

**LOAVES & FISHES COMMUNITY SERVICES**

**CONSOLIDATED  
FINANCIAL STATEMENTS  
AS OF JUNE 30, 2023 AND 2022**

**TOGETHER WITH AUDITOR'S REPORT**

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Loaves & Fishes Community Services:

### *Opinion*

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, 2023, and the related consolidated statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023, 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.

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Organization, and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Prior Period Financial Statements*

The financial statements of the Organization as of June 30, 2022 were audited by other auditors whose report dated January 20, 2023 expressed an unmodified opinion on those 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

*Auditor's Responsibilities for the Audit of the Consolidated Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, which raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

  
DUGAN & LOPATKA

LOAVES & FISHES COMMUNITY SERVICES  
CONSOLIDATED STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2023 AND 2022

A S S E T S

	<u>2023</u>	<u>2022</u>
<b>CURRENT ASSETS:</b>		
Cash and cash equivalents	\$ 406,765	\$ 758,539
Investments	4,574,517	3,193,115
Prepaid expenses	66,606	38,467
Contribution receivable, current portion	110,995	161,448
Other receivables	-	72,854
Goods on hand to be distributed	1,156,692	747,708
	<u>6,315,575</u>	<u>4,972,131</u>
<b>PROPERTY AND EQUIPMENT, NET</b>	<u>6,086,898</u>	<u>5,761,480</u>
<b>OTHER ASSETS:</b>		
Contributions receivable, net of current portion	42,658	65,411
Beneficial interest in assets held by DuPage Foundation	544,640	406,480
	<u>587,298</u>	<u>471,891</u>
<b>Total assets</b>	<u>\$ 12,989,771</u>	<u>\$ 11,205,502</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES:</b>		
Accounts payable	\$ 59,754	\$ 42,179
Accrued expenses	106,287	102,830
Deferred revenue	204,626	92,713
	<u>370,667</u>	<u>237,722</u>
<b>NET ASSETS:</b>		
Without donor restrictions	12,465,451	10,743,061
With donor restrictions	153,653	224,719
	<u>12,619,104</u>	<u>10,967,780</u>
<b>Total net assets</b>	<u>12,619,104</u>	<u>10,967,780</u>
<b>Total liabilities and net assets</b>	<u>\$ 12,989,771</u>	<u>\$ 11,205,502</u>

The accompanying notes are an integral part of this statement.

LOAVES & FISHES COMMUNITY SERVICES  
CONSOLIDATED STATEMENT OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>PUBLIC SUPPORT AND REVENUE:</b>						
In-Kind contributions	\$ 19,088,455	\$ -	\$ 19,088,455	\$ 13,054,213	\$ -	\$ 13,054,213
Faith communities	164,472	-	164,472	142,550	6,500	149,050
Individuals	2,829,170	-	2,829,170	3,478,831	82,400	3,561,231
Organizations and corporations	1,052,568	20,800	1,073,368	1,250,389	17,498	1,267,887
Government grants	576,710	20,189	596,899	282,677	26,250	308,927
Employer giving program	169,504	-	169,504	170,103	-	170,103
Special events, net of costs of direct benefits to donors of \$94,227 and \$76,832	380,715	-	380,715	339,914	-	339,914
Vehicle income	14,530	-	14,530	28,470	-	28,470
Investment return (loss), net	204,802	-	204,802	(52,536)	-	(52,536)
Change in beneficial interest	39,740	-	39,740	(48,063)	-	(48,063)
Other income	699	-	699	4,309	-	4,309
Net assets released from restrictions	112,055	(112,055)	-	1,100,463	(1,100,463)	-
<b>Total public support and revenue</b>	<b>24,633,420</b>	<b>(71,066)</b>	<b>24,562,354</b>	<b>19,751,320</b>	<b>(967,815)</b>	<b>18,783,505</b>
<b>EXPENSES:</b>						
Program services	22,155,279	-	22,155,279	15,055,520	-	15,055,520
Supporting services -						
Management and general	248,346	-	248,346	251,008	-	251,008
Fundraising	507,405	-	507,405	502,017	-	502,017
<b>Total supporting services</b>	<b>755,751</b>	<b>-</b>	<b>755,751</b>	<b>753,025</b>	<b>-</b>	<b>753,025</b>
<b>Total expenses</b>	<b>22,911,030</b>	<b>-</b>	<b>22,911,030</b>	<b>15,808,545</b>	<b>-</b>	<b>15,808,545</b>
<b>CHANGES IN NET ASSETS</b>	<b>1,722,390</b>	<b>(71,066)</b>	<b>1,651,324</b>	<b>3,942,775</b>	<b>(967,815)</b>	<b>2,974,960</b>
<b>NET ASSETS, beginning of year</b>	<b>10,743,061</b>	<b>224,719</b>	<b>10,967,780</b>	<b>6,800,286</b>	<b>1,192,534</b>	<b>7,992,820</b>
<b>NET ASSETS, end of year</b>	<b>\$ 12,465,451</b>	<b>\$ 153,653</b>	<b>\$ 12,619,104</b>	<b>\$ 10,743,061</b>	<b>\$ 224,719</b>	<b>\$ 10,967,780</b>

The accompanying notes are an integral part of this statement.

LOAVES & FISHES COMMUNITY SERVICES  
CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 1,651,324	\$ 2,974,960
Adjustments to reconcile change in total net assets to net cash provided by operating activities:		
Depreciation	231,244	198,869
Net realized and unrealized (gain) loss on investments	(127,704)	73,454
Change in beneficial interest in assets held by DuPage Foundation	(39,740)	48,431
Contributed stock restricted for acquisition of long-lived assets	-	(20,283)
Contributions restricted for acquisition of long-lived assets	-	(952,400)
Change in current assets and liabilities:		
Decrease in contributions receivables	73,206	26,484
(Increase) decrease in prepaid expenses	(28,139)	17,463
(Increase) decrease in other receivables	72,854	(72,854)
(Increase) in goods on hand to be distributed	(408,984)	(466,548)
Decrease in inventory	-	23,373
Decrease in security deposits	-	4,690
Increase (decrease) in accounts payable	17,575	(19,296)
Increase in accrued expenses	3,457	3,517
Increase (decrease) in deferred revenue	111,913	(73,298)
	<u>1,557,006</u>	<u>1,766,562</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of investments	(1,898,326)	(2,857,749)
Proceeds from sales of investments	644,628	479,975
Transfer of funds (additions) to DuPage Foundation	(98,420)	(401,580)
Purchase of property and equipment	(556,662)	(1,106,653)
	<u>(1,908,780)</u>	<u>(3,886,007)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments of loan payable	-	(267,338)
Proceeds from sale of contributed stock restricted for acquisition of long-lived assets	-	20,283
Proceeds from contributions restricted for acquisition of long-lived assets	-	942,500
	<u>-</u>	<u>695,445</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	<b>(351,774)</b>	<b>(1,424,000)</b>
CASH AND CASH EQUIVALENTS, Beginning of year	<u>758,539</u>	<u>2,182,539</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 406,765</u>	<u>\$ 758,539</u>
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Interest paid	<u>\$ -</u>	<u>\$ 2,012</u>

The accompanying notes are an integral part of this statement.

LOAVES & FISHES COMMUNITY SERVICES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2023

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Cost of Direct Benefit to Donors	
Food and basic necessities and specific assistance to individuals	\$ 19,827,195	\$ -	\$ -	\$ 55,732	\$ 19,882,927
Salaries, payroll taxes, and employee benefits	1,469,919	196,569	450,613	-	2,117,101
Rent, utilities, warehouse, and maintenance	509,006	-	-	2,106	511,112
Advertising and promotional	41,800	-	27,866	151	69,817
Professional fees	-	13,236	-	29,333	42,569
Office	110,801	15,417	17,364	6,905	150,487
Depreciation	196,558	23,124	11,562	-	231,244
	<u>\$ 22,155,279</u>	<u>\$ 248,346</u>	<u>\$ 507,405</u>	<u>\$ 94,227</u>	<u>\$ 23,005,257</u>
Total functional expenses					
Less expenses included with revenues on the statement of activities	-	-	-	(94,227)	(94,227)
Total expenses	<u>\$ 22,155,279</u>	<u>\$ 248,346</u>	<u>\$ 507,405</u>	<u>-</u>	<u>\$ 22,911,030</u>

The accompanying notes are an integral part of this statement.

LOAVES & FISHES COMMUNITY SERVICES  
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2022

	Program Services	Supporting Services			Total Expenses
		Management and General	Fundraising	Cost of Direct Benefit to Donors	
Food and basic necessities and specific assistance to individuals	\$ 13,163,116	\$ -	\$ -	\$ 40,983	\$ 13,204,099
Salaries, payroll taxes, and employee benefits	1,209,425	180,650	425,433	1,504	1,817,012
Rent, utilities, warehouse, and maintenance	423,380	-	-	-	423,380
Interest	1,911	101	-	-	2,012
Advertising and promotional	6,838	18,130	55,482	1,162	81,612
Professional fees	-	647	-	24,173	24,820
Office	81,811	31,593	11,159	9,010	133,573
Depreciation	169,039	19,887	9,943	-	198,869
	<u>\$ 15,055,520</u>	<u>\$ 251,008</u>	<u>\$ 502,017</u>	<u>\$ 76,832</u>	<u>\$ 15,885,377</u>
Less expenses included with revenues on the statement of activities	-	-	-	(76,832)	(76,832)
Total expenses	<u>\$ 15,055,520</u>	<u>\$ 251,008</u>	<u>\$ 502,017</u>	<u>\$ -</u>	<u>\$ 15,808,545</u>

The accompanying notes are an integral part of this statement.



LOAVES & FISHES COMMUNITY SERVICES  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
JUNE 30, 2023 AND 2022

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Loaves & Fishes Community Services 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, Will, Kane and Kendall Counties, all 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, Loaves & Fishes Property Holdings II, LLC, and Loaves & Fishes Property Holdings III, LLC, which were organized in 2018, 2020 and 2023, 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.

The consolidated financial statements were available to be issued on October 9, 2023 with subsequent events being evaluated through this date.

The following is a summary of the significant accounting policies applied by management in the preparation of the accompanying consolidated financial statements.

Basis of Consolidation -

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

Basis of Accounting -

The Organization records its financial transactions and maintains its books and records on the accrual basis of accounting which recognizes revenue as it is earned and expenses as they are incurred.

Use of Estimates -

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reported amounts and disclosures. Actual results could differ from those estimates.

Basis of Presentation -

Financial statement presentation follows the recommendations of the Accounting Standards Codification (ASC), *Financial Statements for Not-for-Profit Organizations*. Under the ASC, the Organization is required to report information regarding two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Basis of Presentation - (Continued)

*Without donor restrictions* - Net assets that are not subject to donor-imposed stipulations and may be expensed for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of management and the board of directors.

*With donor restrictions* - Net assets subject to donor-imposed stipulations. Some donor restrictions are temporary in nature; those restrictions will be met either by actions of the Organization and/or the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Cash and Cash Equivalents -

For purposes of the statement of cash flows, the Organization considers all highly liquid instruments with an original maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk -

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash and deposits with high credit quality financial institutions; however, from time to time, deposits can exceed the federally insured limits in certain cash accounts.

Investments -

Investments are carried at fair value. Realized and unrealized gains and losses are reflected in the statement of activities. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility. Due to the level of market risk associated with certain investment securities, it is possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

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.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Other Receivables -

Other receivables are recorded at their net realizable value. The Organization considers other receivables to be fully collectible. Accordingly, no allowance for doubtful accounts is considered necessary.

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.

Inventory -

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

Property and Equipment -

Property and equipment are recorded at cost, if purchased, or estimated fair 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>Description</u>	<u>Years</u>
Furniture and office equipment	3 - 5
Transportation equipment	3 - 5
Warehouse equipment	5 - 7
Building	25 - 39

Maintenance, repairs and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Gains and losses on dispositions of property and equipment are included in income.

Deferred Revenue -

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

Advertising -

The Organization expenses advertising costs as incurred. Advertising expense was \$55,454 and \$50,108 for the years ended June 30, 2023 and 2022, respectively.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Beneficial Interests in Assets Held by DuPage Foundation -

The Organization maintains assets with DuPage Foundation under two agency agreements. Under these agreements, 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 consolidated statements 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 funds or disbursed as requested by the Organization. All distributions are classified as investment income on the consolidated statements of activities in the period earned.

Contributions -

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest 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 met. Contributions that are restricted by the donor are reported as increases in net assets without donor restriction if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restriction, depending on the nature of the restrictions. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the statement of activities as net assets released from 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.

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.

In-Kind Contributions -

The Organization receives contributed nonfinancial assets that include donated food and grocery items, vehicles, and other goods and supplies. Gifts in-kind revenue is recorded at the respective fair values of the goods or services received at the time of the donation.

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

In-Kind Contributions - (Continued)

In addition to contributed nonfinancial assets, officers, directors and community volunteers contribute significant amounts of time to the Organization. However, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles that prohibits the recording of donated services unless they create or enhance a nonfinancial asset or are specialized skills that would have been purchased if they were not donated.

Functional Allocation of Expenses -

The consolidated financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Such allocations are determined by management on an equitable basis. The expenses that are allocated include salaries, payroll taxes, employee benefits, and office expenses which are allocated on the basis of time and effort. Depreciation expense is allocated on the basis of square footage.

(2) INCOME TAX STATUS:

The Organization is a nonprofit Illinois corporation organized for charitable purposes, exempt from income tax under Section 501(c)(3) of the U.S. Internal Revenue Code. The Organization is a public charity and, thus, contributions by the public are deductible for income tax purposes.

The Organization files income tax returns in the U.S. federal jurisdiction and Illinois. With few exceptions, the Organization is no longer subject to U.S. federal, state and local, or non-U.S. income tax examinations by tax authorities for fiscal years before 2020. The Organization does not expect a material net change in unrecognized tax benefits in the next twelve months.

(3) CONTRIBUTIONS RECEIVABLE:

The Organization's contributions receivable at June 30, 2023 and 2022 are due as follows:

	<u>2023</u>	<u>2022</u>
Receivable in less than one year	\$ 110,995	\$ 161,448
Receivable in one to five years	<u>42,658</u>	<u>65,411</u>
Total contributions receivable	<u>\$ 153,653</u>	<u>\$ 226,859</u>

(4) PROPERTY AND EQUIPMENT:

Property and equipment consist of the following at June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Land	\$ 1,771,416	\$ 1,566,543
Furniture and office equipment	136,081	136,081
Transportation equipment	354,635	235,108
Warehouse equipment	535,756	471,683
Building	<u>4,792,793</u>	<u>4,624,603</u>
Subtotal	7,590,681	7,034,018
Accumulated depreciation	<u>(1,503,783)</u>	<u>(1,272,538)</u>
	<u>\$ 6,086,898</u>	<u>\$ 5,761,480</u>

Depreciation expense for the years ended June 30, 2023 and 2022 was \$231,244 and \$198,869, respectively.

(5) INVESTMENTS:

The composition of investments at June 30, 2023 and 2022 is as follows:

	<u>2023</u>	<u>2022</u>
Brokered certificates of deposit	\$ 1,750,669	\$ 1,504,194
U.S. Treasuries	727,719	986,531
Exchange traded funds	1,579,391	698,781
Money market – at cost	<u>516,738</u>	<u>3,609</u>
Total investments	<u>\$ 4,574,517</u>	<u>\$ 3,193,115</u>

Investment return (loss) consists of the following for the years ended June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 77,098	\$ 20,918
Realized and unrealized gain (loss)	<u>127,704</u>	<u>(73,454)</u>
Total	<u>\$ 204,802</u>	<u>\$ (52,536)</u>

(6) FAIR VALUE MEASUREMENTS:

The Accounting Standards Codification for Fair Value Measurements establishes a 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 active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1:

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2:

Inputs to the valuation methodology include:

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

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3:

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

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. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodology used for assets measured at fair value. There have been no changes in the methodology used at June 30, 2023 and 2022.

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

U.S. Treasuries: Valued by a pricing service using models that incorporate market observable data such as reported sales of similar securities, broker quotes, yields, bids, offers, and reference data.

(6) FAIR VALUE MEASUREMENTS: (Continued)

*Exchange traded funds:* Valued at the closing quoted price reported on the active market on which the individual funds are traded.

*Beneficial interest in assets held by DuPage Foundation:* Valued at the net asset value (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.

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation method is appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023 and 2022:

Description	Assets at Fair Value as of June 30, 2023			
	Level 1	Level 2	Level 3	Total
Brokered certificates of deposit	\$ -	\$ 1,750,669	\$ -	\$ 1,750,669
U.S. Treasuries	-	727,719	-	727,719
Exchange traded funds	1,579,391	-	-	1,579,391
Beneficial interest in assets held by DuPage Foundation	-	-	544,640	544,640
Total assets at fair value	\$ 1,579,391	\$ 2,478,388	\$ 544,640	\$ 4,602,419

Description	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Brokered certificates of deposit	\$ -	\$ 1,504,194	\$ -	\$ 1,504,194
U.S. Treasuries	-	986,531	-	986,531
Exchange traded funds	698,781	-	-	698,781
Beneficial interest in assets held by DuPage Foundation	-	-	406,480	406,480
Total assets at fair value	\$ 698,781	\$ 2,490,725	\$ 406,480	\$ 3,595,986



(6) FAIR VALUE MEASUREMENTS: (Continued)

Level 3 Gains and Losses:

The following table sets forth a summary of changes in the fair value of the Organization's level 3 assets for the years ended June 30, 2023 and 2022:

	Level 3 Assets	
	DuPage Foundation Fund	
	<u>Year Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 406,480	\$ 53,331
Additions	98,420	401,580
Distributions	-	(2,100)
Changes in interest in assets of DuPage Foundation	<u>39,740</u>	<u>(46,331)</u>
Balance, end of year	<u>\$ 544,640</u>	<u>\$ 406,480</u>

(7) NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions are as follows:

	<u>2023</u>	<u>2022</u>
Restricted for time	<u>\$ 153,653</u>	<u>\$ 224,719</u>

(8) IN KIND CONTRIBUTIONS:

The Organization received in-kind contributions for the years ended June 30, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Food and grocery items	\$ 19,021,381	\$ 12,981,477
Vehicles	12,167	27,969
Other supplies	<u>54,907</u>	<u>44,767</u>
Total	<u>\$ 19,088,455</u>	<u>\$ 13,054,213</u>

(8) IN KIND CONTRIBUTIONS: (Continued)

Fair value of in-kind contributions is determined as follows:

*Food and grocery items:* The Organization regularly receives contributions of food and grocery items from other organizations, individuals and commercial outlets. These contributions of food and grocery are tracked by the Organization’s inventory system based upon weight and assigned values using an average price per pound. The average price per pound is a weighted average of wholesale and retail values that would be received for selling similar products.

*Vehicles:* The Organization records donated vehicles at the estimated fair value on the date of donation based upon published retail prices for similar vehicles or the actual sale price, if monetized. Donated vehicles are donated by the Organization to individuals or are monetized with proceeds utilized in the Organization’s program services.

*Other supplies:* Other in-kind contributions include gift cards and fixed assets and are recorded at the estimated fair value on the date of donation. Gift cards are recorded at their redemption value and are utilized in the Organization’s program services. Donated fixed assets are valued based upon published retail prices for similar fixed assets, if new, or based upon thrift store value, if used, and are held and utilized in the Organization’s program services.

(9) RETIREMENT 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 years ended June 30, 2023 and 2022, the Organization recognized retirement plan expense of \$43,829 and \$36,527, respectively.

(10) LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year, comprise of the following:

	<u>2023</u>	<u>2022</u>
Financial assets at year end -		
Cash and cash equivalents	\$ 406,765	\$ 758,539
Investments	4,574,517	3,193,115
Receivables	153,653	299,713
Beneficial interest in assets held by DuPage Foundation	<u>544,640</u>	<u>406,480</u>
Total financial assets	5,679,575	4,657,847

(10) LIQUIDITY AND AVAILABILITY: (Continued)

Less amounts not available to be used for general Expenditures within one year – Donor restrictions on financial assets	<u>153,653</u>	<u>224,719</u>
Financial assets available to meet cash needs for general expenditures that are without donor or other restrictions limiting their use within one year	<u>\$ 5,525,922</u>	<u>\$ 4,443,128</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.

(11) RELATED PARTY TRANSACTIONS:

For the years ended June 30, 2023 and 2022, the Organization received related party contributions totaling \$117,741 and \$188,723, respectfully from Board members or entities related to Board members. Additionally, for the year end June 30, 2022 the Organization paid \$10,876 to an entity owned by a relative of a member of the Organization's management for services provided related to sound system technology and equipment.