BEYOND HUNGER

Financial Statements and
Independent Auditors' Report

For the Years Ended June 30, 2023 and 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Beyond Hunger

Opinion

We have audited the accompanying financial statements of **Beyond Hunger** (**the "Organization"**), a nonprofit organization, which comprise the statements of financial position as of June 20, 2023, and 2022, and the related statements of activities, functional expenses and cash flows for the years 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 the Organization as of June 30, 2023 and 2022, and the changes in net assets and its cash flows for the years 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. 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 the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 the Organization'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 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 the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Prado & Renteria

Chicago, Illinois
October 16, 2023

BEYOND HUNGER
STATEMENTS OF FINANCIAL POSITION
As of June 30, 2023 and 2022

	2023	2022
ASSETS		
Cash and Cash Equivalents	$ 2,876,315	$ 2,877,819
Grants Receivable	11,100	162,688
Prepaid Expenses	28,367	28,717
Operating Lease - Right of Use Asset	110,202	-
Property and Equipment, Net	118,601	70,379
Other Assets	524	370
TOTAL ASSETS	3,145,109	3,139,973
LIABILITIES		
Accounts Payable	31,022	29,690
Accrued Expenses	53,336	43,520
Operating Lease - Liability	113,265	-
TOTAL LIABILITIES	197,623	73,210
NET ASSETS		
Without Donor Restrictions		
Board Designated	480,451	489,847
Undesignated	2,349,872	2,531,243
Total Net Assets Without Donor Restrictions	2,830,323	3,021,090
With Donor Restrictions	117,163	45,673
TOTAL NET ASSETS	2,947,486	3,066,763
TOTAL LIABILITIES AND NET ASSETS	$ 3,145,109	$ 3,139,973

BEYOND HUNGER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions:			
Individuals	$ 1,360,393	$ 25,000	$ 1,385,393
Congregations	37,888	-	37,888
Businesses and Other Institutions	145,909	-	145,909
Grants:			
Governmental	86,768	-	86,768
Foundations and Other Institutions	145,667	266,500	412,167
Contributed Nonfinancial Assets	1,483,098	-	1,483,098
Special Events	288,853	-	288,853
Interest Income	24,017	-	24,017
Net Assets Released from Restrictions	220,010	(220,010)	-
TOTAL REVENUE AND SUPPORT	3,792,603	71,490	3,864,093
EXPENSES			
Program Services	3,371,237	-	3,371,237
Support Services:			
Management and General	221,361	-	221,361
Fundraising	390,772	-	390,772
Total Support Services	612,133	-	612,133
TOTAL EXPENSES	3,983,370	-	3,983,370
CHANGE IN NET ASSETS	(190,767)	71,490	(119,277)
NET ASSETS, BEGINNING OF YEAR	3,021,090	45,673	3,066,763
NET ASSETS, END OF YEAR	$ 2,830,323	$ 117,163	$ 2,947,486

BEYOND HUNGER
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Contributions:			
Individuals	$ 1,520,591	$ 25,000	$ 1,545,591
Congregations	47,944	-	47,944
Businesses and Other Institutions	161,722	-	161,722
Grants:			
Governmental	236,404	-	236,404
Foundations and Other Institutions	131,423	98,700	230,123
Contributed Nonfinancial Assets	1,496,791	-	1,496,791
Special Events	211,482	-	211,482
Interest Income	4,988	-	4,988
Net Assets Released from Restrictions	109,654	(109,654)	-
TOTAL REVENUE AND SUPPORT	3,920,999	14,046	3,935,045
EXPENSES			
Program Services	3,060,945	-	3,060,945
Support Services:			
Management and General	151,806	-	151,806
Fundraising	357,225	-	357,225
Total Support Services	509,031		509,031
TOTAL EXPENSES	3,569,976	-	3,569,976
CHANGE IN NET ASSETS	351,023	14,046	365,069
NET ASSETS, BEGINNING OF YEAR	2,670,067	31,627	2,701,694
NET ASSETS, END OF YEAR	$ 3,021,090	$ 45,673	$ 3,066,763

The accompanying notes are an integral part of these financial statements

BEYOND HUNGER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2023

	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries, Payroll Taxes and Benefits	$ 864,553	$ 194,371	$ 160,559	$ 354,930	$ 1,219,483
Client Services	1,482	-	-	-	1,482
Contracted Services	48,558	6,473	12,945	19,418	67,976
Depreciation	17,097	2,442	4,885	7,327	24,424
Donated Food	1,379,801	-	-	-	1,379,801
Donated Goods and Services	89,644	-	13,653	13,653	103,297
Fees and Subcription Dues	27,121	1,207	20,898	22,105	49,226
Lease Cost-Operating	33,192	3,465	8,175	11,640	44,832
Facilities and Equipment	69,665	7,274	17,158	24,432	94,097
Food and Hygiene Products	665,734	-	-	-	665,734
Fundraising Event and Marketing	9,965	862	119,139	120,001	129,966
Insurance	25,792	3,685	7,369	11,054	36,846
Miscellaneous	2,455	239	714	953	3,408
Postage	129	-	6,149	6,149	6,278
Printing	12,830	103	15,824	15,927	28,757
Supplies	77,885	1,104	2,944	4,048	81,933
Service Learners	12,665	-	-	-	12,665
Transportation	30,067	136	360	496	30,563
Volunteer Costs	2,602	-	-	-	2,602
TOTAL EXPENSES	$ 3,371,237	$ 221,361	$ 390,772	$ 612,133	$ 3,983,370

The accompanying notes are an integral part of these financial statements

BEYOND HUNGER
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2022

	Program Services	Management and General	Fundraising	Total Support Services	Total
Salaries, Payroll Taxes and Benefits	$ 732,852	$ 119,085	$ 169,936	$ 289,021	$ 1,021,873
Client Services	648	-	-	-	648
Contracted Services	71,525	9,586	20,018	29,604	101,129
Depreciation	15,125	2,881	2,798	5,679	20,804
Donated Food	1,419,685	-	-	-	1,419,685
Donated Goods and Services	71,761	5,345	-	5,345	77,106
Fees and Subcription Dues	9,514	1,020	21,613	22,633	32,147
Facilities and Equipment	223,963	9,564	26,892	36,456	260,419
Food and Hygiene Products	375,313	-	-	-	375,313
Fundraising Event and Marketing	4,119	142	89,664	89,806	93,925
Insurance	13,621	1,646	3,373	5,019	18,640
Miscellaneous	6,413	1,155	3,465	4,620	11,033
Postage	1,729	135	4,402	4,537	6,266
Printing	10,421	202	11,986	12,188	22,609
Supplies	62,109	978	2,945	3,923	66,032
Service Learners	30,180	-	-	-	30,180
Transportation	9,707	67	133	200	9,907
Volunteer Costs	2,260	-	-	-	2,260
TOTAL EXPENSES	$ 3,060,945	$ 151,806	$ 357,225	$ 509,031	$ 3,569,976

The accompanying notes are an integral part of these financial statements

BEYOND HUNGER
STATEMENTS OF CASH FLOWS
For Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in Net Assets	$ (119,277)	$ 365,069
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by (used) in Operating Activities:		
Depreciation	24,424	20,804
Lease Expense - Operating	44,832	-
Payments on Operating Lease Obligation	(40,769)	-
(Increase) Decrease in Assets:		
Grants Receivable	151,588	(135,864)
Prepaid Expenses	351	(2,627)
Other Assets	(154)	-
Prepaid Rent	(1,001)	-
Increase (Decrease) in Liabilities:		
Accounts Payable	1,332	24,706
Accrued Liabilites	9,816	(2,029)
NET CASH PROVIDED BY (USED) IN OPERATING ACTIVITIES	71,142	270,059
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of Fixed Assets	(72,646)	(6,662)
NET CASH PROVIDED BY (USED) IN INVESTING ACTIVITIES	(72,646)	(6,662)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,504)	263,397
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	2,877,819	2,614,422
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 2,876,315	$ 2,877,819

The accompanying notes are an integral part of these financial statements

NOTE 1 – NATURE OF ACTIVITIES

Beyond Hunger (the "Organization") was founded in 1978 to provide direct hunger relief services and harness the power of communities to end hunger through collective impact. The Organization serves the Oak Park, Illinois area and neighboring communities.

The Organization was formerly incorporated as the "Oak Park River Forest Food Pantry" and officially changed its name to Beyond Hunger effective January 2019.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

<u>Basis of Accounting</u>

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities in accordance with the accounting principles generally accepted in the United States of America ("GAAP"). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

<u>Basis of Presentation</u>

As required by generally accepted accounting principles for Not-for-Profit accounting, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

> <u>With Donor Restrictions</u> – Net assets subject to donor-imposed stipulations which will be met whether by actions of the Organization or the passage of time. Items that affect this net asset category are gifts for which donor-imposed stipulations have not been met in the year of receipt. Restrictions that have been met on net assets with donor restrictions are reported as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the Organization reports the support as without donor restrictions.
>
> <u>Without Donor Restrictions</u> – Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate assets without restrictions for specific operational purposes from time to time.

<u>Cash and Cash Equivalents</u>

The Organization considers all highly liquid investments with a maturity of three months or less to be cash equivalents.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Concentrations of Credit Risk

The Organization maintains its cash and cash equivalents in financial institutions that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Reclassification

Certain amounts from the prior year have been reclassified in order to conform to the current year's presentation.

Grants Receivable

Grants receivable are stated at amounts due from donors, net of allowances for uncollectible amounts. The Organization determines its allowance by considering a number of factors, including the length of time accounts receivable are past due, the Organization's previous collection history, the donor's current ability to pay its obligation to the Organization, and the condition of the general economy as a whole. The Organization writes off accounts receivable when they become uncollectible. No allowance for doubtful accounts was deemed necessary by management ad June 30, 2023 and 2022.

Contributions

Contributions are classified as without restrictions or with restrictions based on the donor's intent. When a donor restriction expires (i.e., when a stipulated time restriction ends or a purpose restriction is met), the Organization reclassifies the net assets with restrictions to net assets without restrictions and reports these assets as released from restriction. If a restriction is fulfilled in the same fiscal year in which the contribution is received, the Organization classifies the support as net assets without donor restrictions.

The Organization recognizes contributions when cash, or other assets; an unconditional promise to give; or a notification of 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 on have been met.

Contributed Nonfinancial Assets

Contributed nonfinancial assets of food commodities used by the Organization's programs are recorded as income and expense at the estimated fair value of those items. Contributed nonfinancial assets of services are recognized when they create or enhance nonfinancial assets or they require specialized skills which would need to be purchased if they are not donated. These services are recognized as contributions at the estimated fair value based on industry standards. Contributed nonfinancial assets are reported in the statement of activities as both revenue and expense.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

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 statement of financial position. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also include prepaid or accrued rent. 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.

In fiscal year 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. The Organization used a modified retrospective approach, electing not to restate the fiscal year 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 $151,319 and lease liabilities totaling $150,319 in its statement of financial position as of July 31, 2022. The adoption did not result in a significant effect on amounts reported in the statements of activities for the year ended June 30, 2023.

Functional Allocation of Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Income Tax Exempt Status

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). There was no unrelated business income nor unrecognized tax benefits for the years ended June 30, 2023, and 2022. The Organization's tax returns for the prior three years remain subject to examination by the Internal Revenue Service.

NOTE 3 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following at June 30:

	2023	2022
Purpose restricted	$ 117,163	$ 45,673
	$ 117,163	$ 45,673

Board Designated Net Assets Without Donor Restriction

Board designated net assets consist of $480,451 and $489,847, as of June 30, 2023, and 2022, respectively. These funds have been designated by the Organization's board of directors to be used for future occupancy costs and strategic projects.

NOTE 4 – FINANCIAL ASSETS AND LIQUIDITY RESOURCES

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents. The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and obligations become due.

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

	2023	2022
Cash and cash equivalents	$ 2,876,315	$ 2,877,819
Grants Receivable	11,100	162,688
Total financial assets, at year-end	2,887,415	3,040,507
Board designated funds unavailable to management without Board approval	(480,451)	(489,847)
Total financial assets available to management for general expenditure within one year	$ 2,406,964	$ 2,550,660

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment acquired with a useful life greater than one year and an acquisition value of $5,000 or greater are capitalized and stated at cost, or if donated, at the approximate fair value at the date of donation. Depreciation is calculated using the straight-line method over the useful lives of the assets; five years for furnishings and equipment and ten years for leasehold improvements.

Property and equipment consisted of the following at June 30:

	2023	2022
Furniture and fixtures	$ 7,881	$ 7,881
Machinery and equipment	155,836	83,190
Leasehold improvements	87,713	87,713
Website	11,626	11,626
Less accumulated depreciation	(144,455)	(120,031)
	$ 118,601	$ 70,379

Depreciation and amortization expense for the years ended June 30, 2023, and 2022 was $24,424 and $20,804 respectively.

NOTE 6 – LEASE OBLIGATION

The Organization evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Organization's right to use underlying assets for the lease term, and the lease liabilities represent the Organization's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The organization has made an accounting policy election to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments. The weighted-average discount rate applied to calculate lease liabilities as of June 30, 2023, was 2.85%.

The organization's operating leases consist of real estate leases for office and program space. For the year ended June 30, 2023, total operating lease cost was $44,833. As of June 30, 2023, the weighted-average remaining lease term for the Organization's operating leases was approximately 3 years.

Cash paid for operating leases for the year ended June 30, 2023 was $40,769. There were no noncash investing and financing transactions related to leasing other than the transition entry described in Note 2.

NOTE 6 – LEASE OBLIGATION – Continued

Future maturities of lease liabilities are presented in the following table, for the fiscal years ending June 30:

2024	$ 44,470
2025	45,927
2026	27,027
Total Lease Payments	117,424
Less Present Value Discount	(4,159)
Total Lease Obligations	$ 113,265

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Short-term lease costs for fiscal year 2023 is $400.

NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS

For the years ended June 30, contributed nonfinancial assets recognized within the statements of activities included:

	2023	**2022**
Food	$ 1,379,801	$ 1,419,685
Auction Items	13,653	-
Computer Software	-	5,345
Services	89,644	71,761
	$ 1,483,098	$ 1,496,791

The Organization recognized contributed nonfinancial assets within revenue, including food, computer software, auction items and services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed food was utilized for hunger relief services. In estimating the fair market value, the Organization uses the weighted-average wholesale price per pound. Prices per pound are based on the prices given by the Greater Chicago Food Depository.

Contributed computer software was used for general operations, the estimated fair value is based on published retail prices.

Contributed auction items were used for fundraising, the estimated fair value is based on published retail prices.

Contributed services recognized comprise professional services from nurses and dietitians that provided hunger relief services. The estimated fair value is based on current rates for similar professional services.

NOTE 7 – CONTRIBUTED NONFINANCIAL ASSETS – Continued

The Organization receives services from a large number of volunteers who give significant amounts of their time to the Organization but do not meet the criteria for financial statement recognition. During each of fiscal years 2023 and 2022, management estimates the Organization received approximately 19,660 and 18,983 hours of volunteer services valued at $302,765 and $284,742, respectively.

NOTE 8 – CONCENTRATION OF CONTRIBUTED FOOD

The Organization received approximately 85% of its total contributed food from the Greater Chicago Food Depository in fiscal years 2023 and 2022, respectively.

NOTE 9 – RETIREMENT PLAN

The Organization has a Simple IRA retirement plan covering all employees who meet the eligibility requirements. The Organization matches contributions equal to participants' contributions to the Plan up to 3% of the individual participant's base salary. Contributions to the plan were $24,511 and $16,950 for fiscal years 2023 and 2022, respectively.

NOTE 10 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 16, 2023, which is the date the statements were available to be issued. No subsequent events have been identified that are required to be disclosed as of that date.