

FRANKLIN FOOD PANTRY, INCORPORATED
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
June 30, 2024 AND 2023

LISCOMBE & PARRELLA, P. C.
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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, 2024 and 2023, 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, 2024 and 2023, 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.

Juscumbe + Panella, P.C.

Medway, Massachusetts
November 18, 2024

FRANKLIN FOOD PANTRY, INCORPORATED

STATEMENTS OF FINANCIAL POSITION

AS OF JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash & Cash Equivalents	\$ 577,268	\$ 462,608
Inventory	<u>104,496</u>	<u>61,424</u>
Total Current Assets	<u>681,764</u>	<u>524,032</u>
PROPERTY & EQUIPMENT		
Equipment	206,378	193,855
Building	2,218,141	2,006,808
Construction in Progress (Renovations)	21,955	-
Accumulated Depreciation	<u>(178,706)</u>	<u>(88,622)</u>
Total Property & Equipment, net	<u>2,267,768</u>	<u>2,112,041</u>
OTHER ASSETS		
Investments Restricted for Capital Improvments	42,953	28,947
Pledges Receivable for Capital Improvements	38,723	100,867
Restricted Cash for Capital Improvments	<u>161,178</u>	<u>136,137</u>
Total Other Assets	<u>242,854</u>	<u>265,951</u>
TOTAL ASSETS	<u>\$ 3,192,386</u>	<u>\$ 2,902,024</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable and Accrued Expenses	\$ 45,220	\$ 34,411
Current Portion of Long Term Debt	<u>17,870</u>	<u>11,684</u>
Total Current Liabilities	63,090	46,095
NON CURRENT LIABILITIES		
Long Term Debt	<u>430,114</u>	<u>453,159</u>
Total Non Current Liabilities	430,114	453,159
NET ASSETS		
Without Donor Restrictions	2,469,955	2,144,571
With Donor Restrictions	<u>229,227</u>	<u>258,199</u>
Total Net Assets	<u>2,699,182</u>	<u>2,402,770</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 3,192,386</u>	<u>\$ 2,902,024</u>

See Accompanying Notes and Independent Auditors' Report

FRANKLIN FOOD PANTRY, INCORPORATED

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS:		
Support and Revenue:		
Contributions	\$ 562,583	\$ 390,681
In Kind Contributions -		
Food & Household Items	330,841	224,127
Special Events	244,612	203,623
Government Grants - Employee Retention Credits	-	93,833
Unrealized Gain on Investment	13,964	4,109
Interest Income	<u>12,051</u>	<u>11,805</u>
 Total Support and Revenue Without Donor Restrictions	 1,164,051	 928,178
 Net Assets Released from Restrictions		
Restrictions Satisfied by Payments	<u>467,508</u>	<u>1,091,542</u>
Total Revenue and Other Support Without Donor Restriction	<u>1,631,559</u>	<u>2,019,720</u>
 Expenses:		
Program Services	1,141,373	867,716
Support Services	61,705	60,004
Fundraising	<u>103,097</u>	<u>115,122</u>
Total Expenses	<u>1,306,175</u>	<u>1,042,842</u>
 Increase in Net Assets Without Donor Restrictions	 <u>325,384</u>	 <u>976,878</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS:		
Contributions and Grants		
State Building Grant	50,000	542,000
In Kind Contributions - Stock	25,960	50,295
In Kind Contributions - Construction Materials & Services	32,900	81,372
Other Contributions, Grants	329,676	461,581
Net Assets Released from Restrictions	<u>(467,508)</u>	<u>(1,091,542)</u>
Increase (Decrease) in Net Assets With Donor Restrictions	<u>(28,972)</u>	<u>43,706</u>
 INCREASE IN NET ASSETS	 296,412	 1,020,584
 NET ASSETS AT BEGINNING OF YEAR	 <u>2,402,770</u>	 <u>1,382,186</u>
 NET ASSETS AT END OF YEAR	 <u>\$ 2,699,182</u>	 <u>\$ 2,402,770</u>

See Accompanying Notes and Independent Auditors' Report

FRANKLIN FOOD PANTRY, INCORPORATED

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase in Net Assets	\$ 296,412	\$ 1,020,584
Adjustments to Reconcile the Above to Net Cash		
Depreciation	90,084	24,856
Contributions Restricted to Building Fund	(336,196)	(1,004,463)
Unrealized Gain on Restricted Investment	(14,006)	(4,109)
(Increase) Decrease in Current Assets:		
Inventory	(43,072)	5,767
Prepaid Expense	-	37,400
Increase in Current Liabilities:		
Accounts Payable and Accrued Expenses	10,809	6,682
Net Cash Provided by Operating Activities	<u>4,031</u>	<u>86,717</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Equipment	(12,523)	(88,771)
Building Renovations	(233,288)	(918,819)
Net Cash Used by Investing Activities	<u>(245,811)</u>	<u>(1,007,590)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Collections on Contributions Restricted to Building Fund	348,340	336,758
Capital Grants for Building Fund	50,000	542,000
Principal Payments on Note Payable	(16,859)	(16,239)
Net Cash Provided by Financing Activities	<u>381,481</u>	<u>862,519</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	139,701	(58,354)
CASH & CASH EQUIVALENTS - BEGINNING OF YEAR	<u>598,745</u>	<u>657,099</u>
CASH & CASH EQUIVALENTS - END OF YEAR	<u>\$ 738,446</u>	<u>\$ 598,745</u>
Supplemental Disclosures		
Cash Paid during the year for Interest	<u>\$ 18,593</u>	<u>\$ 18,751</u>
Reconciliation to Cash and Cash Equivalents and Restricted Cash Reported Within the Statements of Financial Position:		
Cash and Cash Equivalents	\$ 577,268	\$ 462,608
Cash Restricted for Capital Improvements	161,178	136,137
Total Cash and Restricted Cash	<u><u>\$ 738,446</u></u>	<u><u>\$ 598,745</u></u>

See Accompanying Notes and Independent Auditors' Report

FRANKLIN FOOD PANTRY, INCORPORATED

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>	<u>Support Services</u>	<u>Fund Raising</u>	<u>Total</u>
Wages	\$ 389,175	\$ 15,367	\$ 45,394	\$ 449,936
Payroll Taxes	35,828	1,205	3,183	40,216
Employee Benefits	28,306	2,995	1,996	33,297
Payroll Service Fees	3,427	-	-	3,427
Motor Vehicle Expenses	737	-	-	737
Food and Assistance	461,433	-	-	461,433
Insurance	3,421	11,425	-	14,846
Postage	1,820	-	-	1,820
Repairs and Maintenance	43,895	80	80	44,055
Depreciation	90,084	-	-	90,084
Telephone	4,606	121	121	4,848
Office	36,143	4,980	1,293	42,416
Professional Fees	-	14,796	-	14,796
Mortgage Interest	17,663	465	465	18,593
Small Equipment & Supplies	4,738	9,392	-	14,130
Advertising	115	6	-	121
Conferences and Meetings	-	347	-	347
Special Events Expense	-	-	20,524	20,524
Annual Appeal Expense	-	-	15,548	15,548
Capital Fundraising	-	-	13,967	13,967
Utilities	<u>19,982</u>	<u>526</u>	<u>526</u>	<u>21,034</u>
Total Expenses	<u>\$ 1,141,373</u>	<u>\$ 61,705</u>	<u>\$ 103,097</u>	<u>\$ 1,306,175</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</u> <u>Services</u>	<u>Support</u> <u>Services</u>	<u>Fund</u> <u>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 & Supplies	319	20,978	-	21,297
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	<u>55,195</u>	<u>1,453</u>	<u>1,453</u>	<u>58,101</u>
Total Expenses	<u>\$ 867,716</u>	<u>\$ 60,004</u>	<u>\$ 115,122</u>	<u>\$ 1,042,842</u>

See Accompanying Notes and Independent Auditors' Report

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

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).

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

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2024 and 2023, the Organization had \$318,230 and \$478,394, respectively, on deposit at one financial institution that exceeded the FDIC insurance limits of \$250,000 by \$68,230 and \$228,394, 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.

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 \$1.93 and \$1.92 per pound as of June 30, 2024 and 2023, respectively, as published by Feeding America of Washington, D.C., the nations leading domestic hunger-relief charity. The rates represent the approximate average wholesale value of one pound of donated product at the national level as of June 30, 2023 and 2022, respectively. As of the date of this report, Feeding America has not yet published the per pound rate for June 30, 2024.

Support and Revenue

Support and revenue consists mainly of contributions and grants which are considered available for use unless specifically restricted by the donor or grantor. Amounts designated for future periods or are restricted by the donor or grantor for specific purposes are reported as net assets with donor restrictions. Other support includes In Kind Contributions (note 6) and contributions derived from fundraising activities.

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 10 and note 11. 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, 2024 and 2023 is \$161,178 and \$136,137, respectively.

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.

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2024 and 2023 was \$90,084 and \$24,856, respectively.

The Organization acquired a facility in fiscal year 2022 to serve as the main center of it's operations. The facility was placed in service in June 2023, though some renovation work continued into fiscal year 2024. The costs of acquisition and renovations are included in Property & Equipment - Building on the statement of financial position.

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 2021, 2022, 2023, and 2024 are subject to examination by the IRS, generally for three years after they were filed.

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 4 SUBSEQUENT EVENTS

The Organization has evaluated all subsequent events through November 18, 2024, the date the financial statements were available to be issued.

NOTE 5 RECLASSIFICATION

Certain amounts in the 2023 financial statements have been reclassified to conform with the 2024 presentation.

NOTE 6 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 2024 and 2023, a value of \$1.93 and \$1.92 per pound, respectively, was assigned to these donations and are allocated directly to support and revenue as In Kind 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, materials and services for both capital improvements and operating purposes. 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.

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 6 IN KIND CONTRIBUTIONS (Continued)

For the years ended June 30, 2024 and 2023, in kind Contributions recognized in the Statement of Activities included:

	2024	2023
In Kind Contributions without Donor Restrictions		
Donations of Food and Household Items	\$ 330,841	\$ 224,127
Total InKind without Donor Restrictions	<u>330,841</u>	<u>224,127</u>
In Kind Contributions with Donor Restrictions		
Donated Securities	\$ 25,960	\$ 50,295
Donated Construction Goods and Services	<u>32,900</u>	<u>81,372</u>
Total InKind with Donor Restrictions	58,860	131,667
Total In Kind Contributions	<u>\$ 389,701</u>	<u>\$ 355,794</u>

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 7 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 through 2027. The bank has the option of resetting the interest rate on the fifth anniversary date (2027) and each succeeding five year anniversary of that date. Principal and interest are payable in monthly installments of \$2,954 through March 2027. Borrowings outstanding under the Agreement at June 30, 2024 and 2023 amounted to \$447,984 and \$464,843, respectively.

Maturities of long term debt for each of the five years succeeding June 30, 2024 are as follows:

<u>Years Ending June 30,</u>	<u>Amount</u>
2025	\$ 17,870
2026	18,598
2027	19,355
2028	20,144
2029	20,895
Thereafter	351,122
	<u>\$ 447,984</u>

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

The Organization received grants and donations totaling \$438,536 and \$1,135,248 as of June 30, 2024 and 2023, 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, 2024 and 2023 are as follows:

	2024	2023
Beginning Balance	\$ 258,199	\$ 214,493
Contributions with Donor Restrictions		
Operating Purposes	\$ 69,440	\$ 74,251
In Kind Contributions		
Stock	25,960	50,295
Construction Materials & Services	32,900	81,372
State Building Grant Funds	50,000	542,000
Capital Improvements	260,236	387,330
Total Grants received with Donor Restrictions	<u>438,536</u>	<u>1,135,248</u>
Appropriated for expenditure during the year		
Food / Other Purchases	(127,058)	(35,397)
Facilities and Equipment	(340,450)	(1,056,145)
Total appropriated for expenditure during the year	<u>(467,508)</u>	<u>(1,091,542)</u>
Ending Balance	<u>\$ 229,227</u>	<u>\$ 258,199</u>

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 9 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, 2024 and 2023:

	2024	2023
Cash (Checking, Savings)	\$ 738,446	\$ 598,745
<i>Less: Designated for Capital Projects</i>		
Donor Designated	(161,178)	(136,137)
	<u>(161,178)</u>	<u>(136,137)</u>
Total	<u>\$ 577,268</u>	<u>\$ 462,608</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, 2024 AND 2023

(Continued)

NOTE 10 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, 2024		June 30, 2023	
	Historical Cost	Fair Value	Historical Cost	Fair Value
Stocks	\$ 24,725	\$ 42,953	\$ 24,725	\$ 28,947

NOTE 11 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, 2024 AND 2023

(Continued)

NOTE 11 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, 2024:

Assets at Fair Value as of June 30, 2024

	Quoted Prices in Active Markets for Identical Assets	Significant Other Observable Inputs	Significant Other Unobservable Inputs	Total
	Level 1	Level 2	Level 3	
Stocks	\$ 42,953	\$ -	\$ -	\$ 42,953
	<u>\$ 42,953</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 42,953</u>

Assets at Fair Value as of June 30, 2023

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

FRANKLIN FOOD PANTRY, INCORPORATED

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2024 AND 2023

(Continued)

NOTE 11 FAIR VALUE MEASUREMENTS (Continued)

All Level 1 assets have been valued using a market approach. As of June 30, 2024 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.