Financial Statements

LOUDOUN HUNGER RELIEF, INC.

June 30, 2024

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

Charles McQuillan, Chair
David McOmber, Vice Chair
Lorna Campbell Clarke, Secretary
John Rowell, Treasurer

BOARD OF DIRECTORS

Lorna Campbell Clarke
David McOmber
Charles McQuillan
Kate Henry Gonzalez
Magdalene Johnson Obaji
Eric Pearsall
Natalie Ramos
John Rowell
Andrea Winey

DIRECTOR EMERITUS

Carol Barbe

STAFF

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

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MITCHELL, BURNS & CO., P.C.

CERTIFIED PUBLIC ACCOUNTANTS

JEFFREY D. MITCHELL, CPA
SANDRA M. TONDREAU, CPA
W. MATTHEW BURNS, CPA
KARA J. DOYLE, CPA

TONJI M. LEISS, CPA

110 EAST MARKET STREET | SUITE 200
LEESBURG, VIRGINIA 20176
P 703.777.4900 | F 703.771.3082
WWW.MCOCPA.COM

MEMBERS
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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, 2024, 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, 2024, 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 2023 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 12, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leesburg, Virginia
October 24, 2024

Mitchell, Burns & Co., P.C.

LOUDOUN HUNGER RELIEF, INC.

STATEMENT OF FINANCIAL POSITION
June 30, 2024
(with June 30, 2023 comparative totals)

	2024	2023
ASSETS		
Current assets		
Cash and cash equivalents	**$ 3,417,602**	$ 3,962,753
Retail grocer account credit	**-**	1,033
Grants and other receivables	**176,809**	216,298
Capital campaign pledged receivables, current portion	**160,167**	180,750
Inventory - food products	**128,029**	127,497
Gift cards	**37,410**	46,887
Prepaid expenses	**44,298**	38,174
Total current assets	**3,964,315**	4,573,392
Capital campaign pledged receivables, net of current portion	**263,917**	410,508
Investments	**1,765,046**	1,542,238
Property and equipment, net of accumulated depreciation	**1,831,709**	853,857
Operating lease right-of-use asset	**52,872**	67,024
Security deposits	**1,425**	1,425
Total Assets	**$ 7,879,284**	$ 7,448,444
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	**$ 28,426**	$ 124,805
Accrued payroll	**57,214**	46,769
Deferred revenue	**1,217**	-
Lease liability, current portion	**14,735**	14,152
Total current liabilities	**101,592**	185,726
Noncurrent liabilities		
Lease liability	**38,137**	52,872
Net Assets		
Without donor restriction:		
Undesignated	**3,321,337**	2,287,423
Designated by governing board	**3,650,000**	3,205,074
Total without donor restriction	**6,971,337**	5,492,497
With donor restriction	**768,218**	1,717,349
Total net assets	**7,739,555**	7,209,846
Total liabilities and net assets	**$ 7,879,284**	$ 7,448,444

See Notes to Financial Statements.

LOUDOUN HUNGER RELIEF, INC.

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024
(with June 30, 2023 comparative totals)

	2024			
	Without Donor Restriction	**With Donor Restriction**	**Total**	2023
OPERATING ACTIVITIES:				
SUPPORT AND REVENUE				
Contributions	**$ 1,534,038**	**$ 41,799**	**$ 1,575,837**	$ 1,799,194
Donated food	**4,670,125**	**-**	**4,670,125**	4,318,434
Donated goods and services	**255,646**	**-**	**255,646**	214,928
Special events, net of expenses of $4,486	**3,828**	**-**	**3,828**	16,277
Grants	**333,491**	**297,520**	**631,011**	569,954
Loudoun County ARPA funds	**-**	**209,422**	**209,422**	172,190
Interest and dividends	**162,650**	**-**	**162,650**	101,307
Other income	**825**	**-**	**825**	-
	6,960,603	**548,741**	**7,509,344**	7,192,284
Net assets released from restrictions				
Satisfaction of usage restrictions	**507,506**	**(507,506)**	**-**	**-**
Total support and revenue	**7,468,109**	**41,235**	**7,509,344**	7,192,284
EXPENSES				
Program services	**6,839,097**	**-**	**6,839,097**	6,065,093
Supportive services				
Management and general	**220,783**	**-**	**220,783**	162,975
Fundraising	**180,751**	**-**	**180,751**	182,080
Total expenses	**7,240,631**	**-**	**7,240,631**	6,410,148
Change in net assets from operations	**227,478**	**41,235**	**268,713**	782,136
NON-OPERATING ACTIVITIES:				
Investment income, net fees $8,036	**135,895**	**-**	**135,895**	67,897
Capital campaign donations (including in-kind of $72,915)	**-**	**308,599**	**308,599**	1,997,997
Net assets released from restrictions				
Satisfaction of usage restrictions	**1,298,965**	**(1,298,965)**	**-**	-
Capital campaign expense	**(183,498)**	**-**	**(183,498)**	(145,074)
	1,251,362	**(990,366)**	**260,996**	1,920,820
Change in net assets	**1,478,840**	**(949,131)**	**529,709**	2,702,956
Net assets, beginning of year	**5,492,497**	**1,717,349**	**7,209,846**	4,506,890
Net assets, end of year	**$ 6,971,337**	**$ 768,218**	**$ 7,739,555**	$ 7,209,846

See Notes to Financial Statements.

LOUDOUN HUNGER RELIEF, INC.

STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2024
(with June 30, 2023 comparative totals)

	Program Services	Management and General	Fundraising	Totals 2024	Totals 2023
Salaries and wages	$ 1,075,224	$ 66,345	$ 115,980	**$ 1,257,549**	$ 1,062,510
Employee benefits	85,989	3,528	7,234	**96,751**	90,165
Payroll taxes	80,862	4,540	8,206	**93,608**	80,056
Total salaries and related expenses	1,242,075	74,413	131,420	**1,447,908**	1,232,731
Donated food distributed	4,732,206	-	-	**4,732,206**	4,359,628
Purchased food/items distributed	269,139	-	-	**269,139**	238,904
Bank charges	-	2,240	-	**2,240**	1,848
Depreciation	141,086	310	577	**141,973**	64,001
Education	14,392	840	772	**16,004**	5,739
Outreach	23,118	-	16,244	**39,362**	21,797
Fees and licenses	2,239	208	732	**3,179**	2,972
Insurance	21,308	7,827	1,282	**30,417**	22,852
Maintenance	17,355	44	81	**17,480**	16,196
Marketing	1,735	3,850	2,295	**7,880**	3,235
Miscellaneous	1,038	50	88	**1,176**	367
Postage	-	879	879	**1,758**	4,028
Professional fees (in-kind $40,928)	48,849	128,429	23,377	**200,655**	175,676
Rent (in-kind $166,560)	182,106	806	1,502	**184,414**	107,728
Supplies	33,748	675	1,107	**35,530**	47,495
Communications	12,769	63	117	**12,949**	4,954
Utilities (in-kind $83)	30,448	149	278	**30,875**	38,594
Transportation & vehicle costs	45,203	-	-	**45,203**	48,806
Volunteer support	20,283	-	-	**20,283**	12,597
	5,597,022	146,370	49,331	**5,792,723**	5,177,417
Total expenses	$ 6,839,097	$ 220,783	$ 180,751	**$ 7,240,631**	$ 6,410,148

See Notes to Financial Statements.

LOUDOUN HUNGER RELIEF, INC.

STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2024
(with June 30, 2023 comparative totals)

Cash Flows From Operating Activities	**2024**	2023
Change in net assets	**$ 529,709**	$ 2,702,956
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	**141,973**	64,001
Realized and unrealized (gain) loss on investments	**(135,895)**	(67,897)
Donated fixed assets (construction in progress)	**(72,915)**	(132,254)
Donated securities	**(58,677)**	-
Donated inventory	**(532)**	(3,041)
Discount on capital campaign pledges	**(23,659)**	56,538
Loss on disposal of leasehold improvements	**9,901**	-
Operating lease right-of-use	**14,152**	(67,024)
Lease liability	**(14,152)**	67,024
Change in assets and liabilities:		
(Increase) decrease in assets:		
Grants and other receivables	**39,489**	(134,872)
Capital campaign pledged contributions	**190,830**	(647,796)
Gift cards	**9,477**	(31,456)
Retail grocer account credit	**1,033**	55,410
Prepaid expenses	**(6,125)**	(1,760)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	**96,379**	105,000
Accrued payroll	**(10,445)**	3,397
Deferred revenue	**1,217**	-
Net cash provided by operating activities	**711,760**	1,968,226
Cash Flows From Investing Activities		
Purchase of investments	**(865,047)**	(710,590)
Sale of investments	**664,948**	-
Redemption of Treasury Bills	**-**	100,000
Purchase of property and equipment	**(1,056,812)**	(484,530)
Net cash (used in) investing activities	**(1,256,911)**	(1,095,120)
Net increase (decrease) in cash	**(545,151)**	873,106
Cash and Cash Equivalents		
Beginning of year	**3,962,753**	3,089,647
End of year	**$ 3,417,602**	$ 3,962,753

See Notes to Financial Statements.

LOUDOUN HUNGER RELIEF, INC.

NOTES TO FINANCIAL STATEMENTS

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 families and individuals in need. Loudoun Hunger Relief is operated by a volunteer Board of Directors, paid employees and approximately 923 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, 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". 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

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.

Note 1. Significant Accounting Policies (Continued)

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.

Contributions: Contributions received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. When a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Promises to Give: Conditional promises to give are not recognized in the financial statements until the conditions are substantially met or explicitly waived by the donor. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. Promises that remain uncollected more than one year after their due dates are written off unless the donors indicate that payment is merely postponed.

Donated Noncash Assets: Contributions of donated noncash assets are recorded at their fair value in the period received.

Donated Services: Contributions of services are recognized at their fair value 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.

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.

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 tax year 2020, 2021, 2022 and 2023.

Leases: Operating lease right-of use (ROU) assets and lease liabilities are recognized at the lease commencement date based on the present value of the future minimum payment over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term in the schedule of functional expenses. Lease and non-lease components of lease agreements are combined as the non-lease components are not material to breakout. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the option will be exercised.

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 1. Significant Accounting Policies (Continued)

Measure of Operations: The statement 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. Non-operating activities are broken out on the statement of activities for the years ended June 30, 2024 and 2023.

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:

	Bank	Accounting	
Name	2024	**2024**	2023
Atlantic Union Bank:			
Operating	$ 262,224	**$ 256,380**	$ 310,255
Savings	466,342	**466,342**	364,654
ICS	2,694,880	**2,694,880**	3,229,492
John Marshall - savings	-	**-**	58,352
	$ 3,423,446	**$ 3,417,602**	$ 3,962,753

Individual bank combined cash account deposits up to $250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2024, $478,566 exceeded the FDIC insurance limits at Atlantic Union Bank.

Note 3. Capital Campaign Pledges Receivable

LHR leased and renovated additional space to expand warehouse and storage, create a best-practice client choice food pantry market and offer co-located office and meeting space to human service nonprofits. To fund the renovation costs, the Organization launched a capital campaign in January 2022. Renovation of the facilities began in the spring of 2023 and was completed in September 2023. At June 30, 2024 $424,084, net of discount is considered collectible.

Note 3. Capital Campaign Pledges Receivable (Continued)

A summary of pledge activity during the year ended June 30, 2024 is as follows:

Description	Amount
Capital campaign pledges receivable, July 1, 2023	$ 591,258
Additional pledges	41,500
Collected pledges	(175,793)
	456,965
Less: unamortized discount on long-term pledges	(32,881)
Capital campaign pledges receivable, June 30, 2024	$ 424,084

Management has evaluated collectability and deemed no allowance is necessary. Due to the long-term nature of pledges, LHR has recorded pledges at the net present value. A discount rate of 4% was used. A summary of expected future cash collections is as follows:

Fiscal year ended June 30,	Amount
2025	$ 160,166
2026	184,567
2027	102,407
2028	9,825
	$ 456,965

Note 4. Investments and Fair Value Measurements

Investments as of June 30, 2024 and 2023 consist of the following:

	June 30, 2024		
Description	**Cost**	**Fair Value**	**Unrealized Gain/(Loss)**
Money market	**$ 5,098**	**$ 5,098**	**$ -**
Exchange traded funds	**914,348**	**1,024,771**	**110,423**
Fixed income	**751,304**	**735,177**	**(16,127)**
	$ 1,670,750	**$ 1,765,046**	**$ 94,296**

	June 30, 2023		
Description	Cost	Fair Value	Unrealized Gain/(Loss)
Money market	$ 107,383	$ 107,383	$ -
Exchange traded funds	582,778	565,180	(17,598)
Fixed income	926,631	869,675	(56,956)
	$ 1,616,792	$ 1,542,238	$ (74,554)

Note 4. Investments and Fair Value Measurements (Continued)

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.

Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs. Investments are carried at fair value based on quoted market prices in active markets (all Level 1 measurement) with realized and unrealized gains and losses reported in the statement of activities.

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

	June 30, 2024			
Description	**Level 1**	**Level 2**	**Level 3**	**Total**
Money market	**$ 5,098**	**$ -**	**$ -**	**$ 5,098**
Exchange traded funds	**1,024,771**	**-**	**-**	**1,024,771**
Fixed income	**735,177**	**-**	**-**	**735,177**
	$ 1,765,046	**$ -**	**$ -**	**$ 1,765,046**

	June 30, 2023			
Description	Level 1	Level 2	Level 3	Total
Money market	$ 107,383	$ -	$ -	$ 107,383
Exchange traded funds	565,180	-	-	565,180
Fixed income	869,675	-	-	869,675
	$ 1,542,238	$ -	$ -	$ 1,542,238

Note 5. 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 equivalents	$ 3,417,602
Less: cash and cash equivalents with donor restriction and BOD designation	(2,229,088)
Current grants and other receivable for use in general operations	176,809
Current bills	(28,426)
	$ 1,336,897

LHR invests cash balances in excess of immediate liquidity needs in accordance with its investment policy.

Note 6. Property and Equipment

A summary of property and equipment is as follows:

Description	2024	2023
Furniture and fixtures	**$ 12,974**	$ 20,126
Equipment	**231,281**	168,346
Leasehold improvements	**1,536,698**	35,783
Facility expansion in progress	**-**	549,534
Vehicles	**500,926**	518,481
	2,281,879	1,292,270
Less accumulated depreciation	**(450,170)**	(438,413)
	$ 1,831,709	$ 853,857

Depreciation expense for the year ended June 30, 2024 was $141,973.

Note 7. Net Assets with Donor Restriction

Net assets with donor restriction are summarized as follows:

Year ending June 30:	Unspent 6/30/2023	FY 2024 Activity: Additions	Uses	Reallocation	**Unspent 6/30/2024**
American Rescue Plan Act funding	$ -	$ 209,422	$ (209,422)	$ -	**$ -**
Capital campaign	1,563,832	308,599	(1,298,965)	(573,466)	**-**
Building maintenance fund	-	-	-	148,466	**148,466**
Start-up quasi-endowment				425,000	**425,000**
Child nutrition program	67,821	26,190	(92,226)	-	**1,785**
Community services center programming	-	25,000	(4,054)	-	**20,946**
Heart healthy kits	-	17,852	(17,852)	-	**-**
Holiday food	8,990	25,000	(12,360)	-	**21,630**
Hygiene items and baby food	22,433	-	(7,976)	-	**14,457**
Occupancy and program support	-	102,830	(102,830)	-	**-**
Retail grocer account credit	1,033	-	(1,033)	-	**-**
Senior nutrition program	2,366	10,000	(8,879)	-	**3,487**
Sterling food pantry	-	128,947	-	-	**128,947**
Strategic planning initiatives	-	3,500	-	-	**3,500**
SWAP inventory and shelving system	21,945	-	(21,945)	-	**-**
Volunteer support	7,500	-	(7,500)	-	**-**
Warehouse equipment	21,429	-	(21,429)	-	**-**
	$ 1,717,349	$ 857,340	$ (1,806,471)	$ -	**$ 768,218**

All net assets with donor restriction are restricted for a specific purpose.

Note 8. 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 6/30/2023	FY24 Activity Designated	FY24 Activity Undesignated	**Balance 6/30/2024**
Operating working capital	$ 3,205,074	$ 194,926	$ -	**$ 3,400,000**
Quasi-endowment start-up	-	250,000	-	**250,000**
	$ 3,205,074	$ 444,926	$ -	**$ 3,650,000**

Operating working capital: The portion of "unrestricted net assets" that the Board has designated for use in order to sustain financial operations in the event of significant unbudgeted increases in operating expenses and/or losses of operating revenues. Operating reserves help ensure that LHR is positioned to respond to varying economic conditions and changes and allow LHR the ability to continuously carry out its mission.

Note 9. Capital Campaign Activity

During fiscal year ended June 30, 2024, LHR completed construction on the facility expansion. Upon completion, the remaining restricted funds were reallocated to the building maintenance fund in accordance with the provisions of the capital campaign. A summary of the campaign restricted activity since inception is as follows:

Description	Amount
Total raised and pledged	$ 2,245,806
Net present value discount applied	(32,879)
In-kind donations	208,794
Net support	2,421,721
Funds released from restriction	(1,848,255)
Remaining restricted funds	$ 573,466

A summary of project spending is as follows:

Project spending to date	Amount
Capitalized costs	$ 1,673,640
Facility expansion expenses	174,615
Total Project Spending to Date	$ 1,848,255

Note 10. Retirement Plan

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, 2024 and 2023, the board approved contributions of two percent (2.00%) of eligible employees' compensation which amounted to $19,926 and $16,266, respectively.

Note 11. 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, 2023 of the prior year, from which the summarized information was derived.

Note 12. Fair Value of Financial Instruments

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

Note 13. In-Kind Contributions

The fair value of in-kind donations included as contributions in the financial statements and the corresponding expenses or fixed assets additions. 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. For the years ended June 30, 2024 and 2023, in-kind contributions consist of the following:

Donated Item/Service	**2024**	2023
Donated services:		
Accounting	**$ 12,000**	$ 12,000
Auditing	**5,650**	4,290
Consulting	**2,455**	2,499
Information technology	**20,822**	18,172
Marketing	**2,500**	4,500
Waste removal	**83**	99
Gift cards including retail grocer account credit	**45,575**	86,668
Donated fixed assets	**72,915**	132,254
Rent	**166,560**	91,200
	328,560	351,682
Food product	**4,670,125**	4,318,434
Total in-kind donation revenue	**$ 4,998,685**	$ 4,670,116
Less: amounts capitalized	**(72,915)**	(132,254)
Total in-kind donations expended	**$ 4,925,770**	$ 4,537,862

Donated services: Recorded at the amount it would cost LHR to pay for the services.

Gift cards: LHR receives donations of gift cards to be used to purchase food product. Gift cards are valued at actual the dollar value on the card.

Fixed assets and facility expansion: Valued at the cost to purchase or provide the service.

Rent: *T*he value of donated facilities are based on the fair market value of the space provided, see Note 14.

Note 13. In-Kind Contributions (Continued)

Food product: Noncash contributions of food products are donated by producers, manufacturers, retailers, USDA, and the general public. Contributed food is recorded as inventory at the USDA nationally calculated average per pound. Food products are recorded as program service expense when distributed. The established USDA value per pound of food for fiscal year 2024 is $1.97.

LHR receives a substantial amount of services from volunteers 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 $449,661 for 13,469 hours and $451,706 for 13,860 hours for the years ended June 30, 2024 and 2023, respectively.

Note 14. Facility Leases

Operations Facility: LHR occupies space at the Leesburg Airpark complex located at 750 Miller Drive, Leesburg, Virginia which consists of approximately 13,800 square feet of combined warehouse and office space including office and meeting space for other human service nonprofits. During 2015, Loudoun County purchased the building and started providing the space by agreement as an in-kind contribution. In February 2019, the County approved a lease amendment to expand the space, but ultimately, renovation and expansion did not occur until 2023. In February 2024, the County approved an amendment to extend the lease and rent abatement through December 2040. LHR is responsible for utilities and routine maintenance costs. In-kind rent expense under this lease for fiscal year 2024 amounted to $166,560.

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 and extended through December 2027 with a fixed annual payment of $16,530.

Minimum lease commitment under this lease is as follows:

Fiscal year ending June 30:	Amount
2025	$ 16,530
2026	16,530
2027	16,530
2028	6,888
Total lease payments	56,478
Less: amount representing interest	(3,606)
Present value of lease liabilitiy	$ 52,872

At June 30, 2024, the weighted average lease term was 3.48 years, and the weighted average discount was 4%. There were no variable lease costs, CAM or taxes.

Note 15. Subsequent Events

Loudoun Hunger Relief, Inc. has evaluated subsequent events from June 30, 2024 through October 24, 2024 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, 2024.