



LOAVES & FISHES COMMUNITY SERVICES

**CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**

For the Year Ended June 30, 2021



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LOAVES & FISHES COMMUNITY SERVICES
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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Loaves & Fishes Community Services
Naperville, Illinois

We have audited the accompanying consolidated financial statements of Loaves & Fishes Community Services (the Organization), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financials statements referred to above present fairly, in all material respects, the consolidated financial position of the Loaves & Fishes Community Services as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Sikich LLP

Naperville, Illinois

October 5, 2021

CONSOLIDATED FINANCIAL STATEMENTS

LOAVES & FISHES COMMUNITY SERVICES

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021

ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	\$ 2,233,550
Investments	837,784
Prepaid expenses	55,930
Contributions receivable, current portion	159,065
Goods on hand to be distributed	281,160
Inventory	<u>23,373</u>
Total current assets	<u>3,590,862</u>
PROPERTY AND EQUIPMENT, NET	<u>4,853,696</u>
OTHER ASSETS	
Contributions receivable, net of current portion	84,378
Security deposit	4,690
Beneficial interest in assets held by DuPage Foundation	<u>53,331</u>
Total other assets	<u>142,399</u>
TOTAL ASSETS	<u><u>\$ 8,586,957</u></u>
LIABILITIES AND NET ASSETS	
CURRENT LIABILITIES	
Accounts payable	\$ 61,475
Accrued expenses	99,313
Deferred revenue	166,011
Loan payable, current portion	<u>43,600</u>
Total current liabilities	370,399
LONG-TERM DEBT, NET OF CURRENT PORTION	<u>223,738</u>
Total liabilities	<u>594,137</u>
NET ASSETS	
Without donor restrictions	6,800,286
With donor restrictions	<u>1,192,534</u>
Total net assets	<u>7,992,820</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 8,586,957</u></u>

See accompanying notes to consolidated financial statements.

LOAVES & FISHES COMMUNITY SERVICES**CONSOLIDATED STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
PUBLIC SUPPORT, REVENUE AND GAINS (LOSSES)			
In-kind contributions	\$ 10,777,728	\$ -	\$ 10,777,728
In-kind contributions - vehicles	74,212	-	74,212
Faith communities	167,178	6,500	173,678
Individuals	2,482,932	966,760	3,449,692
Organization and corporations	1,002,325	17,499	1,019,824
Government grants	971,885	37,867	1,009,752
Employer giving program	213,324	-	213,324
Special events, net of costs of direct benefits to donors of \$34,066	199,555	-	199,555
Vehicle income	48,059	-	48,059
Investment return	13,445	-	13,445
Loss on disposal of assets	(18,249)	-	(18,249)
Change in beneficial interest	-	10,007	10,007
Other income	3,343	-	3,343
Net assets released from restrictions	148,801	(148,801)	-
Total public support, revenue and gains (losses)	16,084,538	889,832	16,974,370
EXPENSES			
Program services	13,027,597	-	13,027,597
Supporting services			
Management	291,068	-	291,068
Fundraising	413,598	-	413,598
Total supporting services	704,666	-	704,666
Total expenses	13,732,263	-	13,732,263
CHANGE IN NET ASSETS	2,352,275	889,832	3,242,107
NET ASSETS, BEGINNING OF YEAR	4,448,011	302,702	4,750,713
NET ASSETS, END OF YEAR	\$ 6,800,286	\$ 1,192,534	\$ 7,992,820

See accompanying notes to consolidated financial statements.

LOAVES & FISHES COMMUNITY SERVICES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2021

	<u>Supporting Services</u>				Total Expenses
	Program Services	Management and General	Fundraising	Cost of Direct Benefit to Donors	
EXPENSES					
Food and basic necessities and specific assistance to individuals	\$ 11,409,073	\$ -	\$ -	\$ -	\$ 11,409,073
Salaries, payroll taxes, and employee benefits	1,027,960	160,565	398,079	-	1,586,604
Rent, utilities, warehouse, and maintenance	388,067	-	-	-	388,067
Interest	17,277	1,948	-	-	19,225
Advertising and promotional	-	60,711	-	40	60,751
Professional fees	-	16,062	-	19,563	35,625
Office	98,171	41,541	10,398	14,463	164,573
Depreciation	87,049	10,241	5,121	-	102,411
Total functional expenses	13,027,597	291,068	413,598	34,066	13,766,329
Less expenses included with revenues on the statement of activities	-	-	-	(34,066)	(34,066)
TOTAL EXPENSES	<u>\$ 13,027,597</u>	<u>\$ 291,068</u>	<u>\$ 413,598</u>	<u>\$ -</u>	<u>\$ 13,732,263</u>

See accompanying notes to consolidated financial statements.

LOAVES & FISHES COMMUNITY SERVICES

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Change in net assets	\$ 3,242,107
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation	102,411
Net realized and unrealized loss on investments	24,415
Realized loss on disposal of assets	18,249
Change in beneficial interest	(10,007)
Donated stock	(65,780)
Contributions restricted for acquisition of long-lived assets	(941,360)
Forgivable loan	(253,000)
Changes in current assets and liabilities	
Prepaid expenses	(30,588)
Contributions receivable	68,771
Goods on hand to be distributed	(281,160)
Inventory	1,584
Accounts payable	(6,474)
Accrued expenses	(39,568)
Deferred contributions	107,355
	<hr/>
Net cash from operating activities	1,936,955

CASH FLOWS FROM INVESTING ACTIVITIES

Purchases of investments	(122,318)
Proceeds from sale/maturity of investments	624,042
Proceeds from sale of donated stock	65,780
Purchases of property and equipment	(2,435,563)
	<hr/>
Net cash from investing activities	(1,868,059)

CASH FLOWS FROM FINANCING ACTIVITIES

Proceeds from loan payable	1,800,000
Payments of loan payable	(1,532,662)
Proceeds from contributions restricted for acquisition of long-lived assets	895,760
	<hr/>
Net cash from financing activities	1,163,098

**NET INCREASE IN CASH AND
CASH EQUIVALENTS**

CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR

CASH AND CASH EQUIVALENTS, END OF YEAR

SUPPLEMENTAL CASH FLOWS INFORMATION

Interest paid	\$ 26,571
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See accompanying notes to consolidated financial statements.

LOAVES & FISHES COMMUNITY SERVICES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

For the Year Ended June 30, 2021

1. NATURE OF ACTIVITIES

Loaves & Fishes Community Services (Loaves & Fishes) is a nonprofit organization incorporated in the State of Illinois that provides healthy food and impactful programs to promote self-sufficiency. The focus is to serve residents in DuPage and Will Counties, both in Illinois, for the purpose of ending hunger and transforming lives. Loaves & Fishes' major revenue sources consist mostly of charitable contributions.

Loaves & Fishes is the 100% owner of Loaves & Fishes Property Holdings, LLC and Loaves & Fishes Property Holdings II, LLC, which were organized in 2018 and 2020, respectively, to own and operate real estate for the benefit of Loaves & Fishes. The entities are considered disregarded entities for federal income tax purposes. The entities' assets, liabilities, and income and expense items have been consolidated in these financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

These consolidated financial statements include the accounts of Loaves & Fishes Community Services, Loaves & Fishes Property Holdings, LLC, and Loaves & Fishes Property Holdings II, LLC (together, the Organization). All intercompany balances and transactions have been eliminated.

Basis of Accounting

The consolidated financial statements of the Organization have been prepared on the accrual basis of accounting, and accordingly reflect all significant receivables, payables, and other liabilities.

Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America (USGAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

LOAVES & FISHES COMMUNITY SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The Organization considers all highly liquid instruments, with original maturities of three months or less, to be cash equivalents. The Organization maintains its cash balances at financial institutions. Non-interest and interest-bearing accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash and cash equivalents, based on bank balances at June 30, 2021, exceeded federally insured prescribed limits by \$1,442,814.

Contributions Receivable

Unconditional promises to give are recognized as receivables and contributions in the period the pledge is made. Promises to give in excess of one year are discounted to their net present value. The discount on those amounts is computed using risk-adjusted rates applicable to the years in which the pledges are received. The Organization considers contributions receivable to be fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

Inventory

Inventory is comprised of donated vehicles, which are pending being given to clients or in the process of being sold, and is recorded at fair value.

Goods on Hand to be Distributed

The Organization carries a stock of food items and basic necessities in order to carry out its mission to the public. These items are valued at the lower of cost or market, if purchased, or at the estimated fair value at the date of donation, if donated.

Property and Equipment

Property and equipment are recorded at cost, if purchased, or fair market value, if donated. Acquisitions of property and equipment or betterments that materially prolong the useful lives of assets in excess of \$5,000 are capitalized. Depreciation expense is calculated using the straight line method over the estimated useful lives of the assets as follows:

	<u>Years</u>
Furniture and office equipment	3-5
Transportation equipment	3-5
Warehouse equipment	5-7
Building	25-39

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and Investment Return

Investment return is reported net in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses. Investment return is reflected in the consolidated statement of activities as income without donor restrictions, or income with donor restrictions based upon the existence and nature of any donor restrictions. Investment income that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the investment income is recognized.

Beneficial Interest in Assets Held by DuPage Foundation

The Organization maintains assets with DuPage Foundation under an agency agreement. Under this agreement, the assets are invested at the discretion of DuPage Foundation for the benefit of the Organization. DuPage Foundation shall receive, administer, and disburse the assets for the Organization's use at the Organization's request. The Organization has the ability to transfer additional assets to DuPage Foundation. The Organization has not granted DuPage Foundation variance power, which would give DuPage Foundation's Board of Trustees the power to use the assets for other purposes. Thus, the Organization retains a beneficial interest in those assets and maintains the transferred assets on the statement of financial position. All dividend, interest income, and realized and unrealized gains and losses on assets bought, sold, and held during the period are credited to the Organization's fund or disbursed as requested by the Organization. All distributions are classified as investment income (loss) on the consolidated statement of activities in the period earned.

Deferred Revenue

Deferred revenue represents income related to special events that will occur in the subsequent period.

LOAVES & FISHES COMMUNITY SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets

The accompanying consolidated financial statements have been prepared to present balances and transactions according to the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net asset classes may be used at the discretion of the Organization's management and the Board of Directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. The Organization had no net assets with perpetual donor restrictions as of June 30, 2021.

Contributions

Contributions from faith communities, individuals, organizations and corporations, government grants and employer giving program as shown on the consolidated statement of activities, 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 reporting period in which the contribution is recognized. 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 consolidated statement of activities as net assets released from restrictions.

Contributions, including unconditional promises to give, are recognized as revenues when the donor's commitment is received. Unconditional promises are recorded at fair value on the date the promise is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions that were initially conditional contributions and for which the donor-imposed conditions and restrictions are met in the same reporting period are reported as an increase in net assets without donor restrictions.

Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as net assets with donor restrictions, until such time as the assets are placed in service.

LOAVES & FISHES COMMUNITY SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In-Kind Contributions

The Organization regularly receives contributions of food and grocery items from the public. The Organization has a check-in system to track such items, weigh them, and assign values to these contributions using an estimated value of \$3.05 per pound for the year ended June 30, 2021. Total in-kind contributions related to food were \$10,768,737 for the year ended June 30, 2021. The Organization records donated vehicles at the estimated fair value on the date of donation. Total in-kind contributions related to vehicles were \$74,212 for the year ended June 30, 2021. Other in-kind contributions are recorded at the estimated fair value on the date of donation and totaled \$8,991 for the year ended June 30, 2021.

Donated Services

Donated services are recognized as contributions if the services (1) create or enhance nonfinancial assets or (2) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

The Organization received donated services from its officers, directors, and community volunteers which totals in excess of 41,160 person-hours for the year ended June 30, 2021. Using the Corporation for National and Community Service survey that estimates a \$28.54 value per hour of volunteer time for the year ended June 30, 2021, management estimates the value of these efforts to be approximately \$1,174,706 for the year ended June 30, 2021. As the recognition criteria for donated services were not met, these volunteer efforts were not recognized as contributions in the consolidated statement of activities for the year ended June 30, 2021.

Government Grants

Government grants, which qualify as conditional promises to give, are recognized when the condition of performing the contracted services or incurring eligible expenses is met. Revenue is therefore recognized as earned when all barriers are overcome. The Organization has been awarded conditional promises to give totaling \$66,264 as of June 30, 2021 that are not recognized as assets in the consolidated statement of financial position. Such amounts are conditional upon the expenditure of funds and/or the performance of services.

LOAVES & FISHES COMMUNITY SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among program and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

<u>Expense</u>	<u>Method of Allocation</u>
Depreciation	Square footage
Salaries, payroll taxes and employee benefits	Time and effort
Office expense	Time and effort

Income Tax Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code. The Organization is not classified as a private foundation.

New Accounting Pronouncements

In September 2020, FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*, to increase the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. A not-for-profit will be required to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also requires a not-for-profit to disclose contributed nonfinancial assets recognized within the statement of activities, disaggregated by category that depicts the type of nonfinancial assets. For each category of contributed nonfinancial assets recognized, the standard requires a not-for-profit to disclose additional qualitative information and policies regarding monetization or utilization of contributed nonfinancial assets; information about any donor-imposed restrictions; valuation techniques and inputs; and the principal market (or most advantageous market) used to arrive at a fair value measure if it is a market in which the recipient not-for-profit is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. ASU No. 2020-07, is effective for fiscal years beginning after June 15, 2021 with early adoption permitted. The Organization is currently assessing the impacts of this new standard.

LOAVES & FISHER COMMUNITY SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

3. LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets at June 30, 2021:

Financial assets at year end	
Cash and cash equivalents	\$ 2,233,550
Contributions receivable	243,443
Investments	837,784
Beneficial interest in assets held by DuPage Foundation	<u>53,331</u>
 Total financial assets	 3,368,108
 Less amounts not available to be used within one year	
Donor restrictions on financial assets	<u>296,774</u>
 FINANCIAL ASSETS AVAILABLE TO MEET GENERAL EXPENDITURES OVER THE NEXT 12 MONTHS	 <u>\$ 3,071,334</u>

The Organization maintains cash reserves for both operating expenses and capital expenditures, which are reviewed annually for adequacy. Cash reserves for operating expenses are generally determined based on a sensitivity analysis of different economic scenarios over a one-year period. Cash reserves for capital expenditures are generally determined based on an analysis of projected fixed asset purchases and replacements.

4. CONTRIBUTIONS RECEIVABLE

The Organization's contributions receivable at June 30, 2021 are due as follows:

Receivable in less than one year	\$ 159,065
Receivable in one to five years	<u>84,378</u>
 TOTAL CONTRIBUTIONS RECEIVABLE	 <u>\$ 243,443</u>

LOAVES & FISHES COMMUNITY SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

5. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30, 2021:

Land	\$ 1,566,543
Furniture and office equipment	129,082
Transportation equipment	235,108
Warehouse equipment	194,172
Building	2,077,147
Building not placed in service	1,585,636
Construction in progress	<u>146,877</u>
Subtotal	5,934,565
Accumulated depreciation	<u>(1,080,869)</u>
NET PROPERTY AND EQUIPMENT	<u><u>\$ 4,853,696</u></u>

Depreciation expense for the year ended June 30, 2021 was \$102,411.

The Organization purchased a new building at 580 Exchange Court, Aurora, Illinois. The building has not been placed in service. Costs associated with the building improvements are included in construction in progress.

The Organization capitalizes interest costs as a component of construction in progress, based on the weighted-average rates paid for long-term borrowing. Interest capitalized for the year ended June 30, 2021 totaled \$7,346.

6. FAIR VALUE MEASUREMENTS

USGAAP establishes a framework for measuring fair value. That framework uses a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. USGAAP requires the Organization to maximize the use of observable inputs when measuring fair value. The hierarchy describes three levels of inputs, which are as follows:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Quoted prices for similar assets or liabilities in active markets; quoted prices for identical assets or liabilities in inactive markets; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

LOAVES & FISHES COMMUNITY SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. FAIR VALUE MEASUREMENTS (Continued)

In many cases, a valuation technique used to measure fair value includes inputs from more than one level of the fair value hierarchy. The lowest level of significant input determines the placement of the entire fair value measurement in the hierarchy. The categorization of an investment within the hierarchy reflects the relative ability to observe the fair value measure and does not necessarily correspond to the perceived risk of that investment.

If an investment that is measured using net asset value (NAV) has a readily determinable fair value (that is, it can be traded at the measurement date at its published NAV), it is included in Level 1 of the hierarchy. Otherwise, investments measured using NAVs are not included in Level 1, 2, or 3, but are separately reported.

Following is a description of the valuation techniques used for assets and liabilities measured at fair value on a recurring basis. There have been no changes to the techniques used during the year ended June 30, 2021.

Brokered certificates of deposit: Valued at the closing quoted price by the Organization at year end.

Beneficial interest in assets held by DuPage Foundation: Valued at NAV of the underlying investments in the investment pool held at DuPage Foundation at year end. The Organization has the ability to redeem its beneficial interest in assets held by DuPage Foundation upon two weeks written notice from its Board of Directors to DuPage Foundation.

Fair value measurements recorded on a recurring basis at June 30, 2021 were as follows:

	Level 1	Level 2	Level 3	Total
Brokered certificates of deposit	\$ -	\$ 737,784	\$ -	\$ 737,784
TOTAL	\$ -	\$ 737,784	\$ -	737,784
Cash and cash equivalents, at cost				100,000
TOTAL INVESTMENTS				\$ 837,784
BENEFICIAL INTEREST IN ASSETS HELD BY DUPAGE FOUNDATION	\$ -	\$ 53,331	\$ -	\$ 53,331

LOAVES & FISHES COMMUNITY SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

6. FAIR VALUE MEASUREMENTS (Continued)

Changes in the fair value of the Organization's beneficial interest in assets held by DuPage Foundation are as follows:

BALANCE, JULY 1, 2020	\$ 43,324
Distributions	-
Change in interest in assets of DuPage Foundation	<u>10,007</u>
 BALANCE, JUNE 30, 2021	 <u><u>\$ 53,331</u></u>

7. LOAN PAYABLE

Loan payable consisted of the following at June 30, 2021

Wheaton Bank & Trust Loan of \$1,050,000; due in monthly installments of \$3,633, beginning January 8, 2021 until December 8, 2030; floating interest rate. The loan is secured by property at 580 Exchange Court, Aurora, IL 60504.

	<u>\$ 268,200</u>
Subtotal	268,200
Less current maturities	(43,600)
Less unamortized debt issuance cost	<u>(862)</u>
 NET LONG-TERM DEBT	 <u><u>\$ 223,738</u></u>

Interest expense was \$19,225 for the year ended June 30, 2021.

The loan agreement contains certain covenants, including repayment, notices of claims and litigation, availability of certain financial records and financial statements, additional information and insurance, as well as various other covenants. In addition, the agreement requires the Organization to maintain certain financial ratios related to fixed charge coverage. As of June 30, 2021, the Organization believes it is in compliance with these covenants and ratios.

Loan payable maturities are as follows for the year ended June 30,:

2022	\$ 43,600
2023	39,967
2024	39,967
2025	39,967
2026	39,967
Thereafter	<u>64,732</u>
 TOTAL	 <u><u>\$ 268,200</u></u>

LOAVES & FISHES COMMUNITY SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

7. LOAN PAYABLE (Continued)

At June 30, 2020, the Organization had a forgivable loan in the amount of \$253,000 through the Small Business Administration Paycheck Protection Program. The amount was forgiven during the year ended June 30, 2021 and is recognized as government grants revenue in the consolidated statement of activities.

8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30, 2021:

Restricted for time:	\$ 197,843
Purpose restrictions:	
DuPage Foundation Agency Fund	53,331
Building	895,760
Receivables restricted to building	<u>45,600</u>
 TOTAL NET ASSETS WITH DONOR RESTRICTIONS	 <u><u>\$ 1,192,534</u></u>

9. LEASES

The Organization has two leases for office equipment that will expire in one and two years. The Organization also has a lease for warehouse space through 2021, with various renewal options through 2026. Lease expense was \$60,778 for the year ended June 30, 2021. The following is a schedule of future minimum rentals:

Year Ended <u>June 30,</u>	
2022	\$ 25,409
2023	5,629
2024	5,537
2025	5,537
2026	<u>2,471</u>
 TOTAL	 <u><u>\$ 44,583</u></u>

10. RETIREMENT BENEFIT PLAN

The Organization provides a 401(k) plan to eligible employees. The Organization may contribute a matching contribution of a pre-determined percentage if the financial position of the Organization allows. For the year ended June 30, 2021, the Organization recognized retirement plan expense of \$28,545.

LOAVES & FISHES COMMUNITY SERVICES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

11. ADVERTISEMENT

The Organization expenses advertising costs as incurred. Advertising expense was \$45,622 for the year ended June 30, 2021.

12. RELATED PARTY TRANSACTIONS

For the year ended June 30, 2021, the Organization received related party contributions totaling \$354,799 from Board members or entities related to Board members.

13. RISKS AND UNCERTAINTIES

Beginning around March 2020, the Covid-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity across a broad range of industries and countries could be severely impacted for months or beyond, as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these consolidated financial statements as a result of this uncertainty.

14. SUBSEQUENT EVENTS

Subsequent to June 30, 2021, the organization paid off its outstanding loan payable as discussed in Note 7.

The Organization has evaluated subsequent events through October 5, 2021, which was the date that these consolidated financial statements were available for issuance.