The Upper Valley Haven, Inc.

Financial Statements
March 31, 2023 and 2022

Contents

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Independent Auditor's Report

To the Board of Directors and Finance Committee
The Upper Valley Haven, Inc.

Opinion

We have audited the financial statements of The Upper Valley Haven, Inc. (the Organization), which comprise the statements of financial position as of March 31, 2023 and 2022, 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 accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of March 31, 2023 and 2022, and the results of its operations, its functional expenses, 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 (GAAS). 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 audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Changes in Accounting Principles

As discussed in Note 2 to the financial statements, the Organization adopted the following new accounting guidance:

- Accounting Standards Update 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* effective April 1, 2022.
- Accounting Standards Codification 842, *Leases*, effective January 1, 2022.

Our opinion is not modified with respect to these matters.

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 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 GAAS 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 GAAS, 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.

Gallagher, Flynn & Company, LLP

South Burlington, Vermont
August 7, 2023

The Upper Valley Haven, Inc.

Statements of Financial Position
March 31, 2023 and 2022

	2023	2022
Assets		
Cash and cash equivalents	**$ 2,205,560**	$ 2,893,214
Accounts, pledges and grants receivable	**691,969**	327,942
Inventory	**59,221**	93,556
Prepaid expenses and other assets	**60,498**	76,920
Investments	**4,214,038**	3,377,009
Total current assets	**7,231,286**	6,768,641
Property and equipment	**3,560,398**	3,649,983
Right-of-use asset - finance	**129,161**	-
Total assets	**$ 10,920,845**	$ 10,418,624
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 74,458**	$ 93,244
Accrued expenses	**155,678**	125,305
Funds held on behalf of others	**25,111**	57,988
Unearned revenues	**20,823**	27,281
Current maturities of lease liability - finance	**15,402**	-
Total current liabilities	**291,472**	303,818
Lease liability - finance, less current maturities	**115,331**	-
Total liabilities	**406,803**	303,818
Net assets:		
Without donor restrictions:		
Available for general operations	**6,758,193**	6,493,375
Board-designated	**1,455,541**	1,612,513
Total without donor restrictions	**8,213,734**	8,105,888
With donor restrictions:		
Time or purpose	**1,006,030**	714,640
Perpetual	**1,294,278**	1,294,278
Total with donor restrictions	**2,300,308**	2,008,918
Total net assets	**10,514,042**	10,114,806
Total liabilities and net assets	**$ 10,920,845**	$ 10,418,624

The accompanying notes are an integral part of these statements.

The Upper Valley Haven, Inc.

Statement of Activities
Year Ended March 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Support:			
Contributions	$ 2,888,619	$ 1,235,666	$ 4,124,285
In-kind contributions	1,593,699	-	1,593,699
Grant revenues	909,200	7,500	916,700
Other	-	-	-
Investment return allocated to support operations	70,188	74,822	145,010
Net assets released from restrictions	851,553	(851,553)	-
Total operating revenues	6,313,259	466,435	6,779,694
Expenses:			
Program expenses:			
Food service	2,358,647	-	2,358,647
Service coordination	1,009,803	-	1,009,803
Shelter services	810,693	-	810,693
Children's program	232,269	-	232,269
Volunteer services	112,161	-	112,161
Total program expenses	4,523,573	-	4,523,573
Supporting expenses:			
General administration	972,811	-	972,811
Fundraising and development	521,529	-	521,529
Total supporting expenses	1,494,340	-	1,494,340
Total expenses	6,017,913	-	6,017,913
Increase in net assets from operations	295,346	466,435	761,781
Nonoperating activities:			
Net assets released from restrictions	7,709	(7,709)	-
Other expense	(45,066)	-	(45,066)
Total loss on investments, net of amounts allocated to support operations	(150,143)	(167,336)	(317,479)
Decrease in net assets from nonoperating activities	(187,500)	(175,045)	(362,545)
Increase in net assets	107,846	291,390	399,236
Net assets, beginning of year	8,105,888	2,008,918	10,114,806
Net assets, end of year	$ 8,213,734	$ 2,300,308	$ 10,514,042

The Upper Valley Haven, Inc.

Statement of Activities
Year Ended March 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Support:			
Contributions	$ 2,881,823	$ 947,820	$ 3,829,643
In-kind contributions	1,737,981	-	1,737,981
Grant revenues	741,605	-	741,605
Other	13,491	-	13,491
Investment return allocated to support operations	55,640	57,072	112,712
Net assets released from restrictions	926,054	(926,054)	-
Total operating revenues	6,356,594	78,838	6,435,432
Expenses:			
Program expenses:			
Food service	2,414,964	-	2,414,964
Service coordination	938,745	-	938,745
Shelter services	713,537	-	713,537
Children's program	234,243	-	234,243
Volunteer services	126,043	-	126,043
Total program expenses	4,427,532	-	4,427,532
Supporting expenses:			
General administration	812,705	-	812,705
Fundraising and development	496,326	-	496,326
Total supporting expenses	1,309,031	-	1,309,031
Total expenses	5,736,563	-	5,736,563
Increase in net assets from operations	620,031	78,838	698,869
Nonoperating activities:			
Net assets released from restrictions	506,489	(506,489)	-
Other income and gains	455,877	-	455,877
Total return on investments, net of amounts allocated to support operations	67,459	67,464	134,923
Increase (decrease) in net assets from nonoperating activities	1,029,825	(439,025)	590,800
Increase (decrease) in net assets	1,649,856	(360,187)	1,289,669
Net assets, beginning of year	6,456,032	2,369,105	8,825,137
Net assets, end of year	$ 8,105,888	$ 2,008,918	$ 10,114,806

The accompanying notes are an integral part of these statements.

The Upper Valley Haven, Inc.

Statement of Functional Expenses
Year Ended March 31, 2023

	Program Expenses						Supporting Expenses			
	Food Service	Service Coordination	Shelter Services	Children's Program	Volunteer Services	Total Program	General Administration	Fundraising and Development	Total Supporting	Total Expenses
Salaries and wages	$ 308,509	$ 484,162	$ 458,668	$ 130,990	$ 88,105	$ 1,470,434	$ 446,275	$ 259,969	$ 706,244	$ 2,176,678
Payroll taxes	23,273	36,860	33,631	9,908	6,734	110,406	33,509	19,793	53,302	163,708
Employee benefits	61,223	93,365	76,830	29,056	13,269	273,743	63,567	38,476	102,043	375,786
Total personnel	393,005	614,387	569,129	169,954	108,108	1,854,583	543,351	318,238	861,589	2,716,172
Food and commodities:										
In-kind	1,606,387	-	-	-	-	1,606,387	-	-	-	1,606,387
Purchased	208,284	73	1,792	4,047	-	214,196	-	127	127	214,323
Professional services	14,190	6,335	6,665	11,252	1,785	40,227	221,633	32,149	253,782	294,009
Other expenses	21,166	9,767	20,243	17,690	359	69,225	64,385	48,702	113,087	182,312
Direct assistance	1,265	322,009	15,867	-	100	339,241	5,760	-	5,760	345,001
Depreciation and amortization	20,177	29,041	94,200	12,749	917	157,084	21,305	5,374	26,679	183,763
Occupancy	86,823	20,688	79,596	12,225	608	199,940	30,220	3,669	33,889	233,829
Office expenses	317	30	360	-	68	775	11,496	78,051	89,547	90,322
Information technology	1,200	-	-	-	-	1,200	69,675	33,912	103,587	104,787
Insurance	5,833	7,473	22,841	4,352	216	40,715	4,986	1,307	6,293	47,008
Total	$ 2,358,647	$ 1,009,803	$ 810,693	$ 232,269	$ 112,161	$ 4,523,573	$ 972,811	$ 521,529	$ 1,494,340	$ 6,017,913

The Upper Valley Haven, Inc.

Statement of Functional Expenses
Year Ended March 31, 2022

	Program Expenses						Supporting Expenses			
	Food Service	Service Coordination	Shelter Services	Children's Program	Volunteer Services	Total Program	General Administration	Fundraising and Development	Total Supporting	Total Expenses
Salaries and wages	$ 310,971	$ 528,997	$ 396,206	$ 135,274	$ 98,989	$ 1,470,437	$ 392,739	$ 257,179	$ 649,918	$ 2,120,355
Payroll taxes	22,848	37,294	27,457	9,605	7,080	104,284	26,155	19,185	45,340	149,624
Employee benefits	65,227	84,573	63,182	24,647	16,656	254,285	42,059	33,342	75,401	329,686
Total personnel	399,046	650,864	486,845	169,526	122,725	1,829,006	460,953	309,706	770,659	2,599,665
Food and commodities:										
In-kind	1,765,028	-	-	-	-	1,765,028	-	-	-	1,765,028
Purchased	143,706	21	399	1,186	-	145,312	49	-	49	145,361
Professional services	7,306	7,587	5,827	7,489	-	28,209	161,906	37,969	199,875	228,084
Other expenses	27,616	7,464	16,668	23,472	1,340	76,560	61,671	52,001	113,672	190,232
Direct assistance	800	213,141	2,674	-	-	216,615	239	-	239	216,854
Depreciation	19,474	28,028	90,379	12,840	885	151,606	20,403	5,346	25,749	177,355
Occupancy	44,931	24,519	89,429	15,426	700	175,005	31,466	4,230	35,696	210,701
Office expenses	407	216	341	144	193	1,301	13,060	67,243	80,303	81,604
Information technology	1,266	-	-	-	-	1,266	58,354	18,625	76,979	78,245
Insurance	5,384	6,905	20,975	4,160	200	37,624	4,604	1,206	5,810	43,434
Total	$ 2,414,964	$ 938,745	$ 713,537	$ 234,243	$ 126,043	$ 4,427,532	$ 812,705	$ 496,326	$ 1,309,031	$ 5,736,563

The Upper Valley Haven, Inc.

Statements of Cash Flows
Years Ended March 31, 2023 and 2022

	2023	2022
Cash flows from operating activities:		
Increase in net assets	**$ 399,236**	$ 1,289,669
Noncash items included in increase in net assets:		
Depreciation and amortization	**183,763**	177,355
Net realized and unrealized losses (gains) on investments	**230,360**	(195,573)
Contributions of investment securities	**(259,270)**	(167,181)
Bad debt expense	**1,341**	-
Forgiveness of Paycheck Protection Program loan	**-**	(427,200)
Loss on disposal of property development costs	**36,040**	-
Loss (gain) on disposal of property and equipment	**1,993**	(12,250)
Changes in assets and liabilities:		
Accounts, pledges and grants receivable	**(365,368)**	(143,343)
Inventory	**34,335**	49,592
Prepaid expenses and other assets	**16,422**	(20,551)
Accounts payable	**(18,786)**	2,896
Accrued expenses	**30,373**	(113,602)
Funds held on behalf of others	**(32,877)**	(27,394)
Unearned revenues	**(6,458)**	(2,468)
	(148,132)	(879,719)
Net cash provided by operating activities	**251,104**	409,950
Cash flows from investing activities:		
Purchases of investments	**(1,066,201)**	(50,375)
Proceeds from sales of investments	**258,082**	214,277
Proceeds from sale of equipment	**800**	12,250
Purchases of property and equipment	**(127,891)**	(735,687)
Net cash used in investing activities	**(935,210)**	(559,535)
Cash flows from financing activities:		
Principal payments on lease liability - finance	**(3,548)**	-
Net cash used in financing activities	**(3,548)**	-
Net decrease in cash and cash equivalents	**(687,654)**	(149,585)
Cash and cash equivalents, beginning of year	**2,893,214**	3,042,799
Cash and cash equivalents, end of year	**$ 2,205,560**	$ 2,893,214

(continued)

The Upper Valley Haven, Inc.

Statements of Cash Flows (continued)
Years Ended March 31, 2023 and 2022

	2023	2022
Supplementary disclosures of cash flows information:		
Cash paid during the year for:		
Interest	**$ -**	$ -
Noncash investing and financing activity:		
Finance lease liability arising from the acquisition of right-of-use asset (Note 7)	**$ 134,281**	$ -

Note 1. Operations

The Upper Valley Haven, Inc. (the Organization) was incorporated in 1980 under the laws of the State of Vermont as a nonprofit corporation. The Organization is located in White River Junction, Vermont, serving the Upper Valley of Vermont and New Hampshire. Its primary purpose is to assist those who are experiencing poverty to be free from hunger, to be securely housed, and to pursue a self-directed life. The Organization employs many programs to achieve this purpose, including the Food Shelf, community food programs, adult and family shelters, supportive housing, community outreach, case management, and children's after-school and summer camp programs.

Note 2. Summary of Significant Accounting Policies

A summary of the Organization's significant accounting policies applied in the preparation of the accompanying financial statements follows:

Basis of accounting: The Organization's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: 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. These net assets may be used at the discretion of management and the Board of Directors (the Board) and include Board-designated funds that may be expended with the approval of the Board.

Net assets with donor restrictions: 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 Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity.

Revenue recognition:

Contribution and grant revenue: Revenues consists of public support from individuals, private organizations, foundations and other tax-exempt organizations; grants from the State of Vermont; and gifts in kind.

The Organization recognizes contributions received, including certain grants, in accordance with Accounting Standards Codification (ASC) 958-605, *Revenue Recognition*. Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions with donor restrictions that are not conditional promises to give and are used for the purpose specified by the donor in the same year that the contribution is received are recognized as contributions with donor restrictions and are reclassified as net assets released from restrictions in the same year. All other donor-restricted contributions are reported as increases in net assets with donor restrictions.

Note 2. Summary of Significant Accounting Policies (continued)

Conditional promises to give, including grant revenues, are not recorded until the conditions are substantially met. Conditional grant revenues are recognized as reimbursable costs are incurred. Donor-restricted contributions that are initially conditional contributions whose restrictions are met in the same period that the revenue is recognized are reported as net assets without donor restrictions. The Organization has been advised that it has been named in various unprobated wills with an estimated value of approximately $2,545,000 as of March 31, 2023.

Contributions of cash, promises to give, or securities that must be used to acquire or construct real property or equipment, and real property or equipment donated with specific restrictions regarding their use, are reported as net assets with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the related acquired, constructed, or donated assets are placed in service.

Contributed nonfinancial assets: Effective April 1, 2022, the Organization adopted Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* which requires additional disclosures about contributed nonfinancial assets and is required to be adopted on a retrospective basis. The new disclosure requirements are included in the 2023 financial statements.

Substantially all of the Organization's gifts in kind consist of donated commodities for redistribution. The Organization reports the fair value of donated commodities (including food and other household goods) over which it has control as public support without donor restrictions and, shortly thereafter, as an expense when distributed. The Organization values donated goods using an industry-recognized benchmark, a product valuation study performed by Feeding America. The estimated number and value of pounds of commodities received and distributed was as follows for the years ended March 31:

	2023	2022
Estimated pounds received	**819,000**	1,000,000
Estimated pounds distributed	**837,000**	1,000,000
Approximate average wholesale value of one pound, per Feeding America	**$ 1.92**	$ 1.79
Estimated value of pounds received	**$ 1,572,000**	$ 1,715,000
Estimated value of pounds distributed	**$ 1,606,000**	$ 1,765,000

The Organization receives additional forms of contributed nonfinancial assets (also referred to as gifts in kind). Nonfinancial assets include free or discounted tangible items, such as goods for redistribution, equipment and supplies, as well as specialized services, voluntary labor, and facilities. These assets are not sold by the Organization to other parties and are distributed only for program or administrative use. The Organization recognizes these contributions at their estimated fair value on the date of receipt and reports related expenses when the assets are utilized.

Note 2. Summary of Significant Accounting Policies (continued)

Nonspecialized contributed services are not recognized in the financial statements, in accordance with GAAP. Contributions of qualified services are recorded as revenues at fair value in the period received. Contributed services must either create or enhance nonfinancial assets of the Organization and require a specialized skill that the Organization would otherwise need to purchase in order to be recognized and recorded in the financial statements. Revenues recognized in connection with contributed services were not significant in 2023 or 2022.

Cash and cash equivalents: The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash balances related to long-term investments are accounted for as investments.

Accounts, pledges, and grants receivable: Receivables that are expected to be collected within one year are recorded at the net realizable value. Receivables that are expected to be collected in future years are recorded at the net present value of their estimated future cash flows.

Pledges receivable totaling approximately $205,000 and $72,000 at March 31, 2023 and 2022, respectively, are due within one year. Pledges receivable totaling approximately $137,000 and $57,000 at March 31, 2023 and 2022, respectively, are due after one year. Accounts and grants receivable of approximately $350,000 and $199,000 at March 31, 2023 and 2022, respectively, are due within one year.

The Organization maintains allowances for uncollectible receivables for estimated losses resulting from the inability to make required payments. Management considers individual circumstances when determining the collectibility of receivables. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to operations and a credit to a valuation allowance. Balances that remain outstanding after the Organization has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to receivables. Allowances for uncollectible receivables were not significant at March 31, 2023 or 2022.

Inventory: Donated inventory is valued at the approximate average wholesale value of one pound, which was $1.92 and $1.79 at March 31, 2023 and 2022, respectively. Purchased inventory is stated at the lower of cost or net realizable value.

Investments: Investments are recorded at fair value in the statements of financial position, with changes in fair value during the period included in the increase in net assets.

Note 2. Summary of Significant Accounting Policies (continued)

Fair value measurements: The Financial Accounting Standards Board's authoritative guidance on fair value measurements establishes a framework for measuring fair value and expands disclosure about fair value measurements. This guidance enables the reader of the financial statements to assess the inputs used to develop those measurements by establishing a hierarchy for ranking the quality and reliability of the information used to determine fair values. Under this guidance, assets and liabilities carried at fair value must be classified and disclosed in one of the following three categories:

Level 1: Quoted market prices in active markets for identical assets or liabilities.

Level 2: Observable market-based inputs or observable inputs that are corroborated by market data.

Level 3: Unobservable inputs that are not corroborated by market data.

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are measured and reported on a fair value basis. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3.

The fair value of equity securities and exchange-traded funds is based on quoted market rates.

Property and equipment: Purchased property and equipment are recorded at cost. Donations of land, buildings and equipment are recorded as contributions at their estimated fair market value.

The Organization depreciates these assets on a straight-line basis over their estimated useful lives, which are generally as follows:

Buildings	39 years
Building improvements	10-20 years
Equipment, furniture and fixtures	5-10 years
Vehicles and website	5 years

Impairment of long-lived assets: Long-lived assets, such as property and equipment, and right-of-use assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to estimated undiscounted future cash flows. An impairment charge is recognized in the amount by which the carrying amount of the asset exceeds its fair value. There were no impairment charges during 2023 or 2022.

Endowment: The Organization's endowment consists of four individual funds, which were established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. As required by GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 2. Summary of Significant Accounting Policies (continued)

Interpretation of relevant law: The Organization is subject to the State Uniform Prudent Management of Institutional Funds Act (SUPMIFA) and, therefore, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time-restricted until the Board appropriates such amounts for expenditure. Certain of those net assets are also subject to purpose restrictions that must be met before reclassifying to net assets without donor restrictions. The Board has interpreted SUPMIFA as requiring the maintenance of purchasing power of the original gift amount contributed to a donor-restricted endowment fund, absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gifts donated to the fund and (b) any accumulations to the fund that are required to be made in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SUPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund;
2. The purposes of the Organization and the donor-restricted endowment fund;
3. Other resources of the Organization;
4. The investment policies of the Organization; and
5. Where appropriate, alternatives to spending from the institutional fund and the possible effects of those alternatives.

Underwater endowment funds: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SUPMIFA requires the Organization to retain as a fund of perpetual duration. These deficiencies may occur from unfavorable market fluctuations that occur after the receipt of contributions of investments with donor restrictions. Deficiencies of this nature would be reported as net assets with donor restrictions. There were no underwater endowments as of March 31, 2023 or 2022, nor were there any appropriations from underwater funds during the years then ended.

Return objectives and risk parameters: The Organization has adopted investment and spending policies for endowment and other investment funds to create a diversified portfolio of growth and income-producing investments consistent with the needs and circumstances of the Organization. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for one or more donor-specified periods, as well as Board-designated funds. The investment goal of the portfolio is to exceed the average annual return of the Lipper Balanced Funds Index over a three- to five-year time frame.

Note 2. Summary of Significant Accounting Policies (continued)

Strategies employed for achieving objectives: To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a weighted ratio on equity-based and fixed-income investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy and how the investment objective relates to the spending policy: As permitted by individual fund restrictions (if any) and operative legal restrictions, the long-term investment fund may provide to the operating fund of the Organization an ongoing contribution of up to 4.5% of assets per annum as determined by the market value as of the last business day of the preceding calendar year. The spending percentage is applied to the three-year average of the December market value. The Organization's investment objective for short-term investment funds is to maintain principal stability, with income to be earned consistent with this objective; the investment objective for long-term investments is to produce a total rate of return over time sufficient to provide for the reasonable spending needs of the Organization while also seeking to protect the purchasing power of the assets after inflation.

Funds held on behalf of others: The Organization acts as a fiscal agent for other nonprofit organizations. The Organization disburses funds upon request by those organizations. Amounts received from these organizations increase the liabilities and approved disbursements reduce the liabilities not included as revenues or expenses of the Organization.

Functional expenses and allocation of shared costs: The costs of providing programs and activities have been summarized on a functional basis. Expenses are charged to program and supporting services based on direct expenses incurred and allocations of common costs. Common costs are allocated based upon related utilization. Depreciation, occupancy and insurance expenses are allocated based on square footage allocation to functional areas. Salaries, payroll taxes and employee benefits are allocated based upon budgeted employee time incurred by functional area. Substantially all other expenses are directly identifiable to a specific function and, therefore, are charged directly to each functional expense category.

Income taxes: The Organization is a not-for-profit organization, as described in Section 501(c)(3) of the Internal Revenue Code, and is exempt from federal income taxes on related income pursuant to Section 501(a) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax-exempt purposes would be subject to taxation as unrelated business income, if incurred. Accordingly, the Organization has not provided for income taxes in these financial statements.

Each year, management considers whether any material tax position that the Organization has taken is more likely than not to be sustained upon examination by the applicable tax authority. Management believes that any positions that the Organization has taken are supported by substantial authority and, therefore, do not need to be measured or disclosed in these financial statements. Tax returns for the last three years are subject to examination by tax authorities.

Note 2. Summary of Significant Accounting Policies (continued)

Measure of operations: The statements of activities report all changes in net assets, including those related to programs, supporting activities, and nonoperating activities. Nonoperating activities are limited to contributions, investment returns, and other resources, including those that are Board-designated or restricted by donors for long-term investment, and the related releases of those designations and restrictions.

Use of estimates: In preparing financial statements in accordance with GAAP, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses during the reporting period. Actual results could differ from those estimates.

Leases: Effective April 1, 2022, the Organization adopted ASC 842, *Leases*. The new standard was adopted using the modified retrospective transition method, under which periods prior to 2023 continue to be reported using historical accounting practices in accordance with ASC 840. The Organization had no leases as of March 31, 2022; therefore, ASC 842 had no net impact on net assets as of the date of adoption.

The Organization determines if an arrangement is a lease or contains a lease at the inception of the agreement. In accordance with ASC 842, lessee leases are classified as operating or finance leases based upon various criteria. Right-of-use assets and lease liabilities are recognized at the lease commencement date based on the estimated present value of fixed lease payments over the lease terms. The lease term commences on the date the lessor makes the asset available to the Organization and includes any renewal periods the Organization is reasonably certain to exercise. Operating lease liabilities are amortized to operating expenses on a straight-line basis over the respective lease terms; related lease liabilities and right-of-use assets are reduced over the respective lease terms using the effective interest method. Finance lease liabilities are amortized using the effective interest method, with related interest reported as interest expense. Finance right-of-use assets are amortized to operating expenses on a straight-line basis over the lesser of the lease term or the useful life of the asset. The Organization has elected not to recognize short-term leases (with terms of one year or less) on the statements of financial position. Additionally, the Organization has elected to apply the risk-free discount rate for leases in which there is no implicit discount rate.

Evaluation of subsequent events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 7, 2023, the date the financial statements were available to be issued.

Note 3. Availability and Liquidity

The following reflects the Organization's approximated financial assets that are available to meet general expenditure needs within one year as of March 31:

	2023	2022
Cash and cash equivalents	$ **2,206,000**	$ 2,893,000
Accounts, pledges and grants receivable due within one year	**555,000**	271,000
Investments	**4,214,000**	3,377,000
	6,975,000	6,541,000
Less those unavailable for general expenditures within one year due to:		
Board-designated endowment	**(1,456,000)**	(1,613,000)
Unexpended investment income from perpetual donor-restricted investments	**(42,000)**	(60,000)
Investments with perpetual donor restrictions	**(171,000)**	(171,000)
Restrictions by donor with time or purpose restrictions	**(246,000)**	(7,000)
	$ **5,060,000**	$ 4,690,000

As part of its liquidity management process, the Organization structures its financial assets to be available as general and program expenditures, liabilities, and other obligations become due. The Organization's investments include Board-designated funds that are not subject to donor restrictions. Should an unforeseen need arise, approximately $1,456,000 would be available to draw on with Board approval.

Note 4. Uncertainties, Risks and Concentrations

Major donors: In 2022, the Organization received a substantial portion of its revenue from one donor. Total contributions from this donor were approximately $657,000 (10% of total revenue, excluding investment returns and other income), of which approximately $654,000 was in-kind food donations. At March 31, 2022, there were no amounts outstanding from this donor. No such concentrations existed in 2023.

Concentrations of credit risk: Financial instruments that potentially subject the Organization to concentrations of credit and market risks consist principally of cash and cash equivalents, and investments. The Organization maintains bank account balances that, at times, may exceed federally insured limits. The Organization has not experienced any losses with these accounts. The investment accounts at Charles Schwab are insured up to $500,000 by the Securities Investor Protection Corporation (SIPC). At times, the investment balances may be in excess of the SIPC limit. In addition to SIPC insurance, Charles Schwab also carries excess liability insurance for up to $600 million in assets. Management believes that the Organization is not exposed to any significant credit risk on cash and cash equivalents, and investments.

The Upper Valley Haven, Inc.

Notes to Financial Statements

Note 5. Investments

A summary of the Organization's investments at fair value (all Level 1) are as follows at March 31:

	2023	2022
Cash and cash equivalents	**$ 1,189,086**	$ 268,906
Corporate stocks - domestic	**-**	-
Exchange-traded funds:		
Common stocks - domestic	**1,962,616**	2,099,674
Common stocks - international	**149,480**	144,527
Corporate bonds - domestic, international and U.S. government	**912,856**	863,902
	$ 4,214,038	$ 3,377,009

The following tables summarize the composition of investment returns and their classifications in the statements of activities for the years ended March 31:

	2023		
	Without Donor Restrictions	**With Donor Restrictions**	**Total**
Interest and dividend income	**$ 32,284**	**$ 25,607**	**$ 57,891**
Net realized and unrealized losses	**(112,239)**	**(118,121)**	**(230,360)**
Total loss on investments	**(79,955)**	**(92,514)**	**(172,469)**
Amounts allocated to operations	**70,188**	**74,822**	**145,010**
Total loss on investments - nonoperating	**$ (150,143)**	**$ (167,336)**	**$ (317,479)**

Note 5. Investments (continued)

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 29,569	$ 22,493	$ 52,062
Net realized and unrealized gains	93,530	102,043	195,573
Total return on investments	123,099	124,536	247,635
Amounts allocated to operations	55,640	57,072	112,712
Total return on investments - nonoperating	$ 67,459	$ 67,464	$ 134,923

Note 6. Property and Equipment

Property and equipment consist of the following at March 31:

	2023	2022
Land	**$ 356,018**	$ 356,018
Buildings and improvements	**4,796,504**	4,761,546
Furniture and fixtures	**104,335**	79,548
Equipment	**338,744**	297,169
Website	**59,091**	59,091
Vehicles	**57,648**	50,000
Construction in progress	**17,197**	48,280
	5,729,537	5,651,652
Less accumulated depreciation	**2,169,139**	2,001,669
	$ 3,560,398	$ 3,649,983

Note 7. Finance Lease

In 2023, the Organization entered into a lease agreement for the use of a truck to transport food donations. The lease commenced in January 2023 and will end in June 2029. The Organization makes monthly payments of $2,395 for the duration of the lease term. The lease liability was recognized using the implicit rate in the lease.

Note 7. Finance Lease (continued)

The components of finance lease cost under ASC 842 are as follows for the year ended March 31, 2023:

Amortization of right-of-use asset	$	5,166
Interest on lease liability		3,592
	$	8,758

As of March 31, 2023, minimum lease payments required for the noncancelable lease are as follows:

Years ending March 31:		
2024	$	28,745
2025		28,745
2026		28,745
2027		28,745
2028		28,745
Thereafter		35,931
Total minimum lease payments		179,656
Less amount representing interest		48,923
Present value of lease payments		130,733
Less current maturities of lease liability - finance		15,402
Total lease liability - finance, less current maturities	$	115,331

Cash paid for amounts included in the measurement of the lease liability consists of the following at March 31, 2023:

Operating cash outflows:		
Finance lease - interest expense	$	5,166
Financing cash outflows - finance lease		3,594
	$	8,760

Additional lease disclosures are as follows as of March 31, 2023:

Weighted averages:	
Remaining lease term (years)	6.2
Discount rate	11.00%

Note 8. Forgiveness of Paycheck Protection Program (PPP) Loan

During 2020, the Organization received a U.S. Small Business Administration PPP loan, which was included in long-term debt in March 2021. The loan was forgiven in full in April 2021, and accordingly, the Organization recognized a related gain for the entire loan amount during 2022, which is included in other income in the statement of activities.

Should the Organization be audited or reviewed by federal or state regulatory authorities as a result of filing an application for forgiveness of the PPP loan or otherwise, such audit or review could result in a change in the Organization's estimate of the amount of forgiveness recorded in the financial statements. The audit period extends for six years beyond the forgiveness date of the loan.

Note 9. Related-Party Transactions

Contributions from Board members approximated $95,000 in 2023 and $59,000 in 2022. Pledges receivable from Board members were not significant at March 31, 2023 or 2022.

Note 10. Retirement Plan

The Organization provides a defined contribution retirement plan in the form of a tax-sheltered annuity pursuant to Section 403(b) of the Internal Revenue Code for its employees, whereby employees may contribute a portion of their pay. Under the terms of the plan, the Organization makes a matching contribution that is dictated by the terms of the collective-bargaining agreement. Contributions to the plan charged to operations were approximately $30,000 in 2023 and $0 in 2022.

Note 11. Net Assets

A portion of the Organization's net assets without donor restrictions has been designated by the Board as a quasi-endowment, the earnings of which are to be used to support operations. Total Board-designated amounts at March 31, 2023 and 2022 were $1,455,541 and $1,612,513, respectively.

Note 11. Net Assets (continued)

Net assets with donor restrictions consist of the following at March 31:

	2023	2022
Endowment funds:		
Amounts required to be held in perpetuity:		
Capital improvements, operations and food	$ 997,778	$ 997,778
Food services	126,000	126,000
General operations	170,500	170,500
	1,294,278	1,294,278
Accumulated unexpended earnings, subject to donor restrictions and spending policy for the following purposes:		
Capital improvements, operations and food	149,186	272,879
Food services	41,805	59,902
General operations	66,386	91,932
	257,377	424,713
Total endowment funds	1,551,655	1,718,991
Net assets restricted by donors for use for the following purposes:		
Time-restricted for future periods	240,530	128,518
Food shelf	245,500	6,500
General fund	83,750	-
Other specified programs	178,873	154,909
	748,653	289,927
Total net assets with donor restrictions	$ 2,300,308	$ 2,008,918

Note 11. Net Assets (continued)

Changes in endowment-related net assets are as follows for the years ended March 31, 2023 and 2022:

	Without Donor Restrictions	With Donor Restrictions	Total
Balance, March 31, 2021	$ 1,546,743	$ 1,586,527	$ 3,133,270
Investment return:			
Investment income	21,926	22,493	44,419
Net appreciation	99,484	102,043	201,527
Total investment return	121,410	124,536	245,946
Contributions	-	65,000	65,000
Appropriation of endowment assets for expenditure	(55,640)	(57,072)	(112,712)
Balance, March 31, 2022	1,612,513	1,718,991	3,331,504
Investment return:			
Investment income	24,020	25,607	49,627
Net depreciation	(110,804)	(118,121)	(228,925)
Total investment loss	(86,784)	(92,514)	(179,298)
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(70,188)	(74,822)	(145,010)
Balance, March 31, 2023	**$ 1,455,541**	**$ 1,551,655**	**$ 3,007,196**

Note 12. Commitments and Contingencies

Grants and contracts require the fulfillment of certain conditions, as set forth in the agreements. Failure to fulfill the conditions could result in the return of the funds to grantors. Management deems this contingency remote since, by accepting the awards and their terms, it has accommodated the objectives of the Organization to the provisions of the grants.