

Christian Cupboard Emergency Food Shelf
dba Open Cupboard
Oakdale, Minnesota

Financial Statements
Auditor's Report
For the Year Ended September 30, 2023 and
The Nine Months Ended September 30, 2022



CERTIFIED PUBLIC ACCOUNTANTS

CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT.....	1-2
EXHIBIT A: Statements of Activities – For the Year Ended September 30, 2023 and the Nine Months Ended September 30, 2022	3
EXHIBIT B: Statement of Functional Expense – For the Year Ended September 30, 2023 with Comparative Totals for the Nine Months Ended September 30, 2022.....	4
EXHIBIT C: Statement of Functional Expense – For the Nine Months Ended September 30, 2022	5
EXHIBIT D: Statements of Financial Position – September 30, 2023 and 2022	6
EXHIBIT E: Statements of Cash Flows – For the Years Ended September, 2023 and the Nine Months Ended September 30, 2022	7
NOTES TO FINANCIAL STATEMENTS	8-15



Carpenter, Evert & Associates

Certified Public Accountants

7760 France Avenue S. Suite 940 Bloomington Minnesota 55435

952.831.0085 carpenterevert.com

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Christian Cupboard Emergency Food Shelf dba Open Cupboard
Oakdale, Minnesota

Opinion

We have audited the accompanying financial statements of Christian Cupboard Emergency Food Shelf dba Open Cupboard (a nonprofit organization), which comprise the statements of financial position as of September 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the year and nine months 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 Christian Cupboard Emergency Food Shelf dba Open Cupboard as of September 30, 2023 and 2022, and the changes in its net assets and its cash flows for the year and nine months then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of our report. We are required to be independent of Christian Cupboard Emergency Food Shelf dba Open Cupboard and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 Christian Cupboard Emergency Food Shelf dba Open Cupboard'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 and *Government 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 and *Government 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 Christian Cupboard Emergency Food Shelf dba Open Cupboard'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 Christian Cupboard Emergency Food Shelf dba Open Cupboard'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.

Capata Ent and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
February 27, 2024

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dba OPEN CUPBOARD
STATEMENTS OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
AND THE NINE MONTHS ENDED 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions of Nonfinancial Assets	\$ 11,899,198	\$ -	\$ 11,899,198	\$ 6,710,548	\$ -	\$ 6,710,548
Grants and Contributions of Financial Assets	1,048,755	135,000	1,183,755	508,454	133,500	641,954
Program Service Fees	94,229	-	94,229	224	-	224
Investment Income	8,741	-	8,741	(2,213)	-	(2,213)
Net Assets Released from Restrictions:						
Satisfaction of Capital Restrictions	19,279	(19,279)	-	-	-	-
Satisfaction of Purpose and Time Restrictions	47,264	(47,264)	-	217,986	(217,986)	-
Total Support and Revenue	13,117,466	68,457	13,185,923	7,434,999	(84,486)	7,350,513
Expense:						
Program Services:						
Total Program Services	13,127,862	-	13,127,862	7,697,760	-	7,697,760
Support Services:						
Management and General Fundraising	70,115	-	70,115	55,968	-	55,968
Total Support Services	67,581	-	67,581	53,437	-	53,437
Total Expense	137,696	-	137,696	109,405	-	109,405
	13,265,558	-	13,265,558	7,807,165	-	7,807,165
Change in Net Assets	(148,092)	68,457	(79,635)	(372,166)	(84,486)	(456,652)
Net Assets - Beginning of Year	1,702,051	36,327	1,738,378	2,074,217	120,813	2,195,030
Net Assets - End of Year	\$ 1,553,959	\$ 104,784	\$ 1,658,743	\$ 1,702,051	\$ 36,327	\$ 1,738,378

The accompanying Notes to Financial Statements are an integral part of these statements.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dba OPEN CUPBOARD

STATEMENT OF FUNCTIONAL EXPENSE

FOR THE YEAR ENDED SEPTEMBER 30, 2023

WITH COMPARATIVE TOTALS FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	2023					2022	
	Total Program Services	Support Services			Total All Services	Total All Services	
		Management & General	Fund- raising	Total Support Services			
Salaries	\$ 414,155	\$ 47,343	\$ 42,279	\$ 89,622	\$ 503,777	\$ 358,048	
Payroll Taxes	36,391	1,957	2,175	4,132	40,523	28,848	
Employee Benefits	16,810	904	1,005	1,909	18,719	7,149	
Total Personnel Costs	467,356	50,204	45,459	95,663	563,019	394,045	
Purchased and Donated Food	12,157,867	-	-	-	12,157,867	6,984,501	
Program Supplies and Delivery	131,696	-	-	-	131,696	75,381	
Professional Fees	82,917	4,460	4,955	9,415	92,332	118,603	
Occupancy	64,208	3,453	3,837	7,290	71,498	53,985	
Marketing and Advertising	49,393	2,657	2,952	5,609	55,002	47,667	
Insurance	24,469	1,316	1,462	2,778	27,247	21,967	
Repairs and Maintenance	17,255	928	1,031	1,959	19,214	11,274	
Office Expenses	13,378	729	810	1,539	14,917	14,259	
Miscellaneous	9,856	480	533	1,013	10,869	5,949	
Depreciation and Amortization	109,467	5,888	6,542	12,430	121,897	79,534	
Total Expense	\$ 13,127,862	\$ 70,115	\$ 67,581	\$ 137,696	\$ 13,265,558	\$ 7,807,165	

The accompanying Notes to Financial Statements are an integral part of this statement.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dba OPEN CUPBOARD
 STATEMENT OF FUNCTIONAL EXPENSE
 FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2022

	Total Program Services	Management & General	Fund- raising	Total Support Services	Total All Services
Salaries	\$ 293,224	\$ 34,334	\$ 30,490	\$ 64,824	\$ 358,048
Payroll Taxes	23,625	2,766	2,457	5,223	28,848
Employee Benefits	5,855	685	609	1,294	7,149
Total Personnel Costs	322,704	37,785	33,556	71,341	394,045
Purchased and Donated Food	6,984,501	-	-	-	6,984,501
Program Supplies and Delivery	75,381	-	-	-	75,381
Professional Fees	105,823	6,105	6,675	12,780	118,603
Occupancy	48,168	2,779	3,038	5,817	53,985
Marketing and Advertising	42,530	2,454	2,683	5,137	47,667
Insurance	19,600	1,131	1,236	2,367	21,967
Repairs and Maintenance	10,059	580	635	1,215	11,274
Office Expenses	12,722	734	803	1,537	14,259
Miscellaneous	5,308	306	335	641	5,949
Depreciation	70,964	4,094	4,476	8,570	79,534
Total Expense	\$ 7,697,760	\$ 55,968	\$ 53,437	\$ 109,405	\$ 7,807,165

The accompanying Notes to Financial Statements
 are an integral part of this statement.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dba OPEN CUPBOARD
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2023 AND 2022

<u>ASSETS</u>	2023	2022
Current Assets:		
Cash	\$ 51,193	\$ 419,931
Grants and Contributions Receivable	22,309	13,268
Investments - CDs	352,630	-
Inventory	55,500	35,796
Prepaid Expense	31,520	23,417
Total Current Assets	513,152	492,412
Noncurrent Assets:		
Investments - Board Designated	8,873	7,835
Intangible Asset - Net	11,250	14,250
Property and Equipment - Net	1,213,637	1,308,654
Right-Of-Use Asset	60,209	-
Total Noncurrent Assets	1,293,969	1,330,739
TOTAL ASSETS	\$ 1,807,121	\$ 1,823,151
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 54,377	\$ 47,968
Accrued Payroll Expenses	33,792	36,805
Operating Lease Liability - Current	18,000	-
Total Current Liabilities	106,169	84,773
Operating Lease Liability	42,209	-
Total Liabilities	148,378	84,773
Net Assets:		
Without Donor Restrictions:		
Undesignated	1,213,586	1,285,010
Board Designated Fund	8,873	7,835
Board Designated Operating Reserve	331,500	409,206
Total Without Donor Restrictions	1,553,959	1,702,051
With Donor Restrictions	104,784	36,327
Total Net Assets	1,658,743	1,738,378
TOTAL LIABILITIES AND NET ASSETS	\$ 1,807,121	\$ 1,823,151

The accompanying Notes to Financial Statements
are an integral part of these statements.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dbaOPEN CUPBOARD
STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023
AND THE NINE MONTHS ENDED 2022

<u>Increase (Decrease) in Cash</u>	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ (79,635)	\$ (456,652)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided (Used) by Operating Activities		
Depreciation and Amortization	121,897	79,534
Unrealized (Gain) Loss on Investments	(3,668)	2,518
Intangible Asset - Net	3,000	(7,500)
Increases (Decreases) in Liabilities:		
Accounts Payable	6,409	23,955
Accrued Payroll Expenses	(3,013)	12,077
(Increases) Decreases in Assets:		
Grants and Contributions Receivable	(9,041)	87,973
Inventory	(19,704)	18,792
Prepaid Expenses	(8,103)	(18,888)
Net Cash Provided (Used) by Operating Activities	<u>8,142</u>	<u>(258,191)</u>
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(26,880)	(84,389)
Purchases of Investments	(350,000)	-
Net Cash (Used) by Investing Activities	<u>(376,880)</u>	<u>(84,389)</u>
Cash Flows from Financing Activities:		
None	<u>-</u>	<u>-</u>
Net (Decrease) in Cash	(368,738)	(342,580)
Cash - Beginning of Year	<u>419,931</u>	<u>762,511</u>
Cash - End of Year	<u>\$ 51,193</u>	<u>\$ 419,931</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dba OPEN CUPBOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

1. Summary of Significant Accounting Policies

Organizational Purpose

Christian Cupboard Emergency Food Shelf dba Open Cupboard (the Organization) provides nutritious food to their neighbors in a respectful manner while engaging the community in the fight against hunger. They believe that access to nutritious food is a basic human right, and they are committed to responding to the needs of the community by providing food distribution and support services with dignity and respect.

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to the Organization, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

Net Assets without Donor Restrictions – Net assets that are not subject to donor imposed stipulations. The governing board has designated, from net assets without donor restrictions, net assets for a board-designated endowment

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as net assets released from restrictions.

Property and Equipment

All major expenditures over \$2,500 for property are capitalized at cost. Depreciation is provided through the use of the straight-line method. Donated property is recorded at fair market value at the date of the donation.

Promises-To-Give (Grants and Contributions Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dba OPEN CUPBOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Revenue and Revenue Recognition

The Organization recognizes revenue from program services when the performance obligations of transferring the products and providing the services are met.

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 substantially met.

A portion of our revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions.

The Organization records contributions of nonfinancial assets at fair market value at date of donation. The Organization's policy related to contributions of nonfinancial assets is to utilize the assets given to carry out the mission of the organization. If an asset is provided that does not allow the Organization to utilize it in its normal course of business, the asset will be sold at its fair market value as determined by appraisal or specialist.

Use of Estimates

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

Income Tax

The Organization has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Organization's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Organization continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, the Organization annually files a Return of Organization Exempt From Income Tax (Form 990).

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dba OPEN CUPBOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

1. Summary of Significant Accounting Policies (continued)

Inventory

Inventory consists of donated food. Inventory is valued based on management prepared cost studies and estimates.

Intangible Asset

The Organization spent \$15,000 on branding and development of a potential new name for the organization. Client is carrying asset at book value on the statement of financial position, which includes accumulated amortization. The Organization tests asset for impairment each year.

Functional Allocation of Expense

Expenses are recorded in functional categories. Certain expenses are allocated directly to functional categories. In other cases, allocations between categories must be made. When allocations are required, they are based on the best estimates of management.

New Accounting Pronouncement

In 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-02, *Leases*, which requires lessees to recognize leases on the statement of financial position and disclose key information about leasing arrangements. Organization elected not to restate the comparative period (2022). It also elected not to reassess at adoption (i) expired or existing contracts to determine whether they are or contain a lease, (ii) the lease classification of any existing leases, or (iii) initial direct costs for existing leases. As a result of implementing ASU No. 2016-02, the Organization recognized right-of-use assets of \$76,449 and lease liabilities totaling \$76,449 in its statement of financial position as of October 1, 2022. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended September 30, 2023.

Leases

The Organization determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the tatement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term. Operating lease expense is recognized on a straight-line basis over the lease term. The Organization does not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less). Instead, the lease payments of those leases are reported as lease expense on a straight-line basis over the lease term.

Subsequent Events

The Organization has evaluated the effect that subsequent events would have on the financial statements through February 27, 2024, which is the date financial statements were available to be issued.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dba OPEN CUPBOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

2. Financial Instruments

Significant Concentrations of Credit Risk

The Organization provides services in Minnesota. Grants and contributions receivable are primarily from local residents or institutions, with a handful of out-of-state grants and contributions receivable.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At September 30, 2022, the Organization held funds in a financial institution in excess of federally insured limits.

3. Property and Equipment

The Organization owned the following as of September 30:

	<u>2023</u>	<u>2022</u>	<u>Estimated Useful Lives</u>
Equipment, Furniture, Tech	\$ 60,127	\$ 57,231	3-10 years
Building	1,053,158	1,053,158	39 years
Dry Storage	22,121	22,121	5 years
Refrigeration	150,938	129,954	5 years
Vehicles	188,996	188,996	5 years
Leasehold Improvements	<u>179,797</u>	<u>179,797</u>	3 Years
	1,655,137	1,631,257	
Less Accumulated Depreciation	<u>441,500</u>	<u>322,603</u>	
	<u>\$ 1,213,637</u>	<u>\$ 1,308,654</u>	

Depreciation and Amortization expense of \$121,897 and \$79,534 was recorded for the year ended September 30, 2023 and the nine months ended September 30, 2022, respectively.

4. Contributions of Nonfinancial Assets

The Organization records contributions of nonfinancial assets at fair market value at date of donation. Contributions of Nonfinancial Assets include the following as of September 30:

	<u>2023</u>	<u>2022</u>
Food	\$11,792,552	\$ 6,657,218
Goods and Other Items	<u>106,646</u>	<u>53,330</u>
Total In-Kind Contributions	<u>\$11,899,198</u>	<u>\$ 6,710,548</u>

Contributions of Nonfinancial Assets were utilized for programming during the year ended September 30, 2023 and nine months ended September 30, 2022, respectively. Contributions of Nonfinancial Assets had no donor restrictions. Values were used based on the current market rates the Organization would have paid for the items if they were not donated.

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dba OPEN CUPBOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

5. Liquidity and Availability

The following represents the Organization's financial assets as of September 30:

Financial Assets:	<u>2023</u>	<u>2022</u>
Cash and Cash Equivalents	\$ 51,193	\$ 419,931
Grants and Contributions Receivable	22,309	13,268
Investments	<u>352,630</u>	<u>-</u>
Total Financial Assets	\$ 426,132	433,199
Less assets not available for general expenditures within one year:		
Net Assets with Donor Restrictions	104,784	36,327
Board Designated Net Assets	331,500	409,206
Net Assets with Donor Restrictions to be met within a year	<u>(104,784)</u>	<u>(36,327)</u>
Total assets not available for general expenditures within one year:	<u>331,500</u>	<u>409,206</u>
Financial assets available for general expenditures within one year	<u>\$ 94,632</u>	<u>\$ 23,993</u>

As part of the Organization's liquidity plan, the Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

6. Investments

Investments were comprised of the following at September 30:

	<u>2023</u>	<u>2022</u>
	<u>Market</u>	<u>Market</u>
Funds held at St. Croix Valley Foundation	\$ 8,873	\$ 7,835
Certificates of Deposit	<u>352,630</u>	<u>-</u>
	<u>\$ 361,503</u>	<u>\$ 7,835</u>

Investment income included the following as of September 30:

	<u>2023</u>	<u>2022</u>
Unrealized Gain (Loss)	\$ 3,668	\$ (2,518)
Interest Income	<u>5,073</u>	<u>305</u>
Total Investment Change	<u>\$ 8,741</u>	<u>\$ (2,213)</u>

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dba OPEN CUPBOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

7. Fair Value

Fair Value is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. A three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed as follows:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair value of the investments at September 30, 2023:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Funds Held at St. Croix Foundation	\$ -	\$ -	\$ 8,873	\$ 8,873
Certificates of Deposit	-	352,630	-	352,630
	<u>\$ -</u>	<u>\$ 352,630</u>	<u>\$ 8,873</u>	<u>\$ 361,503</u>

The following is a summary of the inputs used to determine the fair value of the investments at September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Funds Held at St. Croix Foundation	\$ -	\$ -	\$ 7,835	\$ 7,835

Fund is held at the St. Croix Valley Foundation and is valued by inputs that are determined by the foundation. It was transferred to level 3 of the fair value hierarchy due to a change in the interpretation of observable inputs.

Level 3 Fund Reconciliation:

Balance – December 31, 2021	\$ 10,353
Contributions	-
Change in Value	<u>(2,518)</u>
Balance – September 30, 2022	\$ 7,835
Contributions	-
Change in Value	<u>1,038</u>
Balance – September 30, 2023	<u>\$ 8,873</u>

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dba OPEN CUPBOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

8. Net Assets with Donor Restrictions

Net assets with donor restrictions consisted of amounts for the following as of September 30:

	<u>2023</u>	<u>2022</u>
Subject to expenditures for specified purpose:		
Today's Harvest Expansion	\$ 68,871	\$ 19,000
Bilingual Program Assistant	-	5,000
Food Delivery	35,300	-
Local Farmers and Field	613	2,048
Business Recycling	-	279
	<u>104,784</u>	<u>26,327</u>
Subject to Passage of Time:		
Future Year Programming	-	10,000
Total Net Assets with Donor Restrictions	<u>\$ 104,784</u>	<u>\$ 36,327</u>

9. Leases

The Organization is a party to one operating lease for office space. As disclosed in Note 1, the Organization adopted FASB ASC 842 for the year ended September 30, 2023.

As of September 30, 2023, the right-of-use (ROU) asset had a balance of \$60,209 as shown in noncurrent assets of the statement of financial position; the right of use (ROU) lease liability is included in other current liabilities \$18,000 and other long-term liabilities \$42,209. The lease asset and liability were calculated utilizing a risk free rate of 2.55%, which the Organization has made an accounting policy to elect to use in lieu of the incremental borrowing rate.

Additional information about the Organization's lease is as follows for the year ended September 30, 2023:

<u>Lease Costs (included in occupancy):</u>	
Operating Lease Cost	\$ 18,000
<u>Other Information:</u>	
Cash paid for amounts included in measuring operating lease liabilities:	
Operating cash flows from operating leases	\$ 18,000
Lease assets obtained in exchange for lease obligations:	
Operating leases	\$ -
Weighted-average remaining lease term (years)	3.6
Weighted-average discount rate	2.55%

CHRISTIAN CUPBOARD EMERGENCY FOOD SHELF dba OPEN CUPBOARD
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2023 AND 2022

9. Leases (Continued)

Maturities of operating lease liabilities as of September 30, 2023:

Year Ending September 30:

2024	\$	18,000
2025		18,000
2026		18,000
2027		<u>9,000</u>
Total Lease Payments		63,000
Less: Present Value Discount		<u>2,791</u>
Present Value of Lease Liabilities	\$	<u>60,209</u>

10. Board Designated Net Assets

The Organization's Board of Directors has designated funds for the following as of September 30:

	<u>2023</u>	<u>2022</u>
Funds Held at St. Croix Foundation	\$ 8,873	\$ 7,835
Operating Reserve	<u>331,500</u>	<u>409,206</u>
	<u>\$ 340,373</u>	<u>\$ 417,041</u>