

FRANKLIN FOOD PANTRY, INCORPORATED
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
JUNE 30, 2023 AND 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Franklin Food Pantry, Incorporated

Opinion

We have audited the accompanying financial statements of Franklin Food Pantry, Incorporated (a nonprofit organization), which comprise the statements of financial position as of June 30, 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 Franklin Food Pantry, Incorporated as of June 30, 2023 and 2022, and the changes in its 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 Franklin Food Pantry, Incorporated 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 Franklin Food Pantry, Incorporated'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 Franklin Food Pantry, Incorporated'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 Franklin Food Pantry, Incorporated'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.

Teseumbe + Parrulla, P.C.

Medway, Massachusetts
November 17, 2023

FRANKLIN FOOD PANTRY, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2023 AND 2022

	2023	2022
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 462,608	\$ 438,196
Inventory	61,424	67,191
Prepaid Expense	-	37,400
Total Current Assets	<u>524,032</u>	<u>542,787</u>
PROPERTY & EQUIPMENT		
Equipment	193,855	105,085
Building	2,006,808	1,047,836
Construction in Progress (Renovations)	-	40,152
Accumulated Depreciation	<u>(88,622)</u>	<u>(63,766)</u>
Total Property & Equipment, net	<u>2,112,041</u>	<u>1,129,307</u>
OTHER ASSETS		
Investments Restricted for Capital Improvments	28,947	-
Pledges Receivable for Capital Improvements	100,867	-
Restricted Cash	<u>136,137</u>	<u>218,903</u>
Total Other Assets	<u>265,951</u>	<u>218,903</u>
TOTAL ASSETS	<u>\$ 2,902,024</u>	<u>\$ 1,890,997</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 34,411	\$ 27,729
Current Portion of Long Term Debt	<u>17,170</u>	<u>11,684</u>
Total Current Liabilities	51,581	39,413
NON CURRENT LIABILITIES		
Long Term Debt	<u>447,673</u>	<u>469,398</u>
Total Non Current Liabilities	447,673	469,398
NET ASSETS		
Without Donor Restrictions	2,144,571	1,167,693
With Donor Restrictions	<u>258,199</u>	<u>214,493</u>
Total Net Assets	<u>2,402,770</u>	<u>1,382,186</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 2,902,024</u>	<u>\$ 1,890,997</u>

See Accompanying Notes and Independent Auditors' Report

FRANKLIN FOOD PANTRY, INCORPORATED

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and Revenue:		
Contributions	\$ 390,681	\$ 433,906
In Kind Contributions -		
Food & Household Items	224,127	194,692
Special Events	203,623	198,709
Government Grants - Employee Retention Credits	93,833	-
Loss on Sale of Asset	-	(52,868)
Unrealized Gain on Investment	4,109	-
Interest Income	<u>11,805</u>	<u>1,389</u>
 Total Support and Revenue Without Donor Restrictions	 928,178	 775,828
 Net Assets Released from Restrictions		
Restrictions Satisfied by Payments	<u>1,091,542</u>	<u>316,338</u>
Total Revenue and Other Support Without Donor Restriction	<u>2,019,720</u>	<u>1,092,166</u>
 Expenses:		
Program Services	888,694	709,298
Support Services	39,026	35,892
Fundraising	<u>115,122</u>	<u>75,698</u>
Total Expenses	<u>1,042,842</u>	<u>820,888</u>
 Increase in Net Assets Without Donor Restrictions	 <u>976,878</u>	 <u>271,278</u>
 CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions and Grants		
State Building Grant	542,000	-
In Kind Contributions - Stock	50,295	-
In Kind Contributions - Construction Materials & Services	81,372	-
Other Contributions, Grants	461,581	153,943
Net Assets Released from Restrictions	<u>(1,091,542)</u>	<u>(316,338)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>43,706</u>	<u>(162,395)</u>
 INCREASE IN NET ASSETS	 1,020,584	 108,883
 NET ASSETS AT BEGINNING OF YEAR	 <u>1,382,186</u>	 <u>1,273,303</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 2,402,770</u>	 <u>\$ 1,382,186</u>

See Accompanying Notes and Independent Auditors' Report

FRANKLIN FOOD PANTRY, INCORPORATED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 1,020,584	\$ 108,883
Adjustments to Reconcile the Above to Net Cash		
Depreciation	24,856	14,968
Loss on Sale of Property Plant and Equipment	-	52,868
Contributions Restricted to Building Fund	(1,004,463)	(55,148)
Unrealized Gain on Restricted Investment	(4,109)	-
(Increase) Decrease in Current Assets:		
Inventory	5,767	(28,935)
Prepaid Expense	37,400	15,400
Increase in Current Liabilities:		
Accounts Payable and Accrued Expenses	6,682	7,481
Net Cash Provided by Operating Activities	<u>86,717</u>	<u>115,517</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	(88,771)	(15,204)
Proceeds from the Sale of Building	-	111,080
Building Purchase and Renovations	(918,819)	(602,362)
Net Cash Used by Investing Activities	<u>(1,007,590)</u>	<u>(506,486)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collections on Contributions Restricted to Building Fund	336,758	55,148
Capital Grants for Building Fund	542,000	-
Principal Payments on Note Payable	(16,239)	(8,238)
Net Cash Provided by Financing Activities	<u>862,519</u>	<u>46,910</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(58,354)	(344,059)
CASH & CASH EQUIVALENTS - BEGINNING OF YEAR	<u>657,099</u>	<u>1,001,158</u>
CASH & CASH EQUIVALENTS - END OF YEAR	<u>\$ 598,745</u>	<u>\$ 657,099</u>
Supplemental Disclosures		
Cash Paid during the year for Interest	<u>\$ 17,643</u>	<u>\$ 11,000</u>
Non-Cash Investing and Financing Activities:		
Acquisition of Building	\$ -	\$ 485,000
Note Payable on Building	\$ -	\$ (485,000)
Reconciliation to Cash and Cash Equivalents and Restricted Cash Reported Within the Statements of Financial Position:		
Cash and Cash Equivalents	\$ 462,608	\$ 438,196
Cash Restricted for Capital Improvements	136,137	218,903
Total Cash and Restricted Cash	<u>\$ 598,745</u>	<u>\$ 657,099</u>

See Accompanying Notes and Independent Auditors' Report

FRANKLIN FOOD PANTRY, INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>Support Services</u>	<u>Fund Raising</u>	<u>Total</u>
Wages	\$ 292,883	\$ 11,075	\$ 35,511	\$ 339,469
Payroll Taxes	27,566	1,008	3,724	32,298
Employee Benefits	6,537	593	422	7,552
Payroll Service Fees	2,890	-	-	2,890
Motor Vehicle Expenses	1,608	-	-	1,608
Food and Assistance	375,825	-	-	375,825
Insurance	3,190	3,340	-	6,530
Postage	1,282	-	-	1,282
Repairs and Maintenance	20,451	114	114	20,679
Depreciation	24,856	-	-	24,856
Telephone	3,470	91	91	3,652
Office	18,669	5,402	183	24,254
Professional Fees	-	14,527	-	14,527
Mortgage Interest	17,643	464	464	18,571
Small Equipment	319	-	-	319
Supplies	20,978	-	-	20,978
Advertising	277	15	-	292
Conferences and Meetings	-	548	-	548
Special Events Expense	-	-	14,776	14,776
Annual Appeal Expense	-	-	34,589	34,589
Capital Fundraising	-	-	23,399	23,399
Utilities	15,055	396	396	15,847
Rent	55,195	1,453	1,453	58,101
	<u>55,195</u>	<u>1,453</u>	<u>1,453</u>	<u>58,101</u>
Total Expenses	<u>\$ 888,694</u>	<u>\$ 39,026</u>	<u>\$ 115,122</u>	<u>\$ 1,042,842</u>

See Accompanying Notes and Independent Auditors' Report

FRANKLIN FOOD PANTRY, INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Progam</u> <u>Services</u>	<u>Support</u> <u>Services</u>	<u>Fund</u> <u>Raising</u>	<u>Total</u>
Wages	\$ 244,728	\$ 6,600	\$ 23,100	\$ 274,428
Payroll Taxes	20,747	631	2,209	23,587
Payroll Service Fees	970	-	-	970
Motor Vehicle Expenses	1,193	-	-	1,193
Food and Assistance	314,237	-	-	314,237
Insurance	2,635	5,531	-	8,166
Postage	1,759	-	-	1,759
Repairs and Maintenance	12,449	297	149	12,895
Depreciation	14,968	-	-	14,968
Telephone	1,182	139	70	1,391
Office	16,673	1,913	3,723	22,309
Professional Fees	-	12,420	-	12,420
Mortgage Interest	11,000	1,294	647	12,941
Small Equipment	2,304	-	-	2,304
Supplies	3,385	-	-	3,385
Advertising	1,094	365	-	1,459
Conferences and Meetings	-	75	-	75
Special Events Expense	-	-	9,928	9,928
Annual Appeal Expense	-	-	32,558	32,558
Utilities	10,452	1,230	615	12,297
Rent	<u>49,522</u>	<u>5,397</u>	<u>2,699</u>	<u>57,618</u>
Total Expenses	<u>\$ 709,298</u>	<u>\$ 35,892</u>	<u>\$ 75,698</u>	<u>\$ 820,888</u>

See Accompanying Notes and Independent Auditors' Report

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 1 ORGANIZATION

Franklin Food Pantry, Incorporated, a food pantry located in Franklin, Massachusetts, was organized in 1995 as a not-for-profit corporation. The Organization's purpose is to provide assistance to families in need of food, clothing and other household items, through alliances with other local human service organizations. The Organization maintains operations through local donations, grants and other contributions.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Adoption of New Financial Reporting Standard

The Organization adopted ASU 2020-07, Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 requires entities to present contributed nonfinancial assets as a separate line item in the Statement of Activities and provide additional disclosures about contributions of nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets an entity has received. Adoption of this standard had no significant impact on the financial statements

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Adoption of New Financial Reporting Standard (continued)

In February 2016, FASB established Accounting Standards Codification Topic 842, *Leases*, ("ASC 842") by issuing Accounting Standards Update No. 2016-02 ("ASU 2016-02"), which requires lessees to recognize leases on the balance sheet and disclose key information about leasing arrangements. The new standard establishes a right-of-use model that requires a lessee to recognize a right-of-use asset and lease liability on the balance sheet for all leases with a term longer than twelve months. Leases are classified as finance or operating, with classification affecting the pattern and classification of expense recognition.

The new standard became effective for fiscal years beginning after December 15, 2021. The Organization adopted the new standard on its effective date following a modified retrospective transition approach by applying the new standard to leases existing at the date of initial application. The Organization elected the package of practical expedients upon adoption, which did not require reassessment of prior lease identification, classification, or initial direct costs.

Consequently, financial information in these comparative financial statements is not updated and the disclosures required under the new standard are not provided for dates and periods beginning before July 1, 2022.

The Organization adopted the new standard effective July 1, 2022. However, there was no impact at that date since the Organization did not have any material operating leases in effect that would require recognition under ASC 842. Adoption of the new standard did not impact the Organization's change in net assets and had no impact on cash flows or amounts reported at July 1, 2022 in the Statement of Financial Position.

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial Statement Presentation

The Organization presents information regarding its financial position and activities according to two classifications of net assets as follows:

Without Donor Restrictions – Net assets that are not subject to donor imposed stipulations over which the Organization's Board of Directors (the Board) has discretionary control. The Board may elect to designate such resources for specific purposes. These designations may be removed at the Board's discretion.

With Donor Restrictions – Net assets with donor restrictions represent the portion of net assets subject to donor-imposed restrictions. Certain 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates resources to be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Organization currently has no net assets with perpetual restrictions

Cash and Cash Equivalents

For the purpose of these financial statements, management considers equivalent to cash all money market funds and other deposits with an original maturity of ninety days or less from date of purchase. Cash equivalents are stated at cost which approximates market. At June 30, 2023 and 2022, the Organization had \$350,760 and \$297,924, respectively, on deposit at one financial institution that exceeded the FDIC insurance limits of \$250,000 by \$100,760 and \$47,924, respectively. However, these deposits are insured by the Share Insurance Fund which insures all deposits at co-operative banks in Massachusetts above the FDIC limits.

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

Inventory consists primarily of food and household items received from public donations and direct purchases. Ending inventory is valued at a standard rate of \$1.92 and \$1.92 per pound as of June 30, 2023 and 2022, respectively, as published by Feeding America of Washington, D.C., the nations leading domestic hunger-relief charity as of June 30, 2022. At present, has not yet published the rate for the current fiscal year.

Other Assets

Other assets consist of the following items restricted for capital improvements:

Investments

Investments consist of donated stock which the Organization intends to sell. Investments are stated at fair value and held by a broker. See note 11 and note 12. Realized and unrealized gains and losses are reported as revenue in the accompanying statement of activities.

Pledges Receivable

Represent promises to give to the Organization's building fund and are recorded at net realizable value in contributions with donor restrictions in the period the promise is received.

Cash

Cash restricted for capital improvements is restricted by either the Board or donors and is not available for operating purposes. Cash restricted for capital improvements as of June 30, 2023 and 2022 is \$136,137 and \$218,903, respectively.

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

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

Functional Expense Allocations

Expenses related directly to a program or supporting function are distributed to that program or supporting function, while other expenses are allocated to programs or supporting functions based on management's estimate of the percentage attributable to each function. The expenses that are allocated include payroll related expenses which are allocated based on an estimate of time and level of effort spent on the Organization's program, supporting and fundraising functions and rent and occupancy expenses which are allocated based upon space used by each function.

Property and Equipment

Property and Equipment is stated at cost. Depreciation is calculated using the declining balance method over their estimated useful lives. Expenditures for major renewals are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. Depreciation expense for 2023 and 2022 was \$24,856 and \$14,968, respectively.

The Organization acquired a facility in FY2022 to serve as the main center of it's operations. Renovations were made in 2023 and 2022, and the facility was placed in service in June 2023. The costs of acquisition and renovations are included in Property & Equipment - Building on the statement of financial position.

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(Continued)

NOTE 3 INCOME TAXES

The Organization qualifies as a tax exempt organization under the Internal Revenue Code, Section 501 (c) (3) and, accordingly, is not subject to federal income taxes.

The Organization is also exempt from Massachusetts income taxes. The Organization's Forms 990 for the years ending 2020, 2021, 2022, and 2023 are subject to examination by the IRS, generally for three years after they were filed.

NOTE 4 LICENSE AGREEMENT

The Organization had a license agreement with a local bank for the right to use a bank owned facility for the purpose of conducting the Organization's activities. The bank agreed to contribute \$52,800 annually which the Organization will apply to lease payments for the respective year. At June 30, 2023 and 2022 the rent expense was \$58,101 and \$57,618, respectively. The agreement ended in June 2023 when the Organization moved into a newly purchased facility.

NOTE 5 SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through November 17, 2023, the date the financial statements were available to be issued.

NOTE 6 RECLASSIFICATION

Certain amounts in the 2022 financial statements have been reclassified to conform with the 2023 presentation.

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(Continued)

NOTE 7 IN KIND CONTRIBUTIONS

The Organization receives in-kind donations of food and household items from local supermarkets and individuals. The Organization weighs the donations and assigns a value per pound as described in Note 2. For 2023 and 2022, a value of \$1.92 and \$1.92 per pound, respectively, was assigned to these donations and are allocated directly to support and revenue as InKind Contributions – Pantry Items on the statement of activities and are expensed Food and Assistance in the statement of functional expenses.

The Organization also accepted donations of stocks and construction materials and services specifically for capital improvements for the new facility. These items assigned a fair market value on the date of receipt by the Organization and are allocated directly to In Kind contributions with donor restrictions on the statement of activities and are included in either expenses or are capitalized as part of building costs. A portion of the donated stock remains in investments restricted for capital improvements as described in Note 2.

For the years ended June 30, 2023 and 2022, in kind Contributions recognized in the Statement of Activities included:

	2023	2022
InKind Contributions without Donor Restrictions		
Donations of Food and Household Items	\$ 224,127	\$ 194,692
Total InKind without Donor Restrictions	<u>224,127</u>	<u>194,692</u>
InKind Contributions with Donor Restrictions		
Donated Securities	\$ 50,295	\$ -
Donated Construction Goods and Services	<u>81,372</u>	<u>-</u>
Total InKind with Donor Restrictions	<u>131,667</u>	<u>-</u>
Total In Kind Contributions	<u>\$ 355,794</u>	<u>\$ 194,692</u>

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(Continued)

NOTE 8 NOTE PAYABLE

In January 2022, the Organization entered into a secured long-term note agreement with a bank for \$485,000 for a new facility. The agreement is collateralized by a security interest in certain real estate. The note is dated March 1, 2022 maturing on March 1, 2047 and bears interest at a rate of 4.0000% per annum. Principal and interest are payable in monthly installments of \$2,954 through March 2047. Borrowings outstanding under the Agreement at June 30, 2023 and 2022 amounted to \$464,843 and \$481,082, respectively.

Maturities of long term debt for each of the five years succeeding June 30, 2023 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2024	\$ 17,170
2025	17,870
2026	18,598
2027	19,355
2028	20,144
Thereafter	371,706
	<u>\$ 464,843</u>

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(Continued)

NOTE 9 NET ASSETS WITH DONOR RESTRICTIONS

The Organization received grants and donations totaling \$1,135,248 and \$153,943 as of June 30, 2023 and 2022, respectively. These grants and donations were designated by the grantor or donor for either certain operating purposes or capital improvements and have been designated at *Net Assets With Donor Restrictions*. The balances as of June 30, 2023 and 2022 are as follows:

	2023	2022
Beginning Balance	\$ 214,493	\$ 376,888
Contributions with Donor Restrictions		
Operating Purposes	\$ 74,251	\$ 40,795
In Kind Contributions		
Stock	50,295	-
Construction Materials & Services	81,372	-
State Building Grant Funds	542,000	58,000
Capital Improvements	387,330	55,148
Total Grants received with Donor Restrictions	<u>1,135,248</u>	<u>153,943</u>
Appropriated for expenditure during the year		
Food / Other Purchases	(34,625)	(40,034)
Personnel	(772)	-
Facilities and Equipment	(1,056,145)	(276,304)
Total appropriated for expenditure during the year	<u>(1,091,542)</u>	<u>(316,338)</u>
Ending Balance	<u>\$ 258,199</u>	<u>\$ 214,493</u>

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(Continued)

NOTE 10 LIQUIDITY AND AVAILABILITY

The Organization has the following financial assets available to meet cash needs for general operating expenditures within one year as of June 30, 2023 and 2022:

	2023	2022
Cash (Checking, Savings)	\$ 598,745	\$ 657,099
<i>Less: Designated for Capital Projects</i>		
Donor Designated	<u>(136,137)</u>	<u>(218,903)</u>
	(136,137)	(218,903)
Total	<u>\$ 462,608</u>	<u>\$ 438,196</u>

The Organization monitors its cash position on a regular basis to ensure that adequate funds are available for general expenditures. As part of the Organization's liquidity management plan, cash in excess of daily requirements is invested in money market bank accounts.

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(Continued)

NOTE 11 INVESTMENTS

The Organization received a donation of stocks to be used toward capital improvements. The donation is included as an In Kind donation as described in Note 7. A part of the donation was sold upon receipt, while the remainder is held by Raymond James Financial Services. The remaining stock is stated at fair value and classified as restricted for capital improvements as follows:

	June 30, 2023	
	Historical Cost	Fair Value
Stocks	\$ 24,725	\$ 28,947

NOTE 12 FAIR VALUE MEASUREMENTS

The Organization applies Generally Accepted Accounting Principles (GAAP) for fair value measurements of financial assets that are recognized or disclosed at fair value in the financial statements on a recurring basis. GAAP establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements).

The three levels of fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.
- Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

(Continued)

NOTE 12 FAIR VALUE MEASUREMENTS (Continued)

- Level 3 inputs are unobservable inputs for the asset or liability. The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table presents assets that are measured at fair value on a recurring basis at June 30, 2023:

Assets at Fair Value as of June 30, 2023

	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Other Observable Inputs	Total
	Level 1	Level 2	Level 3	
Stocks	\$ 28,947	\$ -	\$ -	\$ 28,947
	\$ 28,947	\$ -	\$ -	\$ 28,947

All Level 1 assets have been valued using a market approach. As of June 30, 2023 there are no level 2 or level 3 assets.

Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur near term and that such change could materially affect the amounts reported on the financial statements. The Organization, in collaboration with its investment advisor, monitors the Organization's investments and the risks associated on a regular basis. The Organization believes this process minimizes risk.