

*Financial Statements*

LOUDOUN HUNGER RELIEF, INC.

June 30, 2020

## **GENERAL ORGANIZATIONAL DATA**

### **ORGANIZATION AND PURPOSE**

Loudoun Hunger Relief, Inc. is a non-profit corporation organized under the laws of the Commonwealth of Virginia on October 24, 1991 for the purpose of collecting and distributing food to needy families and individuals in Loudoun County. Loudoun Hunger Relief, Inc. was granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code in March 1992.

Loudoun Hunger Relief, Inc. was originally organized and named Loudoun Interfaith Relief, Inc. In September 2016 the board adopted a resolution to change the name to Loudoun Hunger Relief, Inc.

### **OFFICERS**

Carol Barbe, President  
Thomas Ciolkosz, Vice President  
Charles McQuillan, Secretary  
Roman Blazauskas, Treasurer

### **BOARD OF DIRECTORS**

Carol Barbe	David McOmber
Roman Blazauskas	Charles McQuillan
Maristevie Bradley	Christina Moseley
Thomas Ciolkosz	Eric Pearsall
Lorna Campbell Clarke	Michelle Rosati
Rose Ann Domenici	John Rowell
William Junda	Andrea Winey

### **STAFF**

Jennifer Montgomery, Executive Director  
Erika Huddleston, Deputy Director Programs/Partnership  
Trish McNeal, Deputy Director for Supporter Engagement  
Carla Fortenberry, Volunteer Manager  
Justo Castillo, Operations Manager

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**MITCHELL & Co., P.C.**  
**CERTIFIED PUBLIC ACCOUNTANTS**

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

KARA J. SANTMYER, CPA  
TONJI M. LEISS, CPA  
MEGAN R. JOLLON, CPA

110 EAST MARKET STREET    108 W. WASHINGTON STREET  
SUITE 200    SUITE 203  
LEESBURG, VIRGINIA 20176    MIDDLEBURG, VIRGINIA 20117  
703.777.4900    540.883.3173  
WWW.MCOCPA.COM | FAX: 703.771.3082

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AMERICAN INSTITUTE OF  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Loudoun Hunger Relief, Inc.  
Leesburg, Virginia

We have audited the accompanying financial statements of Loudoun Hunger Relief, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended and the related notes to the financial statements.

***Management's Responsibility 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; this includes 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.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Loudoun Hunger Relief, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Report on Summarized Comparative Information***

We have previously audited Loudoun Hunger Relief, Inc. 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 5, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Leesburg, Virginia  
September 9, 2020

*Mitchell & Co., P.C.*

**LOUDOUN HUNGER RELIEF, INC.**

**STATEMENT OF FINANCIAL POSITION**

**June 30, 2020**

(with June 30, 2019 comparative totals)

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
Current assets		
Undesignated funds		
Cash and cash equivalents	\$ 173,041	\$ 139,014
Designated and restricted funds		
Cash and cash equivalents	1,620,488	539,996
Certificates of deposit	214,748	323,004
Grants and other receivables	15,430	13,896
Pledged contributions	74,883	9,024
Inventory- food products	183,656	128,765
Gift cards	25,508	16,762
Prepaid food debit card	31,202	14,409
Prepaid expenses	19,632	11,708
<b>Total current assets</b>	<u>2,358,588</u>	<u>1,196,578</u>
Property and equipment, net of depreciation	290,070	123,272
Deposits	2,960	1,425
<b>Total Assets</b>	<u><u>\$ 2,651,618</u></u>	<u><u>\$ 1,321,275</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
Accounts payable and accrued expenses	\$ 20,561	\$ 23,533
Accrued payroll and related items	139,692	15,971
<b>Total current liabilities</b>	<u>160,253</u>	<u>39,504</u>
Net Assets		
Without donor restriction:		
Undesignated	<u>472,473</u>	109,756
Inventory- food products	<u>183,656</u>	128,765
Designated by governing board:		
Funds held for long-term investment	400,000	-
Capital reserve	350,000	168,000
Strategic initiatives/expansion	355,000	355,000
Operating working capital	600,000	340,000
	<u>1,705,000</u>	<u>863,000</u>
With donor restriction	<u>130,236</u>	180,250
<b>Total net assets</b>	<u>2,491,365</u>	<u>1,281,771</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 2,651,618</u></u>	<u><u>\$ 1,321,275</u></u>

See Notes to Financial Statements.

**LOUDOUN HUNGER RELIEF, INC.**

**STATEMENT OF ACTIVITIES**

**For the Year Ended June 30, 2020**

(with June 30, 2019 comparative totals)

	2020			2019
	Without Donor Restriction	With Donor Restriction	Total	
<b>SUPPORT AND REVENUE</b>				
Contributions	\$ 1,630,162	\$ 34,500	\$ 1,664,662	\$ 755,822
In-kind contributions (principally food products)	3,513,262	33,448	3,546,710	2,945,896
Fundraising events (net of expenses of \$2,904)	16,876	-	16,876	13,734
Grants	556,269	285,762	842,031	360,152
CARES Act PPP funding	-	128,000	128,000	-
Interest and dividend income	9,376	-	9,376	9,142
<b>Total revenue</b>	<b>5,725,945</b>	<b>481,710</b>	<b>6,207,655</b>	<b>4,084,746</b>
Net assets released from restrictions				
Satisfaction of usage restrictions	531,724	(531,724)	-	-
<b>Total support and revenue</b>	<b>6,257,669</b>	<b>(50,014)</b>	<b>6,207,655</b>	<b>4,084,746</b>
<b>EXPENSES</b>				
Program services	4,733,566	-	4,733,566	3,720,699
Supportive services				
Management and general	135,706	-	135,706	130,485
Fundraising	128,789	-	128,789	106,948
<b>Total expenses</b>	<b>4,998,061</b>	<b>-</b>	<b>4,998,061</b>	<b>3,958,132</b>
<b>Change in net assets</b>	<b>1,259,608</b>	<b>(50,014)</b>	<b>1,209,594</b>	<b>126,614</b>
<b>Net assets, beginning of year</b>	<b>1,101,521</b>	<b>180,250</b>	<b>1,281,771</b>	<b>1,155,157</b>
<b>Net assets, end of year</b>	<b>\$ 2,361,129</b>	<b>\$ 130,236</b>	<b>\$ 2,491,365</b>	<b>\$ 1,281,771</b>

See Notes to Financial Statements.

LOUDOUN HUNGER RELIEF, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020

(with June 30, 2019 comparative totals)

	Program Services	Management and General	Fundraising	Totals	
				2020	2019
Salaries and wages	\$ 626,942	\$ 44,305	\$ 92,835	\$ 764,082	\$ 545,770
Employee benefits	54,619	541	730	55,890	44,341
Payroll taxes	53,431	2,182	2,945	58,558	42,451
<b>Total salaries and related expenses</b>	<b>734,992</b>	<b>47,028</b>	<b>96,510</b>	<b>878,530</b>	<b>632,562</b>
Bank charges	-	969	-	969	1,033
Depreciation	37,423	378	-	37,801	32,270
Education	6,101	1,145	249	7,495	6,026
Outreach costs	12,468	194	6,567	19,229	21,389
Equipment rental	10,285	-	-	10,285	-
Fees and licenses	1,147	615	936	2,698	2,728
Food distributed	3,388,781	-	-	3,388,781	2,864,772
Food purchased	298,797	-	-	298,797	78,133
Insurance	14,768	1,710	-	16,478	14,042
Maintenance (in-kind \$22,542)	57,654	871	5,547	64,072	31,680
Marketing	449	-	2,547	2,996	7,786
Miscellaneous	1,383	-	-	1,383	-
Postage	-	-	3,363	3,363	2,991
Professional fees (in-kind \$25,868)	8,584	64,671	12,364	85,619	78,342
Rent (in-kind \$91,200)	96,957	10,773	-	107,730	108,640
Supplies	3,792	4,497	706	8,995	6,037
Communications	4,483	498	-	4,981	5,066
Utilities	21,208	2,357	-	23,565	23,818
Transportation costs	29,169	-	-	29,169	25,454
Volunteer support	5,125	-	-	5,125	15,363
	3,998,574	88,678	32,279	4,119,531	3,325,570
<b>Total expenses</b>	<b>\$ 4,733,566</b>	<b>\$ 135,706</b>	<b>\$ 128,789</b>	<b>\$ 4,998,061</b>	<b>\$ 3,958,132</b>

See Notes to Financial Statements.



**LOUDOUN HUNGER RELIEF, INC.**

**STATEMENT OF CASH FLOWS**

**For the Year Ended June 30, 2020**

(with June 30, 2019 comparative totals)

	2020	2019
<b>Cash Flows From Operating Activities</b>		
Change in net assets	\$ 1,209,594	\$ 126,614
Adjustments to reconcile change in net assets to cash provided by operating activities:		
Depreciation	37,801	32,270
Donated assets		
Fixed assets	-	(4,500)
Inventory	(54,891)	53,466
Change in assets and liabilities:		
(Increase) decrease in assets:		
Grants and other receivables	(1,534)	17,916
Pledged contributions	(65,859)	-
Interest receivable on certificates of deposit	-	(7,111)
Gift cards	(8,746)	15,172
Prepaid food debit card	(16,793)	14,513
Prepaid expenses	(7,924)	11,485
Security deposits	(1,535)	-
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(2,972)	20,030
Accrued payroll and related items	123,721	(2,401)
<b>Net cash provided by operating activities</b>	<b>1,210,862</b>	<b>277,454</b>
<b>Cash Flows From Investing Activities</b>		
Redemption of certificates of deposit	108,256	-
Purchase of property and equipment	(204,599)	(13,241)
<b>Net cash (used in) investing activities</b>	<b>(96,343)</b>	<b>(13,241)</b>
<b>Net increase in cash</b>	<b>1,114,519</b>	<b>264,213</b>
<b>Cash and Cash Equivalents</b>		
Beginning of year	679,010	414,797
End of year	<b>\$ 1,793,529</b>	<b>\$ 679,010</b>

See Notes to Financial Statements.

## LOUDOUN HUNGER RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 1. Nature of Activities and Significant Accounting Policies

##### Nature of Activities

Loudoun Hunger Relief, Inc. (LHR), previously named Loudoun Interfaith Relief, Inc., is a nonprofit corporation established to serve the community of Loudoun County, Virginia, for the purpose of collecting and distributing food to needy families and individuals. Loudoun Hunger Relief is operated by a volunteer Board of Directors, paid employees and approximately 344 operational volunteers.

##### Significant Accounting Policies

The financial statements of Loudoun Hunger Relief, Inc. have been prepared in accordance with policies followed by nonprofit organizations. The significant accounting policies that follow are described below to enhance the usefulness of the financial statements to the reader.

*Basis of Accounting:* The financial statements of LHR have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

*Basis of Presentation:* Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) as defined in the FASB Accounting Standards Codification (ASC) Topic 958 dated August 2016, *Not-For-Profit Entities*, and the provisions of the American Institute of Certified Public Accountants (AICPA) “Audit and Accounting Guide for Not-for-Profit Organizations”. (ASC) 9588-205 was effective January 1, 2018. Under ASC Topic 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

*Net Assets Without Donor Restriction:* Net assets not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization’s board may designate assets without restrictions for specific operational purposes from time to time.

*Net Assets With Donor Restriction:* Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Non-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, where by the donor has stipulated the funds be maintained in perpetuity

*Contributions:* Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value.

*Income tax status:* Loudoun Hunger Relief, Inc. was granted exemption from federal income tax under Section 501(c)(3) of the Internal Revenue Code. LHR has adopted the guidance under ASC Topic 740, *Accounting for Uncertainty in Income Taxes*. Management has evaluated the LHR’s tax positions and concluded that LHR has taken no uncertain tax provisions that would require adjustment to, or disclosure in, the financial statements to comply with the provisions of the guidance. Loudoun Hunger Relief, Inc. annually files the IRS informational filing form 990, return of organizations exempt from income taxes. Income tax years open for IRS inspection include years ended in 2017, 2018, 2019, and 2020.

**LOUDOUN HUNGER RELIEF, INC.**

**NOTES TO FINANCIAL STATEMENTS**

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**Note 1. Significant Accounting Policies (Continued)**

*Cash and cash equivalents:* For purposes of reporting cash flows, LHR considers all cash on demand deposits, money market deposits, cash management accounts, and certificates of deposit with a maturity of three months or less to be cash equivalents.

*Property, plant and equipment:* Expenditures for donations of property and equipment exceeding \$2,500 are capitalized at cost or fair market value at the date of gift or purchase. Depreciation of property improvements, furniture and equipment is provided over the estimated useful lives of the respective assets on a straight-line basis.

*Inventory:* Inventory consists of donated food and related food products. Food inventory is stated at the per pound rate established by the United States Department of Agriculture (USDA).

*Allowance for doubtful accounts receivable:* All receivables at year end are expected to be collected within one year. Management of LHR reviews the collectability of the receivables on a monthly basis. No provision for doubtful accounts has been made as management considers all amounts fully collectible.

*Estimates:* The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

*Revenue recognition:* Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Other public support, grant funds and revenue are reported as the income is earned or in the period designated. Funds received in advance of participation and for future periods are reported as unearned or deferred.

*Donated Noncash Assets:* Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

Noncash contributions are made up primarily of food and related food products donated by producers, manufactures, retailers, USDA, and the general public.

*Functional Allocation of Expense:* The cost of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include the following:

Description	Method
Personnel costs	Time and effort
Administrative costs	Salaries percentage
Utilities	Building square footage use
Professional fees and other	Direct

## LOUDOUN HUNGER RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 2. Cash and Cash Equivalents

Composition of cash and cash equivalents at June 30 is as follows:

Name	Balances		
	Bank 2020	Accounting	
		2020	2019
BB&T - checking	\$ 86,677	\$ 86,677	\$ 86,660
Atlantic Union Bank:			
Checking	1,270,295	1,273,525	490,795
Savings	317,697	317,697	101,555
Main Street Bank - checking	115,630	115,630	-
	<u>\$ 1,790,299</u>	<u>\$ 1,793,529</u>	<u>\$ 679,010</u>

Individual bank combined cash account deposits up to \$250,000 are insured by the Federal Deposit Insurance Corporation (FDIC). At June 30, 2020, \$1,337,992 exceeded the FDIC insurance limits at Atlantic Union Bank.

#### Note 3. Certificates of Deposit

Certificates of deposit consist of the following bank deposit accounts:

Name	2020	2019
Main Street Bank	\$ -	\$ 112,987
John Marshall Bank	57,387	56,393
Atlantic Union Bank	157,361	153,624
	<u>\$ 214,748</u>	<u>\$ 323,004</u>

At June 30, 2020, Atlantic Union Bank CD banking deposit exceeded FDIC insurance program.

#### Note 4. Property and Equipment

A summary of property and equipment is as follows:

Description	2020	2019
Computers	\$ 5,581	\$ 6,610
Equipment	133,703	133,703
Leasehold improvements	39,651	35,783
Office Equipment	17,692	17,696
Software	17,430	17,431
Vehicles	360,970	179,573
	<u>575,027</u>	<u>390,796</u>
Less accumulated depreciation	(284,957)	(267,524)
	<u>\$ 290,070</u>	<u>\$ 123,272</u>

Depreciation expense for the year ended June 30, 2020 was \$37,801.

## LOUDOUN HUNGER RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 5. Donated Inventory- Food Products

Noncash contributions of food products are donated by producers, manufacturers, retailers, USDA, and the general public. Contributed food is recorded as in-kind contributions income when donated and placed in inventory at the USDA nationally calculated average per pound. Food products are expensed when distributed. Any purchased supplement food products are distributed in the period purchased.

The established USDA value per pound of food for 2020 is \$1.74.

#### Note 6. Donated Services

Contributions of services are recognized when they are received if the services (a) create or enhance non-financial assets or (b) require specialized skill provided by individuals possessing those skills, and would typically need to be purchased if not donated. LHR recognized \$48,410 and \$36,831 of specialized services for the years ended June 30, 2020 and 2019, respectively.

LHR also receives a substantial amount of services from individuals who assist in food collection and distribution. These services have not been recorded in the financial statements because they did not meet the criteria for recognition under generally accepted accounting principles. Although no amounts have been reflected in the financial statements, management estimates the fair value of those services to be approximately \$236,605 for 11,937 hours and \$257,700 for 15,619 hours for the years ended June 30, 2020 and 2019, respectively.

#### Note 7. Operations and Warehouse Facility Leases

*Operations Facility:* LHR occupies space at the Leesburg Airpark complex consisting of approximately 4,700 square feet of combined warehouse and office space at 750 Miller Drive, Leesburg, Virginia. During 2015, Loudoun County purchase the building and started providing the space by agreement through an in-kind contribution effective December 2015. LHR is responsible for utilities. In-kind rent expense under this lease for fiscal year 2020 is recorded and summarized as follows:

<u>Rent</u>	<u>Amount</u>
In-kind donation from Loudoun County	<u>\$ 91,200</u>

*Warehouse Facility:* LHR entered into a sub-lease arrangement with Rite-Aid of Virginia, Inc. for approximately 3,480 square feet of warehouse space at 452 South King Street, Leesburg, Virginia. The lease commenced in May 2011 and was amended in November, 2017 and extended through January, 2023 with a fixed annual payment of \$16,530.

Minimum office rent lease commitment under this lease is as follows:

<u>Year ending June 30:</u>	<u>Amount</u>
2021	\$ 16,530
2022	16,530
	<u>\$ 33,060</u>

## LOUDOUN HUNGER RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 8. Retirement Plan

Effective for fiscal years beginning July 1, 2016, LHR established an employer sponsored and funded IRA retirement arrangement for eligible employees. The amount contributed to the employee's IRA account is determined annually by the Board of Directors. For the year ended June 30, 2020 and 2019, the board approved contributions of two percent (2.00%) of eligible employees' compensation which amounted to \$11,934 and \$8,484, respectively.

#### Note 9. Net Assets With Donor Restriction

Net assets with donor restriction is summarized as follows:

Year ending June 30:	Unspent	FY 2020 Activity		Unspent
	6/30/2019	Additions	Uses	6/30/2020
Dominion Foundation - distribution hub	\$ 1,276	\$ -	\$ (1,276)	\$ -
Rotary Club - grocery carts	1,200	-	(1,200)	-
Harris Teeter - prepaid food debit card	14,409	33,448	(16,655)	<b>31,202</b>
Mobile pantry - vehicle	158,900	47,037	(152,914)	<b>53,023</b>
Albertson/Safeway - children's breakfast	4,465	8,925	(13,390)	-
CARES Act PPP funding	-	128,000	(128,000)	-
COVID-19 Restricted	-	179,000	(171,789)	<b>7,211</b>
Capital Campaign	-	31,000	-	<b>31,000</b>
Food and hamper purchase	-	28,000	(28,000)	-
Dinner bags	-	3,000	-	<b>3,000</b>
Senior feeding	-	12,800	(12,800)	-
Other	-	10,500	(5,700)	<b>4,800</b>
	<u>\$ 180,250</u>	<u>\$ 481,710</u>	<u>\$ (531,724)</u>	<u>\$ 130,236</u>

#### Note 10. Designated Net Assets

The Board of Directors has designated net assets and related cash balances for specific future obligations and projects summarized as follows:

Designated obligation/project	Amount
Long-term endowment	\$ 400,000
Strategic initiatives/expansion	355,000
Operating working capital	600,000
Capital reserve	350,000
	<u>\$ 1,705,000</u>

*Long-term Endowment:* Net assets are designated for long-term savings.

*Strategic initiatives/expansion:* Several strategic planning and mission critical initiatives have been planned requiring resources for implementation. Net asset funds are designated for these future activities.

## LOUDOUN HUNGER RELIEF, INC.

### NOTES TO FINANCIAL STATEMENTS

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#### Note 10. Designated Net Assets (Continued)

*Operating working capital:* The level and amount of operations funding varies each year dependent on donations and grants received. To insure continued service and operations, net assets and funds are set aside for a future operating funding shortfall.

*Capital reserve:* Several vehicles and other fixed assets will need to be replaced in the upcoming years. Net funds are set aside to be used for this purpose.

#### Note 11. Liquidity

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

<u>Description</u>	<u>Amount</u>
Cash and cash equivalent without donor restriction	\$ 1,663,293
Certificates of deposit due without donor restriction	214,748
Grants and other receivable	15,430
Current bills	(20,561)
	<u>\$ 1,872,910</u>

#### Note 12. In-Kind Contributions

In-kind contributions consist of the following donations:

<u>Donated Item/Service</u>	<u>2020</u>	<u>2019</u>
Marketing	\$ 3,514	\$ 1,321
Gift cards including prepaid food debit cards	81,696	52,379
Special events support	-	1,017
Donated fixed assets	-	4,500
Other	2,705	24
Rent	91,200	91,200
Professional fees		
Accounting	24,000	24,000
Auditing	1,868	2,263
Information Technology	22,542	10,544
	<u>227,525</u>	<u>187,248</u>
Food product	3,319,185	2,758,648
	<u>\$ 3,546,710</u>	<u>\$ 2,945,896</u>

#### Note 13. Fair Value of Financial Instruments

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

## **LOUDOUN HUNGER RELIEF, INC.**

### **NOTES TO FINANCIAL STATEMENTS**

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#### **Note 14. Prior Year Summarized Comparative Information**

The financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2019 of the prior year, from which the summarized information was derived.

#### **Note 15. CARES Act**

LHR was granted on April 14, 2020, a \$128,000 loan from John Marshall Bank pursuant to the Paycheck Protection Program of the Cares Act. The loan bears interest at 1.00% with payments commencing November 2020 and matures April 2022. The loan and accrued interest are forgivable after eight (8) weeks provided LHR uses the funds to support eligible expenses including payroll, employee benefits, rent, utilities, and maintains its payroll level.

LHR determined that it has incurred eligible expenses through June 30, 2020 for loan forgiveness and anticipates complete forgiveness of the loan once application is completed during fiscal year ending June 30, 2021. LHR expects to meet the PPP eligibility criteria and has concluded that the PPP loan presents, in substance, a grant that is expected to be forgiven and has accounted for such PPP loan in accordance with FASB ASC 958-605 as a conditional contribution.

#### **Note 16. Risks and Uncertainties**

*COVID-19:* The extent of the impact of COVID-19 on LHR's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, as well as the impact on LHR's customers, employees, and vendors, all of which are uncertain and cannot be reasonably predicted.

#### **Note 17. Subsequent Events**

Loudoun Hunger Relief, Inc. has evaluated subsequent events from June 30, 2020 through September 9, 2020, the date these financial statements were available to be issued, and determined that there were no material subsequent events requiring adjustment to, or disclosure in, the financial statements for the year ended June 30, 2020.