

LOAVES & FISHES, INC.

Financial Statements for the
Years Ended September 30, 2020 and 2019
and Independent Auditors' Report



GreerWalker



GreerWalker

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Loaves & Fishes, Inc.:

We have audited the accompanying financial statements of Loaves & Fishes, Inc. (the "Organization") which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years 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 generally accepted accounting principles 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 audits. We conducted our audits in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 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 Organization'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 Organization'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 Loaves & Fishes, Inc. as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with generally accepted accounting principles in the United States of America.

GreerWalker LLP

Certified Public Accountants
March 3, 2021
Charlotte, NC

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LOAVES & FISHES, INC.STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 4,924,895	\$ 1,671,272
Unconditional promises to give, net	50,393	23,625
Food on hand	510,518	225,772
Prepaid expenses and other current assets	233,949	111,241
Total current assets	<u>5,719,755</u>	<u>2,031,910</u>
PROPERTY, NET	<u>532,067</u>	<u>259,356</u>
OTHER ASSETS:		
Investments	2,483,850	2,301,958
Intangible assets, net	69,549	78,188
Total other assets	<u>2,553,399</u>	<u>2,380,146</u>
TOTAL	<u>\$ 8,805,221</u>	<u>\$ 4,671,412</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable and other current liabilities	\$ 93,096	\$ 54,892
PPP note payable	152,037	-
Total current liabilities	<u>245,133</u>	<u>54,892</u>
NET ASSETS:		
Without donor restrictions	4,351,283	1,273,591
Without donor restrictions - board designated for operating expenses	1,100,830	1,051,736
Without donor restrictions - board designated for endowment	2,282,958	2,120,375
With donor restrictions	825,017	170,818
Total net assets	<u>8,560,088</u>	<u>4,616,520</u>
TOTAL	<u>\$ 8,805,221</u>	<u>\$ 4,671,412</u>

See notes to financial statements.

LOAVES & FISHES, INC.STATEMENTS OF ACTIVITIES (CONTINUED ON PAGE 4)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	Year ended September 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT:			
Contributed food	\$ 3,482,563	\$ -	\$ 3,482,563
Individual, church and other contributions	4,006,921	20,393	4,027,314
Other grants	1,365,765	622,928	1,988,693
Beverly Howard endowment fund	375	1,625	2,000
Special event revenue, net	59,913	-	59,913
Emergency Food & Shelter Program grant	-	50,000	50,000
Contributed advertising	130,625	-	130,625
Contributed office and warehouse space	32,700	-	32,700
Gain on investments, net	115,727	-	115,727
Interest	6,674	-	6,674
Net assets released from restrictions	40,747	(40,747)	-
Total support	<u>9,242,010</u>	<u>654,199</u>	<u>9,896,209</u>
EXPENSES:			
Program services	5,076,688	-	5,076,688
General and administrative	380,390	-	380,390
Fundraising	495,563	-	495,563
Total expenses	<u>5,952,641</u>	<u>-</u>	<u>5,952,641</u>
CHANGE IN NET ASSETS	3,289,369	654,199	3,943,568
NET ASSETS, BEGINNING OF YEAR	<u>4,445,702</u>	<u>170,818</u>	<u>4,616,520</u>
NET ASSETS, END OF YEAR	<u>\$ 7,735,071</u>	<u>\$ 825,017</u>	<u>\$ 8,560,088</u>

See notes to financial statements.

LOAVES & FISHES, INC.STATEMENTS OF ACTIVITIES (CONTINUED FROM PAGE 3)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	Year ended September 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT:			
Contributed food	\$ 1,964,016	\$ -	\$ 1,964,016
Individual, church and other contributions	1,826,654	33,625	1,860,279
Other grants	407,596	20,000	427,596
Beverly Howard endowment fund	-	11,879	11,879
Special event revenue, net	53,826	-	53,826
Emergency Food & Shelter Program grant	-	6,000	6,000
Contributed advertising	56,409	-	56,409
Contributed office and warehouse space	32,700	-	32,700
Gain on investments, net	28,547	-	28,547
Interest	10,695	-	10,695
Net assets released from restrictions	179,310	(179,310)	-
Total support	<u>4,559,753</u>	<u>(107,806)</u>	<u>4,451,947</u>
EXPENSES:			
Program services	3,314,547	-	3,314,547
General and administrative	304,316	-	304,316
Fundraising	336,708	-	336,708
Total expenses	<u>3,955,571</u>	<u>-</u>	<u>3,955,571</u>
CHANGE IN NET ASSETS	604,182	(107,806)	496,376
NET ASSETS, BEGINNING OF YEAR	<u>3,841,520</u>	<u>278,624</u>	<u>4,120,144</u>
NET ASSETS, END OF YEAR	<u>\$ 4,445,702</u>	<u>\$ 170,818</u>	<u>\$ 4,616,520</u>

See notes to financial statements.

LOAVES & FISHES, INC.STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED ON PAGE 6)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	Year ended September 30, 2020			Total
	Program Services	Support Services		
		General and Administrative	Fundraising	
Contributed food	\$ 3,197,817	\$ -	\$ -	\$ 3,197,817
Program expenses and aid to pantries	789,744	-	-	789,744
Salaries	462,271	118,574	204,104	784,949
Rent and utilities	300,959	13,301	6,940	321,200
Fundraising	57,637	-	175,538	233,175
Insurance	64,509	16,566	27,953	109,028
Depreciation and amortization	83,702	16,271	8,135	108,108
Professional fees	-	88,556	-	88,556
Payroll taxes	35,324	9,071	15,307	59,702
Computer	6,470	46,314	-	52,784
Printing	4,000	34,067	7,206	45,273
Truck and delivery	37,025	-	-	37,025
Bank fees	-	3,693	33,240	36,933
Retirement plan contributions	18,666	4,793	8,088	31,547
Office supplies	5,747	4,887	2,443	13,077
Telephone	5,049	5,167	2,584	12,800
Emergency Food & Shelter Program grant services	4,480	-	-	4,480
Other	3,288	19,130	4,025	26,443
Total expenses	<u>\$ 5,076,688</u>	<u>\$ 380,390</u>	<u>\$ 495,563</u>	<u>\$ 5,952,641</u>

See notes to financial statements.

LOAVES & FISHES, INC.STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED FROM PAGE 5)
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	Year ended September 30, 2019			Total
	Program Services	Support Services		
		General and Administrative	Fundraising	
Contributed food	\$ 1,919,822	\$ -	\$ -	\$ 1,919,822
Salaries	388,757	120,806	155,346	664,909
Program expenses and aid to pantries	396,208	-	-	396,208
Rent and utilities	269,001	12,537	6,541	288,079
Fundraising	69,667	-	106,232	175,899
Insurance	67,878	21,142	27,187	116,207
Printing	-	57,316	7,038	64,354
Depreciation and amortization	60,810	2,244	666	63,720
Payroll taxes	28,818	8,976	11,543	49,337
Truck and delivery	42,829	-	1,302	44,131
Professional fees	16,541	26,128	-	42,669
Emergency Food & Shelter Program grant services	30,800	-	-	30,800
Retirement plan contributions	15,976	4,976	6,399	27,351
Bank fees	-	8,258	4,067	12,325
Computer	-	11,583	-	11,583
Telephone	4,632	4,426	2,213	11,271
Office supplies	2,808	5,617	2,808	11,233
Other	-	20,307	5,366	25,673
Total expenses	<u>\$ 3,314,547</u>	<u>\$ 304,316</u>	<u>\$ 336,708</u>	<u>\$ 3,955,571</u>

See notes to financial statements.

LOAVES & FISHES, INC.

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 3,943,568	\$ 496,376
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation and amortization	108,108	63,720
Contributions of property and intangible assets	-	(114,500)
Change in reserve and allowances	-	(100)
Gain on investments, net	(115,727)	(28,547)
Changes in operating assets and liabilities:		
Promises to give	(26,768)	54,123
Food on hand	(284,746)	(44,194)
Prepaid expenses and other current assets	(122,722)	24,650
Accounts payable and other liabilities	38,204	18,247
Net cash provided by operating activities	<u>3,539,917</u>	<u>469,775</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of investments	(66,165)	(300,000)
Purchases of property	(372,166)	(171,709)
Net cash applied to investing activities	<u>(438,331)</u>	<u>(471,709)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP note payable	<u>152,037</u>	<u>-</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	3,253,623	(1,934)
CASH AND CASH EQUIVALENTS BALANCE, BEGINNING OF YEAR	<u>1,671,272</u>	<u>1,673,206</u>
CASH AND CASH EQUIVALENTS BALANCE, END OF YEAR	<u>\$ 4,924,895</u>	<u>\$ 1,671,272</u>

See notes to financial statements.

LOAVES & FISHES, INC.

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019

1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations - Loaves & Fishes, 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 to the needy.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities and disclosures. Accordingly, the actual amounts could differ from those estimates. Any adjustments applied to estimated amounts are recognized in the fiscal year in which such adjustments are determined.

Financial Statement Presentation - The net assets of the Organization and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not restricted by donors or for which donor-imposed restrictions have expired.

Net assets with donor restrictions - Net assets that contain donor-imposed time or purpose restrictions that have not currently been met or restrictions stipulating that the amounts be maintained by the Organization in perpetuity.

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.

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.

Property - Property is recorded at cost, if purchased, and at the estimated fair market value at the date of receipt, if contributed. Depreciation and amortization are calculated using the straight-line method over the estimated useful lives of the related assets. Contributed property 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.

Donated Services and Materials - 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 9.)

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

Income Taxes - The Organization 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, 2020 and 2019.

Functional Expense Classification - The Organization's functional expense classification and allocation policy is based on a review of the current organizational structure, and the identification, reclassification and allocation of certain employee, facility, and departmental expenses, which serve multiple functional areas.

Subsequent Events - In preparing its financial statements, the Organization has evaluated subsequent events through March 3, 2021, which is the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY

	<u>2020</u>	<u>2019</u>
Financial assets at year-end:		
Cash	\$ 4,924,895	\$ 1,671,272
Investments	2,483,850	2,301,958
Pledge receivables, net	<u>50,393</u>	<u>23,625</u>
Total financial assets	<u>7,459,138</u>	<u>3,996,855</u>
Less amounts not available to be used for general expenditures within one year:		
Restricted by donors with purpose restrictions	636,286	47,390
Restricted by donors in perpetuity	105,428	103,803
Restricted by the Board of Directors for endowment	<u>2,282,958</u>	<u>2,120,375</u>
Financial assets not available to used with one year	<u>3,024,672</u>	<u>2,271,568</u>
Financial assets available to meet general expenditures within one year	<u>\$ 4,434,466</u>	<u>\$ 1,725,287</u>

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 investments funds that are able to be drawn on for general expenditures.

3. PROMISES TO GIVE

Promises to give are recognized when a donor makes an unconditional promise to give cash or property to the Organization. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if restrictions expire in the fiscal year. All other donor restricted net assets are reported as net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions, as appropriate.

Promises to give as of September 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Promises to give due in less than one year	\$ 51,218	\$ 24,450
Less: Allowance	<u>825</u>	<u>825</u>
Current promises to give	<u>\$ 50,393</u>	<u>\$ 23,625</u>

4. PROPERTY

Property as of September 30, 2020 and 2019 consisted of the following:

	<u>2020</u>	<u>2019</u>
Office equipment	\$ 76,339	\$ 66,985
Vehicles	326,612	323,510
Furniture and fixtures	19,917	17,663
Warehouse equipment	704,113	505,147
Construction in progress	<u>34,493</u>	<u>-</u>
	1,161,474	913,305
Less: Accumulated depreciation	<u>629,407</u>	<u>653,949</u>
Property, net	<u>\$ 532,067</u>	<u>\$ 259,356</u>

5. FAIR VALUE MEASUREMENTS

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:

- 1) The duration and preservation of the fund
- 2) The purposes of the Organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the Organization
- 7) The investment policy of the Organization

The Organization has investments that are reported at fair value in the accompanying statements of financial position.

Fair value is defined as 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.

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 inputs or methodologies used for valuing investments are not necessarily an indication of the risk associated with investing in those investments.

The fair value of investments is determined by reference to exchange or dealer-quoted market prices. If a quoted market price is not available, fair value is estimated using quoted market prices for similar investment securities.

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments with community foundations	\$ _____ -	\$ _____ -	\$ 2,483,850	\$ 2,483,850
Total investments at fair value	\$ _____ -	\$ _____ -	\$ 2,483,850	\$ 2,483,850

The following table sets forth by level, within the fair value hierarchy, the Organization's investments at fair value as of September 30, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments with community foundations	\$ _____ -	\$ _____ -	\$ 2,301,958	\$ 2,301,958
Total investments at fair value	\$ _____ -	\$ _____ -	\$ 2,301,958	\$ 2,301,958

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.

Changes in funds held by the Organization, Level 3 assets, measured at fair value on a recurring basis consisted of the following:

<u>For the year ended September 30</u>	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 2,301,958	\$ 1,973,411
Unrealized gain, net	115,727	28,547
Purchases, sales, issuances and settlements, net	<u>66,165</u>	<u>300,000</u>
Balance, end of year	<u>\$ 2,483,850</u>	<u>\$ 2,301,958</u>

6. PPP NOTE PAYABLE

Under FASB ASC 470, Not-for-Profit Entities are permitted to recognize Payroll Protection Program (PPP) loans as debt. The Organization received PPP loans under the CARES Act related to financial relief from COVID-19 in April 2020. The promissory note is in the amount of \$152,037. Per the terms of the agreement, the Organization may apply for loan forgiveness at the end of the 24-week period following the date of the loan. If forgiveness is confirmed by the bank, the total outstanding balance and accrued interest (1.00% annual rate) would be relieved from the Organization's obligations to pay. The Organization received forgiveness of the loan on December 8, 2020.

7. AID TO PANTRIES

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

8. EMERGENCY FOOD AND SHELTER PROGRAM

The Organization receives grants from the Emergency Food & Shelter Program (“EFSP”), a United States government program, which are to be used specifically for providing emergency shelter and food. Funds provided by the grants are used to purchase food certificates for individuals in need of assistance who cannot visit a pantry and to purchase low salt foods and fruit in light syrup to meet individuals’ special dietary needs. The Organization received an EFSP grant of \$50,000 for the year ended September 30, 2020. As of September 30, 2020, the Organization had distributed \$4,480 worth of food and food certificates related to the prior year’s undistributed food certificates. Food certificates (included in other current assets in the accompanying statement of financial position) as of September 30, 2020 and 2019 totaled \$32,910 and \$6,390, respectively.

9. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2020 and 2019 are available for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Investments held in perpetuity	\$ 105,428	\$ 103,803
Emergency Food & Shelter Program grant	57,910	12,390
Funds from various donors restricted by time	25,393	19,625
Funds from various donors with food restrictions	327,385	-
Funds from various donors with capital restrictions	228,703	35,000
Funds from various donors with other restrictions	80,198	-
Total	<u>\$ 825,017</u>	<u>\$ 170,818</u>

Net assets released from restrictions are as follows:

	<u>2020</u>	<u>2019</u>
Time restricted:		
Contributions restricted for operations	\$ 14,625	\$ 18,650
Purpose restricted:		
Emergency Food & Shelter Program grant	4,480	26,360
Capital expenditures	21,642	114,300
Other	-	20,000
Total	<u>\$ 40,747</u>	<u>\$ 179,310</u>

10. CONTRIBUTED MATERIALS

The Organization received contributions of food valued at \$3,482,563 and \$1,964,016 during the years ended September 30, 2020 and 2019, respectively. These amounts are recognized as support in the accompanying statements of activities.

The Organization paid a reduced rate for use of its warehouse facility during the years ended September 30, 2020 and 2019. The value of this donated rent was \$32,700 for each of the years ended September 30, 2020 and 2019. These amounts have been included as contributions and as rent expense in the accompanying statements of activities.

The Organization received donated advertising valued at \$130,625 and \$56,409 during the years ended September 30, 2020 and 2019, respectively. This amount has been included in contributions and as fundraising expense in the accompanying statements of activities.

The Organization received donated legal services valued at approximately \$69,206 during the year ended September 30, 2020. This amount has been included in other grants and as professional fees expense in the accompanying statements of activities.

The Organization received donated computer services valued at approximately \$30,000 during the year ended September 30, 2020. This amount has been included in other grants and as computer expense in the accompanying statements of activities.

11. 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 \$31,547 and \$27,351 for the years ended September 30, 2020 and 2019, respectively.

12. LEASE COMMITMENTS

The Organization leases certain office and warehouse space and office equipment under agreements which are classified as operating leases. For the years ended September 30, 2020 and 2019, expenses, including donated rent, under these leases totaled approximately \$211,000.

Approximate future lease commitments are as follows:

Year ending September 30:	
2021	\$ 178,000
2022	178,000
2023	<u>146,000</u>
Total	<u>\$ 502,000</u>

13. RELATED PARTIES

During the years ended September 30, 2020 and 2019, the Organization received contributions from board members and key employees totaling approximately \$36,000 and \$39,000, respectively.

14. CONTINGENCY

On March 10, 2020, the World Health Organization declared the coronavirus outbreak ("COVID-19") to be a pandemic. The outbreak is disrupting supply chains and affecting production and sales across a range of industries. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its food recipients, employees and vendors, all of which are uncertain and cannot be predicted. Therefore, the extent to which COVID-19 may impact the Organization's financial condition or results of operations is uncertain.

15. SUBSEQUENT EVENT

Effective March 1, 2021, the Organization merged with Friendship Trays, Inc., a not-for-profit entity based in Charlotte whose mission is to deliver meals to seniors and people who cannot prepare their own food. The name of the new organization after the merger is Loaves & Fishes/Friendship Trays, Inc.