENT FUNDS

The Board of Directors of the Organization has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is also classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policy of the Organization

Spending policies

Contributions to Wells Fargo are permanently restricted and not available for use. A total return spending policy has been adopted by which up to 75 percent of the endowment's total annual return will be available to help support the operations of the Organization. As of September 30, 2022, the fair value of Wells Fargo is \$2,534,009, which exceeds the corpus of \$1,793,541; therefore, \$555,351 is available to support operations and is included in net assets without donor restrictions. The remaining earnings of \$185,117 are included in net assets with donor restrictions for a specific purpose.

Earnings on the FFTC funds are available for spending annually, in accordance with FFTC's spending policy. In accordance with the donor's wishes, the corpus of the endowed assets is restricted in perpetuity, whereas the earnings and gains and losses are unrestricted.

The following represents the endowment net asset composition by type of fund as of September 30, 2022, and the changes in the endowment net assets for the year then ended:

Endowment Net Asset Composition by Type of Fund	
Endowment funds without donor restrictions	\$ 453,966
Board-designated endowment funds	2,552,963
Endowment funds restricted by donors for a particular purpose	185,117
Endowment funds restricted by donors in perpetuity	<u>2,049,295</u>
TOTAL	<u>\$ 5,241,341</u>

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.**Notes to Financial Statements****September 30, 2022**

Changes in Endowment Net Assets

		Without Donor Restrictions		With Donor Restrictions		Total	
Endowment net assets, beginning of year	\$	3,859,441	\$	1,505,092	\$	5,364,533	
Investment income, net		(983,279)		(112,909)		(1,096,186)	
Contributions, net		131,767		842,229		972,996	
Endowment net assets, end of year	\$	3,006,929	\$	2,234,412	\$	5,241,341	

NOTE 8 - NOTE PAYABLE

The Organization's note payable as of year-end consists of the following obligations due to a local financial institution:

A balance of \$6,570,000 on a mortgage which requires interest only payments until January 2023, at which time monthly installments begin of \$35,522, including interest at a rate of 2.717 percent. A balloon payment for the outstanding balance is due December 29, 2031. This note is secured by a deed of trust on the Organization's real property.

Maturities of the note payable as of year-end are as follows:

Year Ending December 31:

2023	\$	187,501
2024		256,013
2025		263,056
2026		270,294
2027 & Thereafter		5,593,536
	\$	<u>6,570,400</u>

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.**Notes to Financial Statements****September 30, 2022**

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of year-end are available for the following purposes:

Investments held in perpetuity	\$ 2,049,295
Funds from various donors restricted by time	134,502
Pledges for capital campaign	2,527,186
Funds from various donors with other purpose restrictions	<u>313,963</u>
TOTAL	<u>\$ 5,024,946</u>

Net assets are released from donor restrictions by satisfaction of time and purpose. Restrictions released during the year ended September 30, 2022, consisted of the following:

Time restricted:	
Contributions restricted for operations	\$ 42,877
Purpose restricted:	
Emergency Food & Shelter Program grant	3,930
Other	<u>30,997</u>
TOTAL	<u>\$ 77,804</u>

NOTE 10 - RETIREMENT PLAN

Eligible employees of the Organization participate in a Simplified Employee Pension Plan which is administered by an unaffiliated agency. Employees must be employed for one year to be eligible to participate in the plan. The Organization contributes 5% of each employee's salary to the plan annually. Contributions to the plan by the Organization totaled \$65,380 for the year ended September 30, 2022.

NOTE 11 - CONCENTRATIONS OF RISK*Cash in excess of insured limits*

Cash held in bank accounts is insured up to \$250,000 by the Federal Deposit Insurance Corporation (FDIC). The Organization holds cash at year-end in excess of insured limits covered by the FDIC. However, management believes that the risk related to these accounts is minimal because of the strong credit rating of the bank.

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.**Notes to Financial Statements****September 30, 2022**

NOTE 12 - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization is substantially supported by contributions; however, a portion of its support is also received as restricted contributions. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. 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 order to accomplish this, each year, the Board designates net assets to cover at least half the following year's cash operating expenses. In addition, it invests cash in excess of daily requirements in investment funds that are able to be drawn on for general expenditures.

The table below represents financial assets available for general expenditures within one year at September 30, 2022:

Financial assets at year-end:	
Cash	\$ 12,255,380
Investments	6,188,360
Unconditional promises to give, net	966,030
Total financial assets	<u>19,407,770</u>
Less amounts not available to be used for general expenditures within one year:	
Restricted by donors with purpose restrictions	1,058,829
Restricted by donors in perpetuity	2,049,295
Restricted by the Board for endowment	2,552,963
Financial assets not available to be used within one year	<u>5,661,087</u>
Assets available to meet expenditures within one year	<u>\$ 13,748,683</u>

NOTE 13 – LEASE COMMITMENTS

The Organization leases certain office and warehouse space and office equipment under agreements which are classified as operating leases. For the year ended September 30, 2022, expenses, including donated rent, under these leases totaled approximately \$217,392.

Approximate future lease commitments are as follows:

Year ending September 30:	
2023	\$ 159,353
2024	13,353
2025	13,353
2026	10,480
	<u>465</u>
TOTAL	<u>\$ 197,004</u>

LOAVES & FISHES/FRIENDSHIP TRAYS, INC.

Notes to Financial Statements

September 30, 2022

Future accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, *Leases*. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the statement of financial position for all leases with terms longer than 12 months. Leases will be classified as either financing or operating, with classifications affecting the pattern of expense recognition in the statement of activities. The new standard is effective for fiscal years beginning after December 15, 2021. It is expected that the implementation of this standard will result in an increase in assets and liabilities, but it will not result in a material change in net assets.

NOTE 14 – CONTRIBUTED GOODS AND SERVICES

The Organization received contributions of food valued at \$3,173,180 during the year ended September 30, 2022, and is recognized as support in the accompanying statement of activities. The food is valued using the approximate average wholesale value of one pound of donated product as outlined in the Product Valuation Survey Methodology, prepared by Feeding America, the national food bank network non-profit corporation, or from estimated values provided by local agencies, as applicable. The Organization paid a reduced rate for use of its warehouse facility during the year ended September 30, 2022. The value of this donated rent was \$32,700 for the year ended September 30, 2022, and is included as contributed office and warehouse space and as rent and utility expense in the accompanying statement of activities and statement of functional expenses, respectively. The value of the donated rent was valued using the fair rental value of the space utilized. The Organization received donated advertising valued at \$32,000 and donated legal services valued at \$42,121 during the year ended September 30, 2022, and is included as contributed services in the accompanying statement of activities. These services were valued at the cost the Organization would have paid had they not been donated. The Organization received \$68,255 of non-food goods during the year ended September 30, 2022, and is included in donated goods (non-food) and are valued at the fair market value of the goods. The Organization received \$118,011 of donated fixed assets which were valued at the fair market value of the items donated and are recorded in contributions and grants in the accompanying statement of activities.

NOTE 15 - SUBSEQUENT EVENTS

Loaves & Fishes/Friendship Trays, Inc. has evaluated subsequent events from the date of the statement of financial position through the date of the independent auditors' report, which is the date the financial statements were available to be issued. During this period, no material recognizable subsequent events were identified.