

FINANCIAL STATEMENTS

FEEDING OUR COMMUNITIES PARTNERS
NORTH MANKATO, MINNESOTA

FOR THE YEARS ENDED
JUNE 30, 2024 AND 2023



Feeding Our Communities Partners
Table of Contents
June 30, 2024 and 2023

	<u>Page No.</u>
Independent Auditor's Report	3
Financial Statements	
Statements of Financial Position	6
Statements of Activities	7
Statements of Functional Expenses	9
Statements of Cash Flows	11
Notes to the Financial Statements	12

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Feeding Our Communities Partners
North Mankato, Minnesota

Opinion

We have audited the accompanying financial statements of Feeding Our Communities Partners (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years 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 Feeding Our Communities Partners as of June 30, 2024 and 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 for Opinion

We conducted our audits 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 Feeding Our Communities Partners 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 Feeding Our Communities Partners 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Abdo
Minneapolis, Minnesota
October 16, 2024



FINANCIAL STATEMENTS

Feeding Our Communities Partners
Statements of Financial Position
June 30, 2024 and 2023

	2024	2023
Assets		
Current Assets		
Cash and cash equivalents	\$ 207,710	\$ 298,216
Pledges receivable	181,725	79,885
Other receivable	-	50,000
Prepaid expenses	2,761	-
Inventory	27,208	34,538
Total Current Assets	419,404	462,639
Property and Equipment		
Furniture and equipment	42,842	43,841
Leasehold improvements	62,030	127,976
Computer and IT equipment	5,982	15,766
Total Property and Equipment, Cost	110,854	187,583
Accumulated Depreciation	(44,195)	(148,540)
Total Property and Equipment, Net	66,659	39,043
Other Noncurrent Assets		
Investments held at community foundation	286,716	247,049
Operating right-of-use asset, net of amortization	744,254	821,418
Total Other Noncurrent Assets	1,030,970	1,068,467
Total Assets	\$ 1,517,033	\$ 1,570,149
Liabilities		
Current Liabilities		
Accounts payable	\$ 2,274	\$ 27,217
Accrued vacation	22,510	17,875
Other accrued expenses	1,234	1,090
Current portion of operating lease liabilities	85,661	55,429
Total Current Liabilities	111,679	101,611
Long-Term Liabilities		
Long-term portion of operating lease liabilities	730,174	815,990
Total Liabilities	841,853	917,601
Net Assets		
Without donor restrictions		
Undesignated	318,455	397,663
Board designated - operating reserve	175,000	175,000
Total Without Donor Restrictions	493,455	572,663
With donor restrictions	181,725	79,885
Total Net Assets	675,180	652,548
Total Liabilities and Net Assets	\$ 1,517,033	\$ 1,570,149

See Independent Auditor's Report and Notes to the Financial Statements.

Feeding Our Communities Partners
Statements of Activities
For the Years Ended June 30, 2024

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Support			
Contributions	\$ 343,316	\$ 148,725	\$ 492,041
Fundraising event income, net of expenses of \$40,352	191,845	7,500	199,345
Private foundation grants	226,967	-	226,967
In-kind donations	28,585	-	28,585
Local government grants	5,000	-	5,000
Total Support	<u>795,713</u>	<u>156,225</u>	<u>951,938</u>
Revenue			
Interest	1,745	-	1,745
Investment income	42,190	-	42,190
Gain on the sale of disposed property	238	-	238
Total Revenue	<u>44,173</u>	<u>-</u>	<u>44,173</u>
Net Assets Released from Restriction	<u>54,385</u>	<u>(54,385)</u>	<u>-</u>
Total Support and Revenue	<u>894,271</u>	<u>101,840</u>	<u>996,111</u>
Expenses			
Program services	707,904	-	707,904
Management and general	215,382	-	215,382
Fundraising	50,193	-	50,193
Total Expenses	<u>973,479</u>	<u>-</u>	<u>973,479</u>
Change in Net Assets	(79,208)	101,840	22,632
Net Assets, Beginning of Year	<u>572,663</u>	<u>79,885</u>	<u>652,548</u>
Net Assets, End of Year	<u>\$ 493,455</u>	<u>\$ 181,725</u>	<u>\$ 675,180</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Feeding Our Communities Partners
Statements of Activities (Continued)
For the Year Ended June 30, 2023

	2023		Total
	Without Donor Restrictions	With Donor Restrictions	
Support and Revenue			
Support			
Contributions	\$ 277,347	\$ 54,885	\$ 332,232
Fundraising event income, net of expenses of \$47,984	220,091	-	220,091
Private foundation grants	175,300	-	175,300
In-kind donations	104,796	-	104,796
Local government grants	5,000	-	5,000
Total Support	<u>782,534</u>	<u>54,885</u>	<u>837,419</u>
Revenue			
Interest	279	-	279
Investment income	26,726	-	26,726
Miscellaneous income	2,824	-	2,824
Loss on the sale of disposed property	(10,090)	-	(10,090)
Total Revenue	<u>19,739</u>	<u>-</u>	<u>19,739</u>
Net Assets Released from Restriction	<u>78,070</u>	<u>(78,070)</u>	<u>-</u>
Total Support and Revenue	<u>880,343</u>	<u>(23,185)</u>	<u>857,158</u>
Expenses			
Program services	637,627	-	637,627
Management and general	180,439	-	180,439
Fundraising	50,446	-	50,446
Total Expenses	<u>868,512</u>	<u>-</u>	<u>868,512</u>
Change in Net Assets	11,831	(23,185)	(11,354)
Net Assets, Beginning of Year	<u>560,832</u>	<u>103,070</u>	<u>663,902</u>
Net Assets, End of Year	<u>\$ 572,663</u>	<u>\$ 79,885</u>	<u>\$ 652,548</u>

See Independent Auditor's Report and Notes to the Financial Statements.

Feeding Our Communities Partners

Statements of Functional Expenses

For the Years Ended June 30, 2024

	2024			
	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Personnel Costs				
Salaries and wages	\$ 180,330	\$ 115,683	\$ 44,232	\$ 340,245
Payroll taxes	14,019	8,993	3,439	26,451
Employee benefits	10,283	6,597	2,522	19,402
Total Personnel Costs	204,632	131,273	50,193	386,098
Food and program supplies	281,272	-	-	281,272
Facilities and equipment	140,945	46,982	-	187,927
Information technology	20,531	6,844	-	27,375
Professional fees	2,576	17,237	-	19,813
In-kind expense	17,412	-	-	17,412
Office expense	12,205	4,068	-	16,273
Program transportation	12,877	-	-	12,877
Depreciation	7,733	2,578	-	10,311
Business expense	3,271	1,090	-	4,361
Conferences	1,274	2,973	-	4,247
Miscellaneous expense	1,803	602	-	2,405
Travel	1,373	740	-	2,113
Insurance	-	995	-	995
	\$ 707,904	\$ 215,382	\$ 50,193	\$ 973,479
Total Expenses	\$ 707,904	\$ 215,382	\$ 50,193	\$ 973,479

See Independent Auditor's Report and Notes to the Financial Statements.

Feeding Our Communities Partners
Statements of Functional Expenses (Continued)
For the Year Ended June 30, 2023

	2023			
	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Personnel Costs				
Salaries and wages	\$ 179,715	\$ 115,289	\$ 44,081	\$ 339,085
Payroll taxes	14,431	9,258	3,540	27,229
Employee benefits	11,517	7,388	2,825	21,730
Total Personnel Costs	205,663	131,935	50,446	388,044
Food and program supplies	293,177	-	-	293,177
Facilities and equipment	53,774	17,925	-	71,699
Professional fees	1,741	11,649	-	13,390
Program transportation	18,609	-	-	18,609
Office expense	10,126	3,375	-	13,501
Information technology	13,861	4,620	-	18,481
In-kind expense	28,391	-	-	28,391
Conferences	2,808	6,553	-	9,361
Business expense	4,446	1,482	-	5,928
Depreciation	2,263	754	-	3,017
Miscellaneous expense	1,658	553	-	2,211
Travel	1,110	598	-	1,708
Insurance	-	995	-	995
Total Expenses	\$ 637,627	\$ 180,439	\$ 50,446	\$ 868,512

See Independent Auditor's Report and Notes to the Financial Statements.

Feeding Our Communities Partners
Statements of Cash Flows
For the Years Ended June 30, 2024

	2024	2023
Cash Flows from Operating Activities		
Change in net assets	\$ 22,632	\$ (11,354)
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	10,311	3,017
Amortization of operating right-of-use asset	77,164	33,696
Loss on the sale of contributed property	-	10,090
Gain on sale of fixed assets	(238)	-
Net unrealized (gain) on investments	(39,667)	(25,014)
Contributed property acquired	-	(70,707)
Reimbursement for leasehold improvements	-	50,000
(Increase) decrease in assets:		
Pledges receivable	(101,840)	23,185
Other receivable	50,000	(50,000)
Prepaid expenses	(2,761)	-
Inventory	7,330	(10,124)
Increase (decrease) in liabilities:		
Accounts payable	(24,943)	2,753
Accrued vacation	4,635	(2,400)
Other accrued expenses	144	(403)
Operating lease liability	(55,584)	(33,696)
Net Cash Used by Operating Activities	(52,817)	(80,957)
Cash Flows from Investing Activities		
Proceeds from the sale of property	1,000	-
Proceeds from the sale of contributed property	-	60,618
Purchase of property and equipment	(38,689)	(27,391)
Net Cash Provided (Used) by Investing Activities	(37,689)	33,227
Change in Cash and Cash Equivalents	(90,506)	(47,730)
Cash and Cash Equivalents, Beginning of Year	298,216	345,946
Cash and Cash Equivalents, End of Year	\$ 207,710	\$ 298,216
Supplemental Disclosure of Non-Cash Flow Transactions:		
Non-cash proceeds received for operating right-of-use assets	\$ -	\$ 853,157

See Independent Auditor's Report and Notes to the Financial Statements.

Feeding Our Communities Partners
Notes to the Financial Statements
June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies

A. Nature of Activities

Feeding Our Communities Partners (the Organization or FOCP) is a nonprofit, 501(c)(3) tax-exempt organization. The Organization has a mission to engage our community in solving youth hunger. We envision a community in which hunger is not a barrier to success and believe that feeding hungry students allows for hungry and active minds during the school day.

FOCP fulfills this mission primarily through the work of the Backpack Food Program (serving elementary students), Power Pack Program (serving middle school students), Summer Pack Program (serving K-12 students), and onsite food pantries for high school students. These programs provide youth hunger relief on weekends and school breaks. Collectively, FOCP programs serve over 1,000 students each week at 30 school buildings within 5 school districts and 10 communities in the greater Mankato Area.

B. Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned and expenses are recorded when a liability is incurred. Contributions received are recorded as an increase in net assets without donor restrictions, or net assets with donor restrictions depending on the existence or nature of any donor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions (Unrestricted) – Net assets without donor restrictions are those resources over which the Organization has discretionary control. Designated amounts represent those revenues that are set aside for a particular purpose.

Net Assets With Donor Restrictions (Restricted) – Net assets with donor restrictions are those resources subject to donor-imposed restrictions, which are satisfied by actions of the Organization or passage of time, or are to be maintained permanently by the Organization. The Organization had no permanently restricted assets for years ended June 30, 2024 and 2023.

C. Cash and Cash Equivalents

For the purpose of the statement of cash flows, all highly liquid investments with a maturity of three months or less are considered to be cash equivalents. The Organization maintains cash in bank deposit accounts at high credit quality financial institutions. Cash accounts are insured by the FDIC. The balances, at times, may exceed federally insured limits.

D. Pledges Receivable

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. All donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction is fulfilled or expires, net assets with donor restrictions are reclassified to net assets without donor restrictions. As of June 30, 2024 and 2023, no discount was recorded on pledges receivables as all pledges due within the next year. Management believes all grant and pledges are collectible and no allowance has been recorded as of June 30, 2024 and 2023.

Feeding Our Communities Partners
Notes to the Financial Statements
June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

E. Property and Equipment

Equipment, furniture and leasehold improvements costing more than \$2,500 and are expected to have a useful life of greater than one year are recorded at cost. Depreciation is computed using the straight-line method over estimated useful lives of five years for furniture and leasehold improvements and five to fifteen years for equipment. When assets are retired, or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is reflected in income for the period. Depreciation expense for the years ended June 30, 2024 and 2023 was \$10,311 and \$3,017 respectively.

F. Inventory

Inventory consists of purchased and donated food and supplies which is stated at cost or estimated values based on contributor values. Total value of inventory available to distribute to children in the community at June 30, 2024 and 2023 was \$27,208 and \$34,538, respectively.

G. Investments Held at Community Foundation

The Organization has funds that are held at Mankato Area Foundation (Community Foundation). The fund is held and invested by the Community Foundation for the benefit of the Organization and is reported at fair value in the Statements of Financial Position, with changes in fair value recognized in the Statement of Activities.

H. Leases

The Organization determines if an arrangement is a lease at inception. If an arrangement contains a lease, the Organization performs a lease classification test to determine if the lease is an operating lease or a finance lease. Right-of-use (ROU) assets represent the right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Operating lease liabilities are recognized on the commencement date of the lease based on the present value of the future lease payments over the lease term and are included in long-term liabilities and current liabilities on the statement of financial position. ROU assets are valued at the initial measurement of the lease liability, plus any indirect costs or rent prepayments, and reduced by any lease incentives and any deferred lease payments. Operating ROU assets are recorded on the face of the statement of financial position and are amortized over the lease term. To determine the present value of lease payments on lease commencement, the Organization uses the implicit rate when readily determinable. Lease terms include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense is recognized on a straight-line basis over the life of the lease and is included within operating expenses on the statement of activities. The Organization has made the following elections related to leases:

- The Organization has elected to use a risk-free rate as the discount rate on all classes of underlying assets when an implicit rate is not readily available.
- The Organization has elected the practical expedient to account for the lease and non-lease components as a single lease component for classes of underlying assets.
- The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term leases will not be capitalized.

Feeding Our Communities Partners
Notes to the Financial Statements
June 30, 2024 and 2023

Note 1: Summary of Significant Accounting Policies (Continued)

I. Contributions and Grants

Contributions received are 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. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the operating period in which the contribution is recognized. All other donor restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statements of Activities as net assets released from restrictions.

J. Donated Services and Materials

In accordance with GAAP for non-profit organizations, contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

K. Tax Status

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(3) and similar state statutes.

L. Functional Expense Allocation

Salary and related payroll expenses are allocated to the program or supporting services based upon payroll records and the best estimates of management. Food and program supplies are all program related and are allocated as such. Expenses, other than payroll related and food and program supplies, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

M. 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 the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

N. Subsequent Events

Subsequent events have been evaluated through October 16, 2024, the date the financial statements are available for issuance.

Feeding Our Communities Partners
Notes to the Financial Statements
June 30, 2024 and 2023

Note 2: Fair Value Measurement

Fair value measurement accounting literature establishes a fair value hierarchy based on the priority of the inputs to the valuation methodologies used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the financial instruments fall within different levels of hierarchy, the categorization is based on the lowest level input that is significant to the fair value measurement of the instrument. Investments recorded in the Statement of Financial Position are categorized based on the inputs to valuation techniques as follows:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets in an active market that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets
- Quoted prices for identical or similar assets or liabilities in inactive markets
- Inputs other than quoted prices that are observable for the asset or liability
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

For the years ended June 30, 2024 and 2023, there were no transfers, issuances, or purchases within the level 3 investments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used as of June 30, 2024 and 2023.

Fair value for the investments held at community foundation is measured using the appropriate percentage of the fair value of the assets held as reported by the trustees as of June 30, 2024 and 2023.

The following table presents the balances of assets measured at fair value on a recurring basis by level within the fair value hierarchy at June 30, 2024 and 2023:

	Level 1	Level 2	Level 3	Total
Investments held at community foundation as of June 30, 2024	\$ -	\$ -	\$ 286,716	\$ 286,716
Investments held at community foundation as of June 30, 2023	\$ -	\$ -	\$ 247,049	\$ 247,049

Feeding Our Communities Partners
Notes to the Financial Statements
June 30, 2024 and 2023

Note 3: Investments Held at Community Foundation

The change in investments held at community foundation is as follows:

	2024	2023
Beginning Balance, July 1	\$ 247,049	\$ 222,035
Contributions	-	500
Investment activity	42,189	26,726
Fees	(2,522)	(2,212)
	\$ 286,716	\$ 247,049

Note 4: Net Assets

A. Net Assets With Donor Restrictions

Net assets with donor restrictions were as follows for the years ended June 30, 2024 and 2023:

	2024	2023
Time restrictions	\$ 181,725	\$ 79,885

B. Board Designated Net Assets

The Organization's Board of Directors has set aside funds to act as a reserve to maintain capital operation in the event revenue sources are affected by unforeseen events. By action of the Organization's Board of Directors, these funds can be released from designation. As of June 30, 2024 and 2023, designated net assets were \$175,000.

Note 5: Line of Credit

The Organization has a \$100,000 line of credit that matures on November 27, 2024. Interest is at a variable rate based on the Wall Street Journal prime rate plus 2.5 percentage points over the index with a minimum interest rate of 7 percent. There were no advances on the line of credit as of June 30, 2024 and 2023.

Note 6: Retirement Plan

The Organization has a Simple IRA for eligible employees. This plan allows for contributions of up to 3% of employees' compensation with a maximum contribution of \$12,500. For the years ended June 30, 2024 and 2023, employer contributions were \$7,016 and \$7,586, respectively.

Feeding Our Communities Partners
Notes to the Financial Statements
June 30, 2024 and 2023

Note 7: In-kind Donations

In-kind donations consisted of the following for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>	<u>Usage in Programs/Activities</u>	<u>Fair Value Techniques</u>
Miscellaneous	\$ 13,535	\$ 169	BackPack program	Estimated wholesale prices of identical or similar products if purchased in the region
Advertising services	11,534	28,300	BackPack program	Estimated based on time rates for each practitioner
Food, Beverage and Related Supplies	3,516	5,620	BackPack program	Estimated wholesale prices of identical or similar products if purchased in the region
Real Property	<u>-</u>	<u>70,707</u>	Fundraising	Estimated fair value of identical or similar products if purchased in the region
Total In-kind Contributions	<u>\$ 28,585</u>	<u>\$ 104,796</u>		

The in-kind contributions received by the Organization during the years of June 30, 2024, and 2023, were not subject to donor restrictions.

Note 8: Leases Under ASC 842

Effective July 1, 2022, the Organization entered into a property lease agreement with Future Holdings, LLC, that calls for monthly base payments of \$2,808 and increase throughout the term of lease and is set to expire in January 31, 2025. The Organization signed a new agreement beginning July 1, 2023 that calls for monthly base payments of \$2,808 with annual incremental increases. The term of the lease is set to expire June 30, 2032. The agreement also provides that the Organization is responsible for the property's attributable operating expenses and utilities. The Landlord shall provide the Organization \$50,000 to go towards improvement cost. The Organization has determined that this lease is an operating lease.

As disclosed in Note 1, the Organization adopted FASB ASC 842, effective July 1, 2022, using a modified retrospective approach. As a result, the Organization was required to recognize a ROU asset and corresponding lease liability on the face of the statement of financial position for the year ended June 30, 2024. As the standard was implemented using a modified retrospective approach, the balance sheet as of June 30, 2022, was not impacted.

As noted above, the Organization's lease agreement calls for variable payments that were not determinable at the lease commencement and are not included in the measurement of the lease asset and liabilities. Variable lease payments incurred will be recognized during the year they are incurred as an operating expense.

Feeding Our Communities Partners
Notes to the Financial Statements
June 30, 2024 and 2023

Note 8: Leases Under ASC 842 (Continued)

The ROU lease asset and corresponding lease liability were calculated utilizing a risk-free discount rate of 3.85 percent, according to the Organization's elected policy. The Organization's lease agreement does not contain any material residual value guarantees or material restrictive covenants.

Additional information about the Organization's lease for the year ended June 30, 2024, is as follows:

	Year Ending 2024-06	Year Ending 2023-06
Lease expense		
Operating lease expense	\$ 109,612	\$ 33,696
Short-term lease expense	4,009	1,546
Variable lease expense	51,839	18,714
Total	<u>\$ 165,460</u>	<u>\$ 53,956</u>
Other Information		
Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows from operating leases	\$ 38,032	\$ 33,696
ROU assets obtained in exchange for new operating lease liabilities	\$ -	\$ 853,157
Weighted-average remaining lease term in years for operating leases	8.00	9.00
Weighted-average discount rate for operating leases	3.85%	3.85%

Maturities of operating lease liabilities are as follows:

Year ended June 30:	
2025	\$ 115,200
2026	115,200
2027	115,200
2028	115,200
Thereafter	487,680
Total undiscounted cash flows	<u>948,480</u>
Less: present value discount	(132,645)
Total lease liabilities	<u>\$ 815,835</u>

Feeding Our Communities Partners
Notes to the Financial Statements
June 30, 2024 and 2023

Note 9: Liquidity and Availability of Financial Assets

The following table reflects the Organization's financial assets as of June 30, 2024 and 2023, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor-imposed restrictions or internal board designations:

	<u>2024</u>	<u>2023</u>
Financial Assets		
Cash and cash equivalents	\$ 207,710	\$ 298,216
Pledges receivable	181,725	79,885
Grants receivable	-	50,000
Investments held at community foundation	286,716	247,049
Total Financial Assets	<u>676,151</u>	<u>675,150</u>
Less those unavailable for general expenditure within one year:		
Board designated reserve fund	<u>(175,000)</u>	<u>(175,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 501,151</u>	<u>\$ 500,150</u>

As part of our liquidity management, the Organization structures its financial assets to be available as its general expenditures, liabilities, and other obligations become due. Management routinely monitors cash reserves which fund operations and program services.

The Organizations average monthly expenditures are \$81,123 and \$72,376 for the years ending June 30, 2024 and 2023, respectively. Financial assets available for general expenditures as of June 30, 2024 and 2023 could cover approximately 6 months of expenditures and approximately 6 months of expenditures, respectively.