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FOOD FOR OTHERS, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
JUNE 30, 2021 AND 2020

MATTHEWS, CARTER & BOYCE
RESPECT. CONFIDENCE. TRUST.

FOOD FOR OTHERS, INC.

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Independent Auditors' Report

The Board of Directors
Food for Others, Inc.
Fairfax, Virginia

We have audited the accompanying financial statements of Food for Others, Inc., which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food for Others, Inc. as of June 30, 2021, 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.

Other Matter

The financial statements of Food for Others, Inc. for the year ended June 30, 2020, were audited by another auditor who expressed an unmodified opinion on those statements on November 3, 2020.

A handwritten signature in black ink that reads "Matthew, Carter and Boye". The signature is written in a cursive style and is enclosed within a light gray rectangular border.

October 4, 2021
Fairfax, Virginia

FOOD FOR OTHERS, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021 AND 2020

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	\$ 1,222,788	\$ 1,599,723
Contributions receivable, net	80,981	44,483
Other receivable	125,499	25,609
Inventory - food	455,794	427,699
Prepaid expenses	32,051	27,486
Total Current Assets	\$ 1,917,113	\$ 2,125,000
INVESTMENTS	\$ 4,338,641	\$ 1,628,399
PROPERTY AND EQUIPMENT		
Furniture and equipment	\$ 565,473	393,189
Vehicles	212,213	155,373
Less, accumulated depreciation	(434,886)	(338,324)
Net Property and Equipment	\$ 342,800	\$ 210,238
OTHER ASSETS		
Deposits	\$ 10,086	\$ 10,086
TOTAL ASSETS	\$ 6,608,640	\$ 3,973,723
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 139,951	\$ 159,318
Deferred revenue	25,500	25,050
Total Current Liabilities	\$ 165,451	\$ 184,368
NET ASSETS		
Without donor restrictions	\$ 6,229,127	\$ 3,652,316
With donor restrictions	214,062	137,039
Total Net Assets	\$ 6,443,189	\$ 3,789,355
TOTAL LIABILITIES AND NET ASSETS	\$ 6,608,640	\$ 3,973,723

The accompanying notes are an integral part of these financial statements.

FOOD FOR OTHERS, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND OTHER REVENUE						
Donated goods, utilities and facilities	\$ 4,943,166	\$ -	\$ 4,943,166	3,792,782	\$ -	\$ 3,792,782
Contributions	3,417,864	260,090	3,677,954	2,224,786	181,289	2,406,075
Government contracts for services	872,823	-	872,823	295,450	-	295,450
Special events, net of direct expenses of \$8,405 in 2021 and \$7,248 in 2020	48,844	-	48,844	42,731	-	42,731
Investment income	190,307	-	190,307	75,001	-	75,001
Net assets released from restrictions:	183,067	(183,067)	-	173,787	(173,787)	-
Total Support and Other Revenue	<u>\$ 9,656,071</u>	<u>\$ 77,023</u>	<u>\$ 9,733,094</u>	<u>\$ 6,604,537</u>	<u>\$ 7,502</u>	<u>\$ 6,612,039</u>
EXPENSES						
Program services	\$ 6,567,216	\$ -	\$ 6,567,216	\$ 4,679,531	\$ -	\$ 4,679,531
Management and general	357,360	-	357,360	320,662	-	320,662
Fundraising	154,684	-	154,684	128,247	-	128,247
Total Expenses	<u>\$ 7,079,260</u>	<u>\$ -</u>	<u>\$ 7,079,260</u>	<u>\$ 5,128,440</u>	<u>\$ -</u>	<u>\$ 5,128,440</u>
CHANGE IN NET ASSETS	<u>\$ 2,576,811</u>	<u>\$ 77,023</u>	<u>\$ 2,653,834</u>	<u>\$ 1,476,097</u>	<u>\$ 7,502</u>	<u>\$ 1,483,599</u>
NET ASSETS, BEGINNING OF YEAR	<u>3,652,316</u>	<u>137,039</u>	<u>3,789,355</u>	<u>2,176,219</u>	<u>129,537</u>	<u>2,305,756</u>
NET ASSETS, END OF YEAR	<u>\$ 6,229,127</u>	<u>\$ 214,062</u>	<u>\$ 6,443,189</u>	<u>\$ 3,652,316</u>	<u>\$ 137,039</u>	<u>\$ 3,789,355</u>

The accompanying notes are an integral part of these financial statements.

FOOD FOR OTHERS, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021	2020
CASH FLOWS OPERATING ACTIVITIES		
Change in net assets	\$ 2,653,834	\$ 1,483,599
Adjustments to reconcile change in net assets to net cash		
- operating activities:		
Depreciation	96,562	27,300
Realized gain on sale of investments	(93,846)	-
Unrealized gain on investments	(46,024)	(49,774)
Donated investments	(67,270)	(2,102)
Change in allowance for doubtful accounts	11,285	15,384
Changes in assets and liabilities:		
Contributions receivable, net	(47,783)	(13,924)
Other receivable	(99,890)	-
Inventory - food	(28,095)	(137,085)
Prepaid expenses	(4,565)	(12,884)
Accounts payable and accrued expenses	(19,367)	98,994
Deferred revenue	450	(21,260)
	<u>\$ 2,355,291</u>	<u>\$ 1,388,248</u>
CASH FLOWS INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (229,124)	\$ (175,818)
Purchase of investments	(8,400,856)	(687,297)
Proceeds from sale of investments	5,897,754	666,363
	<u>\$ (2,732,226)</u>	<u>\$ (196,752)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS		
	\$ (376,935)	\$ 1,191,496
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR		
	<u>1,599,723</u>	<u>408,227</u>
CASH AND CASH EQUIVALENTS, END OF YEAR		
	<u>\$ 1,222,788</u>	<u>\$ 1,599,723</u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH INVESTING ACTIVITIES:		
Donated investments	\$ 67,270	\$ 2,102
There were no non-cash financing activities.		

The accompanying notes are an integral part of these financial statements.

FOOD FOR OTHERS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Program Services	Management and General	Fundraising	Total	Program Services	Management and General	Fundraising	Total
Special assistance - distributed food	\$ 5,331,776	\$ -	\$ -	\$ 5,331,776	\$ 3,851,398	\$ -	\$ -	\$ 3,851,398
Wages and fringe	632,079	218,922	105,539	956,540	477,381	226,373	75,458	779,212
Donated facilities and utilities	212,997	26,625	26,625	266,247	206,795	25,849	25,849	258,493
Depreciation	96,562	-	-	96,562	27,299	-	-	27,299
Fundraising registration fees and costs	-	-	22,846	22,846	-	-	27,595	27,595
Insurance, licenses and permits	16,919	6,565	2,776	26,260	15,590	7,795	2,598	25,983
Loss on uncollectible contributions receivable	25,561	-	-	25,561	15,384	-	-	15,384
Miscellaneous	87,497	8,434	-	95,931	30,071	5,007	58	35,136
Postage, printing and supplies	56,996	14,289	1,539	72,824	30,263	10,068	2,474	42,805
Professional fees	-	52,864	-	52,864	-	40,677	-	40,677
Rent and utilities	37,003	20,814	-	57,817	-	-	-	-
Repairs and maintenance	8,586	-	-	8,586	1,161	-	-	1,161
Technology and telephone expense	22,776	8,847	3,764	35,387	8,278	4,893	1,463	14,634
Vehicle and transportation	38,464	-	-	38,464	15,911	-	-	15,911
Total Expenses	\$ 6,567,216	\$ 357,360	\$ 163,089	\$ 7,087,665	\$ 4,679,531	\$ 320,662	\$ 135,495	\$ 5,135,688
Less direct expenses of special events to revenue	-	-	(8,405)	(8,405)	-	-	(7,248)	(7,248)
Net expenses	\$ 6,567,216	\$ 357,360	\$ 154,684	\$ 7,079,260	\$ 4,679,531	\$ 320,662	\$ 128,247	\$ 5,128,440

The accompanying notes are an integral part of these financial statements.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 1. Organization

Food for Others, Inc. (FFO or the Organization), a nonprofit organization incorporated in the Commonwealth of Virginia, distributes free food to its neighbors in need, in partnership with the Northern Virginia community, and provides opportunities for people to volunteer their resources. Food for Others, Inc. also provides relief to churches and other organizations that operate exclusively for such charitable purposes. The major sources of revenue are food contributions from various grocery and retail stores, government grants, and cash contributions.

Note 2. Summary of Significant Accounting Policies

Basis of Accounting

Assets and liabilities and revenues and expenses are recorded on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles (U.S. GAAP).

Income Taxes

FFO is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC) as a Section 501(a) organization within the meaning of Section 509(a). The Internal Revenue Service has determined that FFO is a publicly supported organization.

FFO has adopted the guidance in the income tax standard regarding the recognition and measurement of uncertain tax positions. The adoption of this standard had no impact on FFO's financial statements. FFO files tax returns as a tax-exempt organization.

Estimates

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

Cash Equivalents

For financial statement purposes, FFO considers all cash and interest bearing deposits, except for cash and money market funds held in professionally managed investment accounts, to be cash equivalents. Cash and money market accounts held in professionally managed accounts are included in investments.

Contributions and Other Receivables

The majority of the receivables are from pledges and contracts. The amounts due are analyzed for collectability and are recorded at their net realizable value with an offsetting allowance for doubtful accounts. When all collection efforts have been exhausted, the account is written off against the allowance for doubtful accounts. At June 30, 2021 and 2020, the allowance for doubtful accounts was \$24,928 and \$13,643, respectively. The contributions and contracts receivable are due within one year and represent amounts due under the Fairfax County Federal subaward agreement provided by funding under the U.S. Department of Health and Human Services, Community Services Block Grant Supplemental (CARES Act).

Inventory – Food

Inventory consists mainly of donated food and is recorded using the average valuation of food donated through Feeding America. This valuation is determined by a proprietary audit conducted on behalf of Feeding America by RSM U.S. LLP, determining the approximate average wholesale value of one pound of food at the national level. The average wholesale value of food was \$1.74 and \$1.62 per pound for the years ended June 30, 2021 and 2020, respectively.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2. Summary of Significant Accounting Policies (Continued)

Investments

FFO carries its investments at fair value.

FFO invests funds in a professionally managed portfolio that contains various types of marketable securities. Such investments are exposed to various risks, such as fluctuation in market value and credit risk. Thus, it is at least reasonably possible that changes in these risks could materially affect investment balances and the amounts reported in the financial statements.

Property and Equipment

All acquisitions of property and equipment greater than \$1,000 are capitalized at cost. Property and equipment are depreciated using the straight-line method over estimated useful lives of three to seven years.

Deferred Revenue

Amounts collected for events or other programs not yet earned are recorded as deferred revenue.

Net Assets – Basis of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASC 958-205, net assets and revenue are classified on the basis of existence or absence of donor-imposed restrictions, as follows:

Net assets without donor restrictions – represents resources available for support of the operations of the Organization.

Net assets with donor restrictions – represents resources received by the Organization from contributors or grantors that are time or purpose restricted by the donors.

Revenue Recognition

During the year ended June 30, 2021, FFO adopted Accounting Standards Codification 606 (ASC 606), *Revenue from Contracts with Customers* (ASC 606). The standard outlines a five-step model whereby revenue is recognized as performance obligations within a contract are satisfied. The five-step model is outlined below:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

FFO generally does not have contract or grant agreements that are required to be recognized under ASC 606, therefore, there were no changes to revenue recognition as a result of the adoption of this standard.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2. Summary of Significant Accounting Policies (Continued)

The following revenue streams are outside the scope of ASC 606:

Revenues from contributions are considered to be available for unrestricted use and are recognized as revenue when an unconditional pledge is received or when cash is received if no pledge exists. Contributions that are restricted for use in a later time period or for a particular purpose are recognized as net assets with donor restrictions. Net assets with donor restrictions become net assets without donor restrictions when the time restrictions expire or the purpose restriction is met. Donor restricted contributions whose restrictions are met in the same reporting period are recorded as net assets without donor restrictions. Contributions receivable as of June 30, 2021 and 2020, are due within one year.

Conditional contributions received are accounted for as a liability or are unrecognized initially, that is, until the barriers to entitlement are overcome, at which point the transaction is recognized as unconditional and classified as either net assets with restrictions or net assets without restrictions. Deferred revenue related to conditional contributions was \$25,500 and \$25,050 at June 30, 2021 and 2020, respectively.

In-kind donations such as fixed assets and investments are recorded at their estimated fair market value on the date of receipt. In-kind services are recorded at their estimated fair market value if such services are specialized and would typically be purchased if not donated, and are in compliance with recording requirements under U.S. GAAP. Donated facilities are recorded at their estimated fair market value.

Fair Value Measurement

FFO measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The inputs used to measure fair value are categorized into the following three categories:

Level 1 – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds, that FFO has the ability to access as of the measurement date.

Level 2 – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

Level 3 – Inputs that are unobservable. Unobservable inputs reflect FFO's own assumptions about the factors market participants would use in pricing an investment, and are based on the best information available in the circumstances.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 2. Summary of Significant Accounting Policies (Concluded)

Fair Value Measurement (Concluded)

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). FFO may use valuation techniques consistent with the market, income and cost approaches to measure fair value.

Functional Allocation of Expenses

The costs of providing the various programs and supporting activities have been summarized on a functional basis in the statements of activities. Costs that can be identified with a particular program or support function are charged directly to that program or function. Salaries and related costs have been allocated among the programs and supporting services based upon management's best estimates of the proportion of these costs applicable to each program. Other allocable costs have been allocated to program services and to management and general based upon management's best estimates.

New Accounting Pronouncements

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization adopted Topic 606 effective July 1, 2020. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis.

In June 2018, FASB issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. The Organization adopted the provisions of ASU 2018-08 applicable to both grants and contributions received and to grants and contributions effective July 1, 2019. There was no effect on net assets in connection with the implementation of ASU 2018-08.

Management believes that the presentation and disclosure of revenue have been enhanced in accordance with the above standards.

Note 3. Concentrations

Credit risk

Financial instruments that potentially subject FFO to significant concentrations of credit risk consist of cash and investment accounts. FFO maintains the cash and investment accounts with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). FFO has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management believes that the risk of any credit loss is minimal.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 3. Concentrations (Concluded)

Other

Fairfax County, Virginia provided donated facilities which comprise FFO's main office and warehouse space. The value of these donated facilities totaled \$266,247 and \$258,493, and represent approximately 4% and 6% of total expenses for the years ended June 30, 2021 and 2020, respectively.

Note 4. Liquidity and Availability

FFO invests cash balances in excess of immediate liquidity needs in accordance with its investment policy. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date as of 2021 and 2020, are comprised of the following:

	2021	2020
Cash and cash equivalents	\$ 1,222,788	\$ 1,599,723
Investments	4,338,641	1,628,399
Contributions and other receivables	206,480	70,092
	5,767,909	3,298,214
Less amounts not available within one year, donor restricted net assets	214,062	137,039
Financial assets available to meet general expenditures over the next twelve months	\$ 5,553,847	\$ 3,161,175

Note 5. Investments

FFO's investments are stated at fair value. As of June 30, 2021 and 2020, investments consist of the following Level 1 assets in the fair value hierarchy:

	Market value	
	2021	2020
Mutual funds:		
Equity funds	\$ 398,410	\$ 128,231
Exchange traded funds	1,504,390	480,014
Government bond funds	1,381,185	983,704
Total at fair value	\$ 3,283,985	\$ 1,591,949
Other cash and money market Accounts:		
Cash and money market funds*	1,054,656	36,450
	\$ 4,338,641	\$ 1,628,399

*Cash and money market funds in the investment portfolio are not subject to provisions of the fair value measurements as they are recorded at cost.

Investment income for the years ended June 30, 2021 and 2020 includes interest and dividends of \$50,437 and \$25,227, unrealized gains of \$46,024 and \$49,774 and realized gains of \$93,846 and \$0, respectively.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 6. In-Kind Donations

A significant portion of FFO's support is derived from donated food, facilities, and services.

Donated Food

The Organization uses the average valuation of food donated through the Feeding America network when valuing the donated food. This valuation is determined by a proprietary audit conducted on behalf of Feeding America by another auditor, determining the approximate average wholesale value of one pound of food at the national level. This is the value used by other Washington, D.C. area food banks. The average wholesale value of one pound of food as determined by Feeding America was \$1.74 and \$1.62 for the years ended June 30, 2021 and 2020, respectively. FFO received 2,687,884 and 2,181,660 pounds of donated food for the years ended June 30, 2021 and 2020, respectively.

Donated Facilities

The County of Fairfax, Virginia (the County) provides FFO the use of a 10,750 square foot warehouse and office facility and related utilities at no cost. Effective November 3, 2017, the County amended the office lease with the landlord via a Second Extension and Modification of Lease Agreement (the Second Amendment) to include the adjacent space to the current facilities which consists of approximately 5,385 square feet of rentable floor space. The Second Amendment also extends the Lease for a five year term, March 1, 2018 through February 23, 2023, and includes an option to renew the lease for one five year term.

In July 2016 the County and FFO entered into a license agreement (the License) whereby the County licenses to FFO the leased premises pursuant to FFO providing services under a contract (the Contract) with the County. The Contract has a term of one year and has been renewed annually. The License runs concurrently with the term of the Contract and its amendments. The License renews automatically at any time that the Contract is renewed, with all covenants and conditions remaining the same, unless written termination of the License is given by either party 60 days prior to the end of the then current term. There are no charges to FFO under the terms of the License.

The County estimates that the fair value of the free use of this warehouse space was \$266,247 and \$258,493 for the years ended June 30, 2021 and 2020, respectively.

Donated Services

FFO receives a substantial amount of services from volunteers. These volunteers assist in the acquisition and distribution of food and food products. They also provide management and administrative services. Volunteers donated 32,879 and 26,433 non-professional hours in the years ended June 30, 2021 and 2020, respectively. FFO does not record these in-kind services as such services are not considered to be specialized and would not typically be purchased if not donated.

Note 7. Pension Plan

FFO has a Savings Incentive Match Plan (SIMPLE Plan) covering all eligible employees. Under this Plan, all employees may elect to defer a percentage of compensation up to statutory limits. FFO will match the first 3% of each employee's contribution and the contribution is immediately vested. FFO's contribution expense for the years ended June 30, 2021 and 2020 was \$17,285 and \$14,036, respectively.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 8. Net Assets with Donor Restrictions

Net assets with donor restrictions at June 30 are as follows:

	<u>2021</u>	<u>2020</u>
Time restricted	\$ 94,226	\$ 95,249
Purpose restricted	<u>119,836</u>	<u>41,790</u>
	<u>\$ 214,062</u>	<u>\$ 137,039</u>

Note 9. Conditional grants

FFO has received grant commitments from the state and local government, which are cost reimbursable in nature. Thus a receivable to these grants is only recognized as FFO incurs grant-related expenses. The unearned conditional grant commitments as of June 30, 2021 and 2020 totaled \$276,679 and \$924,520, respectively.

Note 10. Lease

In July 2020, FFO entered into a lease for additional warehouse space near its current warehouse and office location. The lease began July 15, 2020 and is for a 24-month term. FFO paid a deposit equal to one month's rent of \$5,000. The lease contains two options to renew the lease, each for a one year term. The lease also includes a rent escalation clause. The base annual rent of \$60,000 shall be increased annually by 3%. Rent expense was \$52,127 and \$0 for the years ended June 30, 2021 and 2020, respectively.

The future minimum lease payments under the terms of this lease agreement for years subsequent to June 30, 2021 are as follows:

Year ending June 30,	
2022	\$ 61,500
2023	<u>10,300</u>
Total	<u>\$ 70,800</u>

Note 11. Presentation of Prior Year Financial Statements

Certain accounts and descriptions in the prior year financial statements have been modified for comparative purposes to conform to the presentation of the current year financial statements. These reclassifications had no effect on previously reported changes in net assets.

Note 12. Risks and Uncertainties

In March 2020, a pandemic of the Coronavirus (COVID-19) was declared by the World Health Organization. Future events, revenues and expenses of the Organization are uncertain due to the highly contagious nature of the virus, the requirements for social distancing, limited gathering and restrictions on travel. In addition, both domestic and international equity markets have experienced significant fluctuations since March 2020. The ultimate impact of the COVID-19 pandemic on the operations of FFO is unknown and depends on future developments which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the coronavirus and actions taken to contain it or its impact, among others.

FOOD FOR OTHERS, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

Note 13. Subsequent Events

In preparing these financial statements, FFO has evaluated events and transactions for potential recognition or disclosure through October 4, 2021, the date the financial statements were available to be issued. Management of FFO has determined that there was no subsequent event or transaction that would require adjustment to or disclosure in the financial statements.