

*Financial Statements*

LOUDOUN HUNGER RELIEF, INC.

June 30, 2022

## **GENERAL ORGANIZATIONAL DATA**

### **ORGANIZATION AND PURPOSE**

Loudoun Hunger Relief, Inc. is a non-profit corporation organized under the laws of the Commonwealth of Virginia on October 24, 1991 for the purpose of collecting and distributing food to needy families and individuals in Loudoun County. Loudoun Hunger Relief, Inc. was granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code in March 1992.

Loudoun Hunger Relief, Inc. was originally organized and named Loudoun Interfaith Relief, Inc. In September 2016 the board adopted a resolution to change the name to Loudoun Hunger Relief, Inc.

### **OFFICERS**

Carol Barbe, Chair  
Thomas Ciolkosz, Vice Chair  
Charles McQuillan, Secretary  
Roman Blazauskas, Treasurer

### **BOARD OF DIRECTORS**

Carol Barbe	David McOmber
Roman Blazauskas	Charles McQuillan
Maristevé Bradley	Magdalene Johnson Obaji
Thomas Ciolkosz	Eric Pearsall
Lorna Campbell Clarke	Michelle Rosati
Rose Ann Domenici	John Rowell
William Junda	Andrea Winey

### **STAFF**

Jennifer Montgomery, President/CEO  
Trish McNeal, Deputy Director  
Justo Castillo, Operations Director  
Tannia Perez, Client Services and Community Partnerships Manager

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Loudoun Hunger Relief, Inc.  
Leesburg, Virginia

### Opinion

We have audited the accompanying financial statements of Loudoun Hunger Relief, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loudoun Hunger Relief, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### 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 Financial Statements section of our report. We are required to be independent of Loudoun Hunger Relief, Inc. 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.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Loudoun Hunger Relief, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditor's Responsibilities for the Audit of the 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the 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 risks of material misstatement of the 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 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 Loudoun Hunger Relief, Inc.'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 financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Loudoun Hunger Relief, Inc.'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.

#### **Report on Summarized Comparative Information**

We have previously audited Loudoun Hunger Relief, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 14, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leesburg, Virginia  
September 9, 2022

*Mitchell, Burns & Co., P.C.*

**LOUDOUN HUNGER RELIEF, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2022**

(with June 30, 2021 comparative totals)

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
Current assets		
Undesignated funds		
Cash and cash equivalents	\$ 164,554	\$ 120,981
Designated and restricted funds		
Cash and cash equivalents	2,925,093	3,241,335
Prepaid food debit card	56,443	77,566
Investments	863,752	-
Grants receivable	50,000	-
Pledged contributions	31,426	37,708
Inventory - food products	124,456	360,427
Gift cards	15,431	21,912
Prepaid expenses	36,414	22,392
<b>Total current assets</b>	<b>4,267,569</b>	<b>3,882,321</b>
Property and equipment, net of depreciation	301,073	364,338
Security deposits	1,425	1,425
<b>Total Assets</b>	<b>\$ 4,570,067</b>	<b>\$ 4,248,084</b>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable	\$ 19,805	\$ 23,550
Accrued payroll	43,372	74,024
<b>Total current liabilities</b>	<b>63,177</b>	<b>97,574</b>
Net Assets		
Without donor restriction:		
Undesignated	199,659	84,452
Nonspendable	1,325,695	747,157
Designated by governing board:		
Funds held for long-term investment	-	1,000,000
Capital reserve	700,000	700,000
Strategic initiatives/expansion	736,000	555,000
Operating working capital	1,250,000	900,000
	<b>2,686,000</b>	<b>3,155,000</b>
With donor restriction	295,536	163,901
<b>Total net assets</b>	<b>4,506,890</b>	<b>4,150,510</b>
<b>Total liabilities and net assets</b>	<b>\$ 4,570,067</b>	<b>\$ 4,248,084</b>

See Notes to Financial Statements.

**LOUDOUN HUNGER RELIEF, INC.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2022**

(with June 30, 2021 comparative totals)

	2022			2021
	Without Donor Restriction	With Donor Restriction	Total	
<b>OPERATING ACTIVITIES:</b>				
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 1,844,651	\$ 154,600	\$ 1,999,251	\$ 2,521,330
Donated food	3,516,345	-	3,516,345	4,050,508
Donated goods and services	245,396	-	245,396	295,643
Special events (net of expenses of \$639 and \$550, respectively)	11,862	-	11,862	17,450
Grants	239,487	241,516	481,003	1,225,565
Loudoun County ARPA funds	-	150,000	150,000	-
Bank interest	3,485	-	3,485	5,780
<b>Total revenue</b>	<b>5,861,226</b>	<b>546,116</b>	<b>6,407,342</b>	<b>8,116,276</b>
Net assets released from restrictions				
Satisfaction of usage restrictions	414,481	(414,481)	-	-
<b>Total support and revenue</b>	<b>6,275,707</b>	<b>131,635</b>	<b>6,407,342</b>	<b>8,116,276</b>
<b>EXPENSES</b>				
Program services	5,598,487	-	5,598,487	6,217,190
Supportive services				
Management and general	219,865	-	219,865	118,752
Fundraising	96,362	-	96,362	121,189
<b>Total expenses</b>	<b>5,914,714</b>	<b>-</b>	<b>5,914,714</b>	<b>6,457,131</b>
<b>Change in net assets from operations</b>	<b>360,993</b>	<b>131,635</b>	<b>492,628</b>	<b>1,659,145</b>
<b>NON-OPERATING ACTIVITIES:</b>				
Investment income, net	(136,248)	-	(136,248)	-
<b>Change in net assets</b>	<b>224,745</b>	<b>131,635</b>	<b>356,380</b>	<b>1,659,145</b>
<b>Net assets, beginning of year</b>	<b>3,986,609</b>	<b>163,901</b>	<b>4,150,510</b>	<b>2,491,365</b>
<b>Net assets, end of year</b>	<b>\$ 4,211,354</b>	<b>\$ 295,536</b>	<b>\$ 4,506,890</b>	<b>\$ 4,150,510</b>

See Notes to Financial Statements.

LOUDOUN HUNGER RELIEF, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2022

(with June 30, 2021 comparative totals)

	Program Services	Management and General	Fundraising	Totals	
				2022	2021
Salaries and wages	\$ 817,087	\$ 41,726	\$ 66,938	\$ 925,751	\$ 916,027
Employee benefits	69,807	2,277	3,622	75,706	75,491
Payroll taxes	63,009	3,139	5,035	71,183	64,322
<b>Total salaries and related expenses</b>	<b>949,903</b>	<b>47,142</b>	<b>75,595</b>	<b>1,072,640</b>	<b>1,055,840</b>
Bank charges	-	788	-	788	895
Depreciation	66,099	640	-	66,739	63,734
Education	5,247	483	364	6,094	3,610
Outreach	17,855	2,943	940	21,738	15,478
Equipment rental	5,383	-	-	5,383	35,846
Fees and licenses	1,891	-	964	2,855	2,924
Donated food distributed	3,817,570	-	-	3,817,570	3,961,832
Purchased food/items distributed	363,120	-	-	363,120	847,703
Insurance	19,142	2,690	-	21,832	20,711
Maintenance	22,860	906	-	23,766	20,923
Marketing (in-kind \$1,514)	7,933	-	8,131	16,064	9,320
Miscellaneous	-	860	-	860	1,556
Postage	-	985	3,481	4,466	1,989
Professional fees (in-kind \$41,551)	62,547	144,025	6,118	212,690	119,871
Rent (in-kind \$91,200)	96,957	10,773	-	107,730	107,730
Supplies	63,248	4,300	769	68,317	99,561
Communications	4,168	463	-	4,631	5,687
Utilities (in-kind \$440)	33,485	2,867	-	36,352	34,262
Transportation & vehicle costs	42,920	-	-	42,920	40,911
Volunteer support	18,159	-	-	18,159	6,748
	4,648,584	172,723	20,767	4,842,074	5,401,291
<b>Total expenses</b>	<b>\$ 5,598,487</b>	<b>\$ 219,865</b>	<b>\$ 96,362</b>	<b>\$ 5,914,714</b>	<b>\$ 6,457,131</b>

See Notes to Financial Statements.



**LOUDOUN HUNGER RELIEF, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2022**

(with June 30, 2021 comparative totals)

	<u>2022</u>	<u>2021</u>
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 356,380	\$ 1,659,145
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	66,739	63,734
Unrealized loss on investments	136,248	-
Donated inventory	235,971	(176,771)
Change in assets and liabilities:		
(Increase) decrease in assets:		
Grants receivable	(50,000)	15,430
Pledged contributions	6,282	37,175
Gift cards	6,481	3,596
Prepaid food debit card	21,123	(46,364)
Prepaid expenses	(14,022)	(2,760)
Security deposits	-	1,535
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(3,745)	2,989
Accrued payroll	(30,652)	(65,668)
<b>Net cash provided by operating activities</b>	<u>730,805</u>	<u>1,492,041</u>
<b>Cash Flows From Investing Activities</b>		
Redemption of certificates of deposit	-	214,748
Purchase of investments	(1,000,000)	-
Purchase of property and equipment	(3,474)	(138,002)
<b>Net cash provided by (used in) investing activities</b>	<u>(1,003,474)</u>	<u>76,746</u>
<b>Net increase (decrease) in cash</b>	<b>(272,669)</b>	<b>1,568,787</b>
<b>Cash and Cash Equivalents</b>		
Beginning of year	<u>3,362,316</u>	<u>1,793,529</u>
End of year	<u>\$ 3,089,647</u>	<u>\$ 3,362,316</u>

See Notes to Financial Statements.

## LOUDOUN HUNGER RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Significant Accounting Policies

##### Nature of Activities

Loudoun Hunger Relief, Inc. (LHR), previously named Loudoun Interfaith Relief, Inc., is a nonprofit corporation established to serve the community of Loudoun County, Virginia, for the purpose of collecting and distributing food to needy families and individuals. Loudoun Hunger Relief is operated by a volunteer Board of Directors, paid employees and approximately 261 operational volunteers.

##### Significant Accounting Policies

The financial statements of Loudoun Hunger Relief, Inc. have been prepared in accordance with policies followed by nonprofit organizations. The significant accounting policies that follow are described below to enhance the usefulness of the financial statements to the reader.

*Basis of Accounting:* The financial statements of LHR have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation:* Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standards Codification (ASC) Topic 958 dated August 2016, *Not-For-Profit Entities*, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations”. (ASC) 9588-205 was effective January 1, 2018. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restriction:* Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

*Net Assets With Donor Restriction:* 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 Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity

*Contributions:* Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

*Income tax status:* Loudoun Hunger Relief, Inc. was granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. LHR has adopted the guidance under ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the LHR’s tax positions and concluded that LHR has taken no uncertain tax provisions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of the guidance. Loudoun Hunger Relief, Inc. annually files the IRS informational filing form 990, return of organizations exempt from income taxes. Income tax years open for IRS inspection include years ended in 2019, 2020, 2021, and 2022.

## LOUDOUN HUNGER RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### **Note 1. Significant Accounting Policies (Continued)**

*Cash and cash equivalents:* For purposes of reporting cash flows, LHR considers all cash on demand deposits, money market deposits, cash management accounts, and certificates of deposit with a maturity of three months or less to be cash equivalents.

*Property, plant and equipment:* Expenditures for donations of property and equipment exceeding \$5,000 are capitalized at cost or fair market value at the date of gift or purchase. Depreciation of property improvements, furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

*Inventory:* Inventory consists of donated food and related food products. Food inventory is stated at the per pound rate established by the United States Department of Agriculture (USDA).

*Investments:* Investments in marketable equity securities with readily determinable fair values, real estate investments, and equity securities without readily determinable fair values are stated at fair value.

*Allowance for doubtful accounts receivable:* All receivables at year end are expected to be collected within one year. Management of LHR reviews the collectability of the receivables on a monthly basis. No provision for doubtful accounts has been made as management considers all amounts fully collectible.

*Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Revenue recognition:* Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Other public support, grant funds and revenue are reported as the income is earned or in the period designated. Funds received in advance of participation and for future periods are reported as unearned or deferred.

*Donated Noncash Assets:* Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Noncash contributions are made up primarily of food and related food products donated by producers, manufactures, retailers, USDA, and the general public.

*Measure of Operations:* The statements of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to LHR's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

## LOUDOUN HUNGER RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

#### Note 1. Significant Accounting Policies (Continued)

*Functional Allocation of Expense:* The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include the following:

Description	Method
Personnel costs	Time and effort
Administrative costs	Salaries percentage
Rent and utilities	Building square footage use
Professional fees and other	Direct

#### Note 2. Cash and Cash Equivalents

Composition of cash and cash equivalents at June 30 is as follows:

Name	Bank	Accounting	
	2022	2022	2021
Truist - checking	\$ 85,039	\$ 85,039	\$ 85,783
Atlantic Union Bank:			
Checking	491,633	506,444	739,797
Savings	2,324,231	2,324,231	2,363,139
John Marshall - savings	57,882	57,882	57,662
Main Street Bank - checking	116,051	116,051	115,935
	<u>\$ 3,074,836</u>	<u>\$ 3,089,647</u>	<u>\$ 3,362,316</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2022, \$2,565,864 exceeded the FDIC insurance limits at Atlantic Union Bank.

#### Note 3. Investments

Investments as of June 30, 2022 consist of the following:

Description	June 30, 2022			
	Level 1	Level 2	Level 3	Total
Money market	\$ 7,052	\$ -	\$ -	\$ 7,052
Exchange traded funds	468,064	-	-	468,064
Fixed income	388,636	-	-	388,636
	<u>\$ 863,752</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 863,752</u>

There were no invested funds for the year ended June 30, 2021.

## LOUDOUN HUNGER RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 4. Fair Value Measurements

FASB has issued guidance for measurement and disclosure of fair value and establishes a three-tier fair value hierarchy, which prioritizes the inputs used in measuring fair value as follows:

- Level 1:* Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that LHR has the ability to access.
- Level 2:* Quoted prices for similar instruments in active and inactive markets; and model driven valuations with significant inputs and drivers derived from observable active markets.
- Level 3:* Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following tables set forth by level, within the fair value hierarchy, the LHR's assets measured at fair value as of June 30, 2022:

Description	Cost	Fair Value	Unrealized Gain/(Loss)
Money market	\$ 7,052	\$ 7,052	\$ -
Exchange traded funds	557,312	468,064	(89,248)
Fixed income	435,636	388,636	(47,000)
	<u>\$ 1,000,000</u>	<u>\$ 863,752</u>	<u>\$ (136,248)</u>

#### Note 5. Property and Equipment

A summary of property and equipment is as follows:

Description	2022	2021
Furniture and fixtures	\$ 12,279	\$ 12,279
Equipment	136,376	137,228
Leasehold improvements	45,844	45,844
Office Equipment	16,193	16,193
Software	17,431	17,431
Vehicles	484,055	484,055
	<u>712,178</u>	<u>713,030</u>
Less accumulated depreciation	<u>(411,105)</u>	<u>(348,692)</u>
	<u>\$ 301,073</u>	<u>\$ 364,338</u>

Depreciation expense for the year ended June 30, 2022 was \$63,982.

#### Note 6. Donated Inventory- Food Products

Noncash contributions of food products are donated by producers, manufacturers, retailers, USDA, and the general public. Contributed food is recorded as in-kind contributions income and program service expense when donated and placed in inventory at the USDA nationally calculated average per pound. Food products are expensed when distributed. Any purchased supplement food products are distributed in the period purchased.

The established USDA value per pound of food for 2022 is \$1.92.

## LOUDOUN HUNGER RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 7. Donated Services

Contributions of services are recognized when they are received if the services (a) create or enhance non-financial assets or (b) require specialized skill provided by individuals possessing those skills, and would typically need to be purchased if not donated. LHR recognized \$41,551 and \$39,350 of specialized services for the years ended June 30, 2022 and 2021, respectively. Contributed services are used by program and supportive services and are allocated based on the nature of the service donated.

LHR also receives a substantial amount of services from individuals who assist in food collection and distribution. These services have not been recorded in the financial statements because they did not meet the criteria for recognition under generally accepted accounting principles. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$189,155 for 9,536 hours and \$123,940 for 6,291 hours for the years ended June 30, 2022 and 2021, respectively.

#### Note 8. Operations and Warehouse Facility Leases

*Operations Facility:* LHR occupies space at the Leesburg Airpark complex consisting of approximately 10,541 square feet of combined warehouse and office space at 750 and 751 Miller Drive, Leesburg, Virginia. During 2015, Loudoun County purchased the building and started providing the space by agreement through an in-kind contribution. LHR is responsible for utilities. In-kind rent expense under this lease for fiscal year 2022 amounted to \$91,200.

*Warehouse Facility:* LHR entered into a sub-lease arrangement with Walgreens of Virginia, Inc. for approximately 3,480 square feet of warehouse space at 452 South King Street, Leesburg, Virginia. The lease commenced in May 2011 and was amended in November, 2017 and extended through January, 2023 with a fixed annual payment of \$16,530.

Minimum office rent lease commitment under this lease is as follows:

Year ending June 30:	Amount
2023	\$ 9,643

#### Note 9. Retirement Plan

Effective for fiscal years beginning July 1, 2016, LHR established an employer sponsored and funded IRA retirement arrangement for eligible employees. The amount contributed to the employee's IRA account is determined annually by the Board of Directors. For the year ended June 30, 2022 and 2021, the board approved contributions of two percent (2.00%) of eligible employees' compensation which amounted to \$15,947 and \$15,944, respectively.

**LOUDOUN HUNGER RELIEF, INC.**

**NOTES TO FINANCIAL STATEMENTS**

**Note 10. Net Assets with Donor Restriction**

Net assets with donor restriction is summarized as follows:

Year ending June 30:	Unspent	FY 2022 Activity		Unspent
	6/30/2021	Additions	Uses	6/30/2022
Feeding children	\$ 18,790	\$ -	\$ (18,790)	\$ -
Prepaid debit card	77,566	51,331	(72,454)	<b>56,443</b>
Van purchase	-	73,269	-	<b>73,269</b>
Capital improvements	-	50,000	-	<b>50,000</b>
Children's breakfast	-	9,241	(9,241)	-
Senior feeding	-	8,000	(6,052)	<b>1,948</b>
Loudoun County: occupancy and program	-	104,525	(104,525)	-
ARPA	-	150,000	(150,000)	-
SWAP inventory and shelving system	-	50,000	(2,900)	<b>47,100</b>
Capital campaign	31,000	-	-	<b>31,000</b>
Food purchases	10,000	28,000	(38,000)	-
Satellite pantries	-	15,000	(2,880)	<b>12,120</b>
Dinner bags	-	5,000	(5,000)	-
Adult hygiene items and baby cereal	24,626	-	(970)	<b>23,656</b>
Other	1,919	1,750	(3,669)	-
	<b>\$ 163,901</b>	<b>\$ 546,116</b>	<b>\$ (414,481)</b>	<b>\$ 295,536</b>

**Note 11. Designated Net Assets**

The Board of Directors has designated net assets and related cash balances for specific future obligations and projects summarized as follows:

Designated obligation/project	Balance	FY22 Activity		Balance
	6/30/2021	Additions	Uses	6/30/2022
Long-term investment	\$ 1,000,000	\$ -	\$ (1,000,000)	\$ -
Strategic initiatives/expansion	555,000	181,000	-	<b>736,000</b>
Operating working capital	900,000	350,000	-	<b>1,250,000</b>
Capital reserve	700,000	-	-	<b>700,000</b>
	<b>\$ 3,155,000</b>	<b>\$ 531,000</b>	<b>\$ (1,000,000)</b>	<b>\$ 2,686,000</b>

*Strategic initiatives/expansion:* Several strategic planning and mission critical initiatives have been planned requiring resources for implementation. Net asset funds are designated for these future activities.

*Operating working capital:* The level and amount of operations funding varies each year dependent on donations and grants received. To insure continued service and operations, net assets and funds are set aside for a future operating funding shortfall.

*Capital reserve:* Several vehicles and other fixed assets will need to be replaced in the upcoming years. Net funds are set aside to be used for this purpose.

## LOUDOUN HUNGER RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 12. Liquidity

The Organization's financial assets available within one year of the balance sheet date for general expenditure are as follows:

Description	Amount
Cash and cash equivalent without donor restriction	\$ 2,794,111
Grants and other receivable	50,000
Current bills	(19,805)
	<u>\$ 2,824,306</u>

#### Note 13. In-Kind Contributions

In-kind contributions of consist of the following donations:

Donated Item/Service	2022	2021
Marketing	\$ 1,514	\$ 971
Gift cards including prepaid food debit cards	110,691	131,603
Donated fixed assets	-	32,000
Rent	91,200	91,200
Professional fees:		
Accounting	24,000	24,000
Auditing	867	1,645
Information Technology	14,684	12,080
Consulting	2,000	1,625
Other	440	519
	<u>245,396</u>	<u>295,643</u>
Food product	3,516,345	4,050,508
	<u>\$ 3,761,741</u>	<u>\$ 4,346,151</u>

Contributed goods and services are used for both program and supporting services and are allocated based on the nature of the natural driver of the cost as described in Note 1.

#### Note 14. Fair Value of Financial Instruments

LHR's financial instruments are cash and cash equivalents, certificates of deposit, accounts receivable, accounts payable and accrued expenses. The recorded values of these instruments approximate their fair values based on their short-term nature.

#### Note 15. Prior Year Summarized Comparative Information

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2021 of the prior year, from which the summarized information was derived.



## **LOUDOUN HUNGER RELIEF, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 16. Reclassifications**

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

#### **Note 17. Subsequent Events**

Loudoun Hunger Relief, Inc. has evaluated subsequent events from June 30, 2022 through September 9, 2022, the date these financial statements were available to be issued, and determined that there were no material subsequent events requiring adjustment to, or disclosure in, the financial statements for the year ended June 30, 2022.