*Nourish Up*

*Financial Statements*

*September 30, 2023*

FOARD
EST. 1964

*NOURISH UP*
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FOARD EST. 1964

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nourish Up
Charlotte, North Carolina

*Opinion*
We have audited the accompanying financial statements of Nourish Up (the "Organization" - a nonprofit organization), which comprises the statement of financial position as of September 30, 2023, 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 Nourish Up as of September 30, 2023, 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. 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 Nourish Up 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 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 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 Nourish Up's ability to continue as a going concern within one year after the date that the consolidated 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 consolidated 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 and Government 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.

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 purposes of expressing an opinion on the effectiveness of Nourish Up'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 Nourish Up'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 financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2024, on our consideration of Nourish Up’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization’s internal control over financial reporting and compliance.

Foard & Company, P.A.

April 26, 2024

***NOURISH UP***

**Statement of Financial Position**

**September 30, 2023**

| | | |
|---|---|---|
| **ASSETS** | | |
| Current Assets: | | |
| Cash and cash equivalents | $ | 4,089,733 |
| Unconditional promises to give,net | | 4,451,413 |
| Food on hand | | 264,107 |
| Prepaid expenses and other current assets | | 526,148 |
| Total Current Assets | | 9,331,401 |
| Property, net | | 15,691,646 |
| Other Assets: | | |
| Unconditional promises to give, net | | 4,320,139 |
| Investments | | 14,201,411 |
| Intangible assets, net | | 80,832 |
| Total Other Assets | | 18,602,382 |
| ***TOTAL ASSETS*** | ***$*** | ***43,625,429*** |
| **LIABILITIES AND NET ASSETS** | | |
| Current Liabilities: | | |
| Accounts payable and other current liabilities | $ | 180,654 |
| Construction payable | | 1,193,825 |
| Notes payable, current | | 256,013 |
| Total Current Liabilities | | 1,630,492 |
| Non-Current Liabilities: | | |
| Notes payable | | 6,126,994 |
| Total Non-Current Liabilities | | 6,126,994 |
| Net Assets: | | |
| Without Donor Restrictions: | | |
| Undesignated, available for general use | | 20,068,920 |
| Designated for operating expenses | | 950,300 |
| Designated for endowment | | 2,419,124 |
| Total Without Donor Restrictions | | 23,438,344 |
| With donor restrictions | | 12,429,599 |
| Total Net Assets | | 35,867,943 |
| ***TOTAL LIABILITIES AND NET ASSETS*** | ***$*** | ***43,625,429*** |

*See accompanying notes to financial statements.*

## *NOURISH UP*
**Statement of Activities**
**Year Ended September 30, 2023**

| | Without Donor Restrictions | With Donor Restrictions | Totals |
|---|---|---|---|
| **SUPPORT AND REVENUE** | | | |
| Contributed food | $ 2,695,918 | $ - | $ 2,695,918 |
| Contributions and grants | 8,186,177 | 7,879,270 | 16,065,447 |
| Special event revenue, net direct benefits to donors | 60,349 | - | 60,349 |
| Meal revenue | 273,626 | - | 273,626 |
| Contributed goods (non-food) | 402,111 | - | 402,111 |
| Contributed office and warehouse space | 84,117 | - | 84,117 |
| Contributed services | 163,000 | - | 163,000 |
| Investment income, net | 866,037 | 54,834 | 920,871 |
| Rental income | 10,982 | - | 10,982 |
| Gain on sale of property | 12,557 | - | 12,557 |
| Other income, net | 10,721 | - | 10,721 |
| Net assets released from restrictions | 529,451 | (529,451) | - |
| ***TOTAL SUPPORT AND REVENUE*** | ***13,295,046*** | ***7,404,653*** | ***20,699,699*** |
| **EXPENSES** | | | |
| Program services | 6,903,180 | - | 6,903,180 |
| Management and general | 678,667 | - | 678,667 |
| Fundraising | 1,238,609 | - | 1,238,609 |
| ***TOTAL EXPENSES*** | ***8,820,456*** | ***-*** | ***8,820,456*** |
| ***CHANGE IN NET ASSETS*** | ***4,474,590*** | ***7,404,653*** | ***11,879,243*** |
| ***NET ASSETS, BEGINNING*** | ***18,963,754*** | ***5,024,946*** | ***23,988,700*** |
| ***NET ASSETS, ENDING*** | ***$ 23,438,344*** | ***$ 12,429,599*** | ***$ 35,867,943*** |

# *NOURISH UP*

**Statement of Functional Expenses**
**Year Ended September 30, 2023**

| | Program Services | Management and General | Fundraising | Totals |
|---|---|---|---|---|
| Contributed food | $ 3,141,721 | $ - | $ - | $ 3,141,721 |
| Program expenses and aid to pantries | 1,107,476 | - | - | 1,107,476 |
| Salaries | 1,225,134 | 311,748 | 522,415 | 2,059,297 |
| Payroll taxes | 95,717 | 24,580 | 41,477 | 161,774 |
| Employee benefits | 203,694 | 52,308 | 88,267 | 344,269 |
| Occupancy | 374,120 | 18,505 | 9,655 | 402,280 |
| Interest | 164,440 | 8,134 | 4,244 | 176,818 |
| Depreciation and amortization | 374,165 | 7,715 | 3,857 | 385,737 |
| Fundraising and events | - | - | 327,361 | 327,361 |
| Professional services | 5,641 | 54,886 | 138,449 | 198,976 |
| Public relations | - | - | 96,604 | 96,604 |
| Bank fees | - | 35,007 | - | 35,007 |
| Computer | 8,744 | 53,313 | - | 62,057 |
| Insurance | 25,763 | 22,580 | 2,751 | 51,094 |
| Office supplies | 28,076 | 14,018 | 2,136 | 44,230 |
| Repairs and maintenance | 21,122 | - | - | 21,122 |
| Telephone | 1,725 | 23,556 | 45 | 25,326 |
| Travel | 24,840 | 2,994 | 2,629 | 30,463 |
| Vehicle expense | 75,791 | - | - | 75,791 |
| Postage and printing | 46 | 13,245 | 3,636 | 16,927 |
| Other | 24,965 | 36,078 | 34,363 | 95,406 |
| ***TOTAL EXPENSES*** | ***6,903,180*** | ***678,667*** | ***1,277,889*** | ***8,859,736*** |
| Less - Amounts deducted directly against support | - | - | 39,280 | 39,280 |
| ***NET EXPENSES*** | ***$ 6,903,180*** | ***$ 678,667*** | ***$ 1,238,609*** | ***$ 8,820,456*** |

# *NOURISH UP*

**Statement of Cash Flows**

**Year Ended September 30, 2023**

| | |
|---|---|
| **OPERATING ACTIVITIES** | |
| Change in net assets | $ 11,879,243 |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: | |
| Depreciation and amortization | 385,737 |
| (Gain) loss on sale of property | (12,557) |
| Contributions for long-term purposes | (7,354,166) |
| (Gain) loss on investments, net | (541,961) |
| Donated fixed assets | (346,526) |
| Increase (decrease) in operating assets and liabilities: | |
| Unconditional promises to give | (6,100,447) |
| Food on hand | 20,430 |
| Prepaid expenses and other current assets | (31,318) |
| Accounts payable and other current liabilities | (5,344) |
| Cash Flows From Operating Activities | (2,106,909) |
| **INVESTING ACTIVITIES** | |
| Purchase of investments, net | (7,471,090) |
| Purchase of property | (6,968,891) |
| Construction payable | 1,193,825 |
| Proceeds from sale of property | 20,645 |
| Cash Flows From Investing Activities | (13,225,511) |
| **FINANCING ACTIVITIES** | |
| Principal payments on note | (187,393) |
| Contributions for long-term purposes | 7,354,166 |
| Cash Flows From Investing Activities | 7,166,773 |
| ***CHANGE IN CASH*** | ***(8,165,647)*** |
| ***CASH, BEGINNING*** | ***12,255,380*** |
| ***CASH, ENDING*** | ***$ 4,089,733*** |

## NOTE 1 - NATURE OF ACTIVITIES AND OPERATIONS

*Nature of activities*
Nourish Up, formerly 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. The Meals on Wheels program delivers nutritionally balanced meals to individuals in the community who are unable, because of age or infirmity, to obtain or prepare their own meals.

*Aid to pantries*
Nourish Up provides assistance to food pantries, located in certain Charlotte/Mecklenburg area congregations 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*
Nourish Up 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, 2023.

## NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of presentation*
Nourish Up 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.

*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 13)

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

*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*
Nourish Up'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 | 93,788 |
| Vehicles | 826,331 |
| Furniture and fixtures | 23,942 |
| Warehouse equipment | 806,874 |
| Construction in progress | 6,979,717 |
| Total | 17,055,798 |
| Less - accumulated depreciation | 1,364,152 |
| PROPERTY AND EQUIPMENT, NET | $ 15,691,646 |

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

## NOTE 4 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of grants receivables and multi-year pledges as of September 30, 2023. Promises to give are expected to be collected as follows:

| | | |
|---|---|---|
| 2024 | $ | 4,451,413 |
| 2025 | | 1,955,619 |
| 2026 | | 1,062,199 |
| 2027 | | 980,999 |
| 2028 & thereafter | | 586,826 |
| | | 9,037,058 |
| Less: Present value discount | | 265,504 |
| Unconditional promises to give, net | $ | 8,771,552 |

## 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"), Merrill Lynch ("ML"), and Charles Schwab (“CS”). 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, ML, and CS consist of marketable equity and debt securities.

Investments consisted of the following as of September 30, 2023:

| | | |
|---|---|---|
| FFTC – pooled investment funds | $ | 3,084,352 |
| Wells Fargo, Merrill Lynch, and Charles Schwab | | |
| Fixed income holdings | | 1,150,504 |
| Mutual funds - fixed income | | 8,616,125 |
| Mutual funds - equity | | 1,239,245 |
| Real asset funds | | 111,185 |
| Total Wells Fargo, Merrill Lynch, and Charles Schwab | | 11,117,059 |
| TOTAL | $ | 14,201,411 |

## 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, 2023, the Organization's investments with FFTC were classified as Level 3 investments based upon the three levels of fair value measurement as defined above. The investments held with Wells Fargo, Merrill Lynch, and Charles Schwab 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, 2023:

| | |
|---|---|
| Balance, beginning of year | $ 2,707,333 |
| Unrealized gains, net | 373,543 |
| Purchases, net | 3,476 |
| Balance, end of year | $ 3,084,352 |

## 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, 2023, the fair value of Wells Fargo is $2,753,347, which exceeds the corpus of $1,793,541; therefore, $719,854 is available to support operations and is included in net assets without donor restrictions. The remaining earnings of $239,951 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, 2023, 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 | $ 992,013 |
| Board-designated endowment funds | 2,419,124 |
| Endowment funds restricted by donors for a particular purpose | 239,951 |
| Endowment funds restricted by donors in perpetuity | 2,186,611 |
| TOTAL | $ 5,837,699 |

Changes in Endowment Net Assets

| | | Without Donor Restrictions | | With Donor Restrictions | | Total |
|---|---|---|---|---|---|---|
| Endowment net assets, beginning of year | $ | 3,006,929 | $ | 2,234,412 | $ | 5,241,341 |
| | | | | | | |
| Investment income, net | | 538,047 | | 54,834 | | 592,881 |
| Contributions, net | | - | | 3,477 | | 3,477 |
| Reclassification of prior year contribution | | (133,839) | | 133,839 | | - |
| | | | | | | |
| Endowment net assets, end of year | $ | 3,411,137 | $ | 2,426,562 | $ | 5,837,699 |

**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: | | |
| 2024 | $ | 256,013 |
| 2025 | | 263,056 |
| 2026 | | 270,294 |
| 2027 | | 277,731 |
| 2028 & Thereafter | | 5,315,913 |
| | $ | 6,383,007 |

## 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 | $ 2,186,611 |
| Funds from various donors restricted by time | 33,750 |
| Pledges for capital campaign | 6,543,251 |
| Funds for capital campaign - Renovation | 3,088,618 |
| Funds from various donors with other purpose restrictions | 577,369 |
| TOTAL | $ 12,429,599 |

Net assets are released from donor restrictions by satisfaction of time and purpose. Capital campaign expenditures below include expenses incurred during the year. Restricted funds utilized on the building renovation will be released when the building is placed in service per generally accepted accounting principles. Restrictions released during the year ended September 30, 2023, consisted of the following:

| | |
|---|---|
| Time restricted: | |
| Contributions restricted for operations | $ 100,752 |
| Purpose restricted: | |
| Emergency Food & Shelter Program grant | 92,710 |
| Capital Campaign expenditures | 245,706 |
| Other | 90,283 |
| TOTAL | $ 529,451 |

## 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 $75,387 for the year ended September 30, 2023.

## 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.

## 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, 2023:

| | |
|---|---|
| Financial assets at year-end: | |
| Cash | $ 4,089,733 |
| Investments | 14,201,411 |
| Unconditional promises to give, net | 4,451,413 |
| Total financial assets | 22,742,557 |
| Less amounts not available to be used for general expenditures within one year: | |
| Restricted by donors with purpose restrictions | 7,120,620 |
| Restricted by donors in perpetuity | 2,186,611 |
| Restricted by the Board for endowment | 3,369,424 |
| Financial assets not available to be used within one year | 12,676,655 |
| Assets available to meet expenditures within one year | $ 10,065,902 |

## NOTE 13 – CONTRIBUTED GOODS AND SERVICES

The Organization received contributions of food valued at $2,695,918 during the year ended September 30, 2023, 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, 2023. The value of this donated rent was $84,117 for the year ended September 30, 2023, 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 $163,000 during the year ended September 30, 2023, 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 $55,585 of non-food goods during the year ended September 30, 2023, and is included in donated goods (non-food) and are valued at the fair market value of the goods. The Organization received $346,526 of donated fixed assets which were valued at the fair market value of the items donated and are recorded in donated goods (non-food) in the accompanying statement of activities.

## NOTE 14 – COMMITMENT

During the year, the Organization entered into a construction contract totaling $9,014,865 related to the renovation of its new building. As of year-end there was a remaining balance on the contract of $3,294,898.

## NOTE 15 - SUBSEQUENT EVENTS

Nourish Up 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.