

**LOAVES & FISHES/FRIENDSHIP TRAYS, INC.**

Financial Statements for the  
Year Ended September 30, 2021  
and Independent Auditors' Report



GreerWalker



# GreerWalker

## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of Loaves & Fishes/Friendship Trays, Inc. (the "Organization") which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows 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 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 audit. We conducted our audit in accordance with generally accepted auditing standards 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 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/Friendship Trays, Inc. as of September 30, 2021, and the change in its net assets and its cash flows for the year then ended in accordance with generally accepted accounting principles in the United States of America.

Certified Public Accountants  
November 4, 2022  
Greenville, SC

**GreerWalker LLP | GreerWalker Wealth LLC | GreerWalker Corporate Finance LLC**

**Charlotte Office** The Carillon | 227 West Trade St., Suite 1100 | Charlotte, NC 28202 | USA | Tel 704.377.0239

**Greenville Office** Wells Fargo Center | 15 South Main St., Suite 800 | Greenville, SC 29601 | USA | Tel 864.752.0080

## LOAVES & FISHES/FRIENDSHIP TRAYS, INC.

### STATEMENT OF FINANCIAL POSITION SEPTEMBER 30, 2021

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#### ASSETS

##### CURRENT ASSETS:

Cash and cash equivalents	\$ 10,614,688
Unconditional promises to give, net	42,877
Food on hand	492,068
Prepaid expenses and other current assets	622,982
Total current assets	<u>11,772,615</u>

PROPERTY, NET	<u>618,399</u>
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##### OTHER ASSETS:

Investments	5,417,340
Intangible assets, net	60,910
Total other assets	<u>5,478,250</u>

TOTAL	<u><u>\$ 17,869,264</u></u>
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#### LIABILITIES AND NET ASSETS

##### CURRENT LIABILITIES:

Accounts payable and other current liabilities	\$ 154,785
Total current liabilities	<u>154,785</u>

##### NET ASSETS:

###### Without donor restrictions:

Undesignated, available for general use	12,696,504
Designated for operating expenses	950,300
Designated for endowment	2,419,124
Total without donor restrictions	<u>16,065,928</u>
With donor restrictions	1,648,551
Total net assets	<u>17,714,479</u>

TOTAL	<u><u>\$ 17,869,264</u></u>
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See notes to financial statements.

**LOAVES & FISHES/FRIENDSHIP TRAYS, INC.**STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT:			
Contributed food	\$ 3,543,961	\$ -	\$ 3,543,961
Individual, church and other contributions	5,652,020	223,703	5,875,723
Other grants	497,405	25,000	522,405
Beverly Howard endowment fund	1,000	-	1,000
Special event revenue, net	120,517	15,000	135,517
Emergency Food & Shelter Program grant	-	32,928	32,928
Contributed advertising	36,500	-	36,500
Contributed office and warehouse space	32,700	-	32,700
Gain on investments, net	540,491	976	541,467
Gain on sale of property	1,279,116	-	1,279,116
PPP loan forgiveness income	152,037	-	152,037
Gain on acquisition	2,645,584	1,291,307	3,936,891
Other income, net	2,507	-	2,507
Net assets released from restrictions	765,380	(765,380)	-
Total support	<u>15,269,218</u>	<u>823,534</u>	<u>16,092,752</u>
EXPENSES:			
Program services	5,792,632	-	5,792,632
General and administrative	518,860	-	518,860
Fundraising	626,869	-	626,869
Total expenses	<u>6,938,361</u>	<u>-</u>	<u>6,938,361</u>
CHANGE IN NET ASSETS	8,330,857	823,534	9,154,391
NET ASSETS, BEGINNING OF YEAR	<u>7,735,071</u>	<u>825,017</u>	<u>8,560,088</u>
NET ASSETS, END OF YEAR	<u>\$ 16,065,928</u>	<u>\$ 1,648,551</u>	<u>\$ 17,714,479</u>

See notes to financial statements.

## LOAVES & FISHES/FRIENDSHIP TRAYS, INC.

### STATEMENT OF FUNCTIONAL EXPENSES FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Program Services	Support Services		Total
		General and Administrative	Fundraising	
Contributed food	\$ 3,341,572	\$ -	\$ -	\$ 3,341,572
Program expenses and aid to pantries	880,283	-	-	880,283
Salaries	657,203	168,769	284,788	1,110,760
Rent and utilities	305,848	13,385	6,984	326,217
Fundraising	-	-	139,764	139,764
Insurance	109,342	28,079	47,381	184,802
Depreciation and amortization	128,723	32,212	17,343	178,278
Professional fees	41,309	57,408	-	98,717
Payroll taxes	113,890	29,247	49,352	192,489
Computer	4,513	12,575	-	17,088
Printing	-	27,958	54,756	82,714
Truck and delivery	70,022	-	-	70,022
Bank fees	-	45,784	-	45,784
Retirement plan contributions	25,480	6,543	11,041	43,064
Office supplies	6,428	12,857	6,428	25,713
Telephone	12,980	2,986	5,039	21,005
Emergency Food & Shelter Program grant services	64,198	-	-	64,198
Repairs and maintenance	2,986	2,461	-	5,447
Other	27,855	78,596	3,993	110,444
Total expenses	<u>\$ 5,792,632</u>	<u>\$ 518,860</u>	<u>\$ 626,869</u>	<u>\$ 6,938,361</u>

See notes to financial statements.

## LOAVES & FISHES/FRIENDSHIP TRAYS, INC.

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED SEPTEMBER 30, 2021

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#### CASH FLOWS FROM OPERATING ACTIVITIES:

Change in net assets	\$ 9,154,391
Adjustments to reconcile change in net assets to net cash from operating activities:	
Depreciation and amortization	178,278
Gain on sale of property	(1,279,116)
Change in reserve and allowances	406
Gain on investments, net	(541,467)
PPP loan forgiveness income	(152,037)
Gain on acquisition	(3,936,891)
Changes in operating assets and liabilities:	
Unconditional promises to give	7,516
Food on hand	18,450
Prepaid expenses and other current assets	(339,872)
Accounts payable and other current liabilities	(52,366)
Net cash provided by operating activities	<u>3,057,292</u>

#### CASH FLOWS FROM INVESTING ACTIVITIES:

Purchases of investments, net	(119,382)
Purchases of property	(218,201)
Proceeds from sale of property	1,995,950
Cash and cash equivalents acquired in acquisition	974,134
Net cash provided by investing activities	<u>2,632,501</u>

NET CHANGE IN CASH AND CASH EQUIVALENTS 5,689,793

CASH AND CASH EQUIVALENTS BALANCE,  
BEGINNING OF YEAR 4,924,895

CASH AND CASH EQUIVALENTS BALANCE, END OF YEAR \$ 10,614,688

See notes to financial statements.

## LOAVES & FISHES/FRIENDSHIP TRAYS, INC.

### NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2021

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#### 1. SUMMARY OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Operations - 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.

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.

Use of Accounting Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America ("GAAP") 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.

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.

Unconditional Promises to Give - 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. No discount was recorded as of September 30, 2021. An allowance for uncollectible pledges receivable is provided based on management's judgement, including such factors as prior collection history and the nature of fundraising activities. As of September 30, 2021, the Organization maintained an allowance of \$825.

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.

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.

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.

Revenue Recognition - 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.

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 11).

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, 2021.

Functional Expense Classification - The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. 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.

Subsequent Events - In preparing its financial statements, the Organization has evaluated subsequent events through November 4, 2022, which is the date the financial statements were available to be issued.

## 2. ACQUISITION

On February 16, 2021, Loaves & Fishes, Inc., a North Carolina nonprofit corporation, filed Articles of Merger in which Friendship Trays, Inc., a North Carolina nonprofit corporation, merged with Loaves & Fishes, Inc. Effective May 1, 2021, Friendship Trays, Inc. transferred its net assets to Loaves & Fishes, Inc., at which time Loaves & Fishes, Inc. changed its name to Loaves & Fishes/Friendship Trays, Inc. Accordingly, the activity of Friendship Trays, Inc. is included in the accompanying financial statements from May 1, 2021. The purpose of the acquisition was for the two entities to further their common missions and achieve economies of scale and other synergies through integrating processes to serve more people who need better access to healthy food and meals throughout the Mecklenburg County, North Carolina area.



The transaction was accounted for as a business combination. Accordingly, all assets and liabilities were recorded at their fair value as of the date of acquisition. The excess of the consideration received over the fair value of the net assets acquired is recognized immediately in the statement of activities. No consideration was received in the acquisition. Accordingly, the full amount of net assets acquired was recorded as a gain on acquisition in the accompanying statement of activities. The following table presents the assets acquired and liabilities assumed, and the resulting gain on acquisition:

Cash and cash equivalents	\$ 974,134
Prepaid expenses and other current assets	49,567
Investments, including endowment	2,272,641
Property	<u>754,604</u>
Total assets acquired	4,050,946
Less: accounts payable and other current liabilities	<u>(114,055)</u>
Gain on acquisition	<u>\$ 3,936,891</u>

### 3. LIQUIDITY AND AVAILABILITY

The table below represents financial assets available for general expenditures within one year at September 30, 2021:

Financial assets at year-end:	
Cash	\$ 10,614,688
Investments	5,417,340
Unconditional promises to give, net	<u>42,877</u>
Total financial assets	<u>16,074,905</u>
Less amounts not available to be used for general expenditures within one year:	
Restricted by donors with purpose restrictions	371,968
Restricted by donors in perpetuity	1,207,066
Restricted by the Board of Directors for endowment	<u>2,419,124</u>
Financial assets not available to be used with one year	<u>3,998,158</u>
Financial assets available to meet general expenditures within one year	<u>\$ 12,076,747</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.

### 4. UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consisted of the following as of September 30, 2021:

Unconditional promises to give due in less than one year	\$ 43,702
Less: Allowance	<u>(825)</u>
Unconditional promises to give, net	<u>\$ 42,877</u>

5. PROPERTY

Property consisted of the following as of September 30, 2021:

Office equipment	\$ 84,620
Vehicles	520,601
Furniture and fixtures	23,982
Warehouse equipment	<u>806,123</u>
Total	1,435,326
Less: Accumulated depreciation	<u>(816,927)</u>
Property, net	<u>\$ 618,399</u>

6. INVESTMENTS

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

Investments consisted of the following as of September 30, 2021:

FFTC - pooled investment funds	\$ 3,221,117
WF and ML:	
Fixed income holdings	496,203
Mutual funds - fixed income	278,651
Mutual funds - equity	1,277,185
Real asset funds	44,179
Publicly traded certificates of deposit	<u>100,005</u>
Total WF and ML	<u>2,196,223</u>
Total	<u>\$ 5,417,340</u>

As of September 30, 2021, the Organization's investments with FFTC were classified as Level 3 investments based upon the three levels of fair value measurement as defined in Note 1. The investments held with WF and ML 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, 2021:

Balance, beginning of year	\$ 2,483,850
Unrealized gain, net	537,632
Purchases, net	<u>199,635</u>
Balance, end of year	<u>\$ 3,221,117</u>

## 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 WF 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, 2021, the fair value of WF is \$2,143,416, which exceeds the corpus of \$951,312; therefore, \$894,078 is available to support operations and is included in net assets without donor restrictions. The remaining earnings of \$298,026 is 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, 2021, 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	\$ 1,440,317
Board-designated endowment funds	2,419,124
Endowment funds restricted by donors for a particular purpose	298,026
Endowment funds restricted by donors in perpetuity	<u>1,207,066</u>
Total	<u>\$ 5,364,533</u>

*Changes in Endowment Net Assets*

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, beginning of year	\$ 2,378,422	\$ 105,428	\$ 2,483,850
Investment income, net	540,561	976	541,537
Additions from acquisition (See Note 15)	891,150	1,248,362	2,139,512
Contributions, net	<u>49,308</u>	<u>150,326</u>	<u>199,634</u>
Endowment net assets, end of year	<u>\$ 3,859,441</u>	<u>\$ 1,505,092</u>	<u>\$ 5,364,533</u>

8. PPP NOTE PAYABLE

During 2020, the Organization received a loan totaling \$152,037 through the Paycheck Protection Program (“PPP”) under the Coronavirus Aid, Relief and Economic Security Act, which was enacted to provide financial relief to certain businesses impacted by the coronavirus pandemic. Per the terms of the agreement, if the Organization utilizes the funds under certain parameters, it may apply for loan forgiveness up to the entire amount owed plus any interest accrued on the loan. The Organization applied for full forgiveness of the loan after it met the related requirements. The bank provided notification of forgiveness of the loan on December 8, 2020. Accordingly, the Organization recognized the forgiven amount as income in the accompanying statement of activities for the year ended September 30, 2021.

9. 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.

10. 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 \$32,928 for the year ended September 30, 2021. As of September 30, 2021, the Organization had distributed \$64,198 worth of food and food certificates related to the prior year’s undistributed food certificates. Food certificates as of September 30, 2021 totaled \$26,640 and is included in other current assets in the accompanying statement of financial position.

11. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of September 30, 2021 are available for the following purposes or periods:

Investments held in perpetuity	\$ 1,207,066
Emergency Food & Shelter Program grant	26,640
Funds from various donors restricted by time	42,877
Funds from various donors with other purpose restrictions	<u>371,968</u>
Total	<u>\$ 1,648,551</u>

Net assets are released from donor restrictions by satisfaction of time and purpose. Restrictions released during the year ended September 30, 2021 consisted of the following:

Time restricted:	
Contributions restricted for operations	\$ 22,893
Purpose restricted:	
Emergency Food & Shelter Program grant	64,198
Capital expenditures	228,703
Food expenditures	327,385
Other	<u>122,201</u>
 Total	 <u>\$ 765,380</u>

12. CONTRIBUTED MATERIALS AND SERVICES

The Organization received contributions of food valued at \$3,543,961 during the year ended September 30, 2021 and is recognized as support in the accompanying statement of activities.

The Organization paid a reduced rate for use of its warehouse facility during the year ended September 30, 2021. The value of this donated rent was \$32,700 for the year ended September 30, 2021 and is included as contributed office and warehouse space and as rent and utilities expense in the accompanying statement of activities and statement of functional expenses, respectively.

The Organization received donated advertising valued at \$36,500 during the year ended September 30, 2021 and is included as contributed advertising and as fundraising expense in the accompanying statement of activities and statement of functional expenses, respectively.

The Organization received donated legal services valued at \$49,553 during the year ended September 30, 2021 and is included in other grants and as professional fees expense in the accompanying statement of activities and statement of functional expenses, respectively.

13. 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 \$43,064 for the year ended September 30, 2021.

14. LEASE COMMITMENTS

The Organization leases certain office and warehouse space and office equipment under agreements which are classified as operating leases. For the year ended September 30, 2021, expenses, including donated rent, under these leases totaled approximately \$211,000.

Approximate future lease commitments are as follows:

Year ending September 30:	
2022	\$ 178,000
2023	<u>146,000</u>
Total	<u>\$ 324,000</u>

15. RELATED PARTIES

During the year ended September 30, 2021, the Organization received contributions from board members and key employees totaling approximately \$50,000.