The Upper Valley Haven, Inc.

Financial Statements
March 31, 2024 and 2023

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, 2024 and 2023, 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, 2024 and 2023, and the changes in its net assets, 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.

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 19, 2024

The Upper Valley Haven, Inc.

Statements of Financial Position
March 31, 2024 and 2023

	2024	2023
Assets		
Cash and cash equivalents	**$ 3,591,514**	$ 2,205,560
Pledges and grants receivable	**565,355**	691,969
Inventory	**52,452**	59,221
Prepaid expenses and other assets	**53,874**	60,498
Total current assets	**4,263,195**	3,017,248
Investments	**5,050,765**	4,214,038
Property and equipment	**4,082,055**	3,560,398
Right-of-use asset, finance lease	**108,683**	129,161
Total assets	**$ 13,504,698**	$ 10,920,845
Liabilities and Net Assets		
Liabilities:		
Accounts payable	**$ 197,830**	$ 74,458
Accrued expenses	**174,459**	155,678
Funds held on behalf of others	**58,831**	25,111
Unearned revenues	**20,818**	20,823
Current maturities of finance lease liability	**17,183**	15,402
Total current liabilities	**469,121**	291,472
Finance lease liability, less current maturities	**99,610**	115,331
Total liabilities	**568,731**	406,803
Net assets:		
Without donor restrictions:		
Available for general operations	**8,663,848**	6,758,193
Board-designated	**1,885,220**	1,455,541
Total without donor restrictions	**10,549,068**	8,213,734
With donor restrictions:		
Time or purpose	**1,092,621**	1,006,030
Perpetual	**1,294,278**	1,294,278
Total with donor restrictions	**2,386,899**	2,300,308
Total net assets	**12,935,967**	10,514,042
Total liabilities and net assets	**$ 13,504,698**	$ 10,920,845

The Upper Valley Haven, Inc.

Statement of Activities
Year Ended March 31, 2024

	Without Donor Restrictions	With Donor Restrictions	Total
Operating revenues:			
Support:			
Contributions	$ 4,573,045	$ 745,343	$ 5,318,388
In-kind contributions	1,292,880	-	1,292,880
Grants	1,322,699	-	1,322,699
Investment return allocated to support operations	72,441	77,224	149,665
Net assets released from restrictions	869,175	(869,175)	-
Total operating revenues	8,130,240	(46,608)	8,083,632
Expenses:			
Program expenses:			
Food service	2,183,696	-	2,183,696
Service coordination	1,314,953	-	1,314,953
Shelter services	938,210	-	938,210
Children's program	240,704	-	240,704
Volunteer services	89,238	-	89,238
Total program expenses	4,766,801	-	4,766,801
Supporting expenses:			
General administration	957,646	-	957,646
Fundraising and development	570,584	-	570,584
Total supporting expenses	1,528,230	-	1,528,230
Total expenses	6,295,031	-	6,295,031
Increase (decrease) in net assets from operations	1,835,209	(46,608)	1,788,601
Nonoperating activities:			
Net assets released from restrictions	40,331	(40,331)	-
Other income	61,502	-	61,502
Total gain on investments, net of amounts allocated to support operations	398,292	173,530	571,822
Increase in net assets from nonoperating activities	500,125	133,199	633,324
Increase in net assets	2,335,334	86,591	2,421,925
Net assets, beginning of year	8,213,734	2,300,308	10,514,042
Net assets, end of year	$ 10,549,068	$ 2,386,899	$ 12,935,967

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
Grants	909,200	7,500	916,700
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	(40,033)	-	(40,033)
Total loss on investments, net of amounts allocated to support operations	(155,176)	(167,336)	(322,512)
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 Functional Expenses
Year Ended March 31, 2024

	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	$ 318,233	$ 583,683	$ 508,774	$ 129,364	$ 66,682	$ 1,606,736	$ 470,079	$ 289,488	$ 759,567	$ 2,366,303
Payroll taxes	23,703	44,369	37,356	9,444	5,115	119,987	35,523	21,888	57,411	177,398
Employee benefits	62,138	106,963	112,811	32,772	15,075	329,759	64,868	46,571	111,439	441,198
Total personnel	404,074	735,015	658,941	171,580	86,872	2,056,482	570,470	357,947	928,417	2,984,899
Food and commodities:										
In-kind	1,269,725	-	-	-	-	1,269,725	-	-	-	1,269,725
Purchased	344,061	3,729	15,601	4,356	15	367,762	333	-	333	368,095
Direct assistance	1,065	470,417	11,138	-	-	482,620	1,374	-	1,374	483,994
Professional services	25,266	8,781	5,411	13,782	-	53,240	182,598	48,631	231,229	284,469
Other expenses	47,253	31,400	32,953	16,095	336	128,037	78,236	44,459	122,695	250,732
Depreciation and amortization	23,770	34,212	110,974	15,019	1,080	185,055	24,905	6,526	31,431	216,486
Occupancy	59,285	21,970	76,361	14,715	600	172,931	24,329	3,627	27,956	200,887
Office expenses	528	716	255	71	84	1,654	10,063	89,809	99,872	101,526
Information technology	1,200	-	-	-	-	1,200	59,543	18,066	77,609	78,809
Insurance	7,469	8,713	26,576	5,086	251	48,095	5,795	1,519	7,314	55,409
Total	$ 2,183,696	$ 1,314,953	$ 938,210	$ 240,704	$ 89,238	$ 4,766,801	$ 957,646	$ 570,584	$ 1,528,230	$ 6,295,031

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
Direct assistance	1,265	322,009	15,867	-	100	339,241	5,760	-	5,760	345,001
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
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.

Statements of Cash Flows
Years Ended March 31, 2024 and 2023

		2024		2023
Cash flows from operating activities:				
Increase in net assets	**$**	**2,421,925**	$	399,236
Noncash items included in increase in net assets:				
Depreciation and amortization		**216,486**		183,763
Investment return loss (gain)		**(721,487)**		177,502
Contributions of investment securities		**(115,240)**		(259,741)
Bad debt expense		**-**		1,341
Loss on disposal of property development costs		**-**		36,040
Loss on disposal of property and equipment		**-**		1,993
Changes in assets and liabilities:				
Pledges and grants receivable		**126,614**		(365,368)
Inventory		**6,769**		34,335
Prepaid expenses and other assets		**6,624**		16,422
Accounts payable		**123,372**		(18,786)
Accrued expenses		**18,781**		30,373
Funds held on behalf of others		**33,720**		(32,877)
Unearned revenues		**(5)**		(6,458)
Net cash provided by operating activities		**2,117,559**		197,775
Cash flows from investing activities:				
Transfers from investment account		**-**		145,210
Transfers into investment account		**-**		(900,000)
Proceeds from sale of equipment		**-**		800
Purchases of property and equipment		**(717,665)**		(127,891)
Net cash used in investing activities		**(717,665)**		(881,881)
Cash flows from financing activities:				
Principal payments on finance lease liability		**(13,940)**		(3,548)
Net cash used in financing activities		**(13,940)**		(3,548)
Net increase (decrease) in cash and cash equivalents		**1,385,954**		(687,654)
Cash and cash equivalents, beginning of year		**2,205,560**		2,893,214
Cash and cash equivalents, end of year	**$**	**3,591,514**	$	2,205,560
Supplementary disclosure of cash flows information:				
Noncash investing and financing activity:				
Finance lease liability arising from the acquisition of right-of-use asset	**$**	**-**	$	134,281

The accompanying notes are an integral part of these statements.

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 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. Unconditional contributions with donor restrictions that are used in the manner 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 contributions received, including promises to give, are not recorded until the conditions are substantially met, which generally occurs as reimbursable costs are incurred. The Organization has been advised by donors of donor-restricted pledges as of March 31, 2024 related to conditional shelter funding of $3,500,000 and unprobated wills with donor-estimated total values of approximately $2,427,000 as of the date of their notification.

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: 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. Information regarding commodities received and distributed is as follows for the years ended March 31:

	2024	2023
Estimated pounds received	**654,000**	819,000
Estimated pounds distributed	**658,000**	837,000
Approximate average wholesale value of one pound, per Feeding America	**$ 1.93**	$ 1.92
Estimated value of pounds received	**$ 1,263,000**	$ 1,572,000
Estimated value of pounds distributed	**$ 1,270,000**	$ 1,606,000

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.

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 2024 or 2023.

Note 2. Summary of Significant Accounting Policies (continued)

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.

Pledges and grants receivable: Receivables that are expected to be collected within one year are recorded at 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.

At March 31, 2024 and 2023, pledges receivable of approximately $135,000 and $205,000, respectively, are due within one year and approximately $5,000 and $137,000, respectively, are due after one year. Grants receivable of approximately $428,000 and $350,000 at March 31, 2024 and 2023, respectively, are due within one year. At March 31, 2024 and 2023 the Organization recognized approximately $240,000 and $0, respectively, of unbilled grant receivable in pledges and grants receivable where the Organization had already expended the funds.

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 collectability 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 are not significant at March 31, 2024 or 2023.

Inventory: Donated inventory is valued at the approximate average wholesale value of one pound, which was $1.93 and $1.92 at March 31, 2024 and 2023, respectively. Purchased inventory is stated at the lower of cost or net realizable value.

Investments: Investments are recorded at fair value, with changes in fair value included in the change in net assets.

Fair value measurements: The Financial Accounting Standards Board's authoritative guidance on fair value measurements establishes a framework for measuring fair value and expands the 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.

Note 2. Summary of Significant Accounting Policies (continued)

In determining the appropriate levels, the Organization performs a detailed analysis of the assets and liabilities that are measured and reported at fair value. 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 values of common stocks and exchange-traded funds are based on quoted market rates for identical assets.

Property and equipment: Purchased property and equipment are recorded at cost; donations of property and equipment are recorded as contribution revenues at their estimated fair 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
Website and vehicles	5 years

Leases: The Organization determines if an arrangement is a lease or contains a lease and assesses lease classification at its inception. Lease classification is re-evaluated upon the occurrence of certain events requiring a lease modification. The Organization has elected to account for lease and non-lease components separately.

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, subject to remeasurement in the event of modification. Right-of-use assets also include any lease payments made to the lessor at or before the commencement or modification date and initial direct costs less lease incentives received. 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. The Organization has elected to (1) apply the risk-free discount rate for leases in which there is no implicit rate and (2) not recognize short-term leases (with terms of one year or less) as lease liabilities and right-of-use assets; related expenses are recognized on a straight-line basis over the lease term.

For finance leases, right-of-use assets are amortized on a straight-line basis over the lesser of the useful life of the leased asset or the lease term. Interest on finance lease liabilities is determined as the amount that results in a constant periodic discount rate on the remaining balance of the liability. The Organization does not have any material operating leases.

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.

Note 2. Summary of Significant Accounting Policies (continued)

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.

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 are no underwater endowments as of March 31, 2024 or 2023, nor were there any appropriations from underwater funds during the years then ended.

Note 2. Summary of Significant Accounting Policies (continued)

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.

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 year 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. Amounts received from these organizations increase the liabilities and approved disbursements reduce the liabilities, and neither are recognized 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 applicable. Accordingly, the Organization has not provided for income taxes in these financial statements.

Note 2. Summary of Significant Accounting Policies (continued)

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 the financial statements. Tax returns for the most recent three years are subject to examination by tax authorities.

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.

Reclassifications: During 2024, the Organization changed its presentation of investment activities in the statements of cash flows, as described in Note 5. Consequently, certain elements in the statement of cash flows for 2023 were reclassified for comparative purposes. Furthermore, investments were reclassified as noncurrent in 2023 to reflect management's intended use.

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.

Evaluation of subsequent events: In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through August 19, 2024, 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:

	2024	2023
Cash and cash equivalents	**$ 3,592,000**	$ 2,206,000
Pledges and grants receivable due within one year	**560,000**	555,000
	4,152,000	2,761,000
Less those unavailable for general expenditures within one year due to:		
Restrictions by donors with time or purpose restrictions	**(271,000)**	(246,000)
	$ 3,881,000	$ 2,515,000

Note 3. Availability and Liquidity (continued)

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 management-directed funds and Board-designated funds that are not subject to donor restrictions. Should an unforeseen need arise, the Organization could draw on approximately $1,707,000 of management-directed funds or $1,618,000 of Board-designated funds with Board approval.

Note 4. Uncertainties, Risks and Concentrations

Major donors: In 2024, the Organization received a substantial portion of its revenues from one donor. Total contributions from this donor were approximately $1,140,000 (14% of total revenues, excluding investment returns and other income). At March 31, 2024, there are 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. In 2024, the Organization opened an insured cash sweep account for its operating bank account. 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 or investments.

Note 5. Investments

The Organization manages its investments through an investment manager in accordance with its investment policy. The Organization has determined that invested cash balances are intended for the purpose of investment and not for operations; therefore, invested cash is included in investments. Furthermore, in presenting the statements of cash flows, the Organization considers transfers into and from the investment portfolio to be cash transactions as additional investments and withdrawals from investments, respectively. Within the investments, net proceeds from sales of investments approximated $295,000 in 2024 and $258,000 in 2023 and purchases of investments approximated $648,000 in 2024 and $900,000 in 2023.

Note 5. Investments (continued)

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

	2024	2023
Cash and cash equivalents	$ 1,002,409	$ 1,189,086
Common stocks - domestic	25,535	-
Exchange-traded funds:		
Common stocks - domestic	2,787,963	1,962,616
Common stocks - international	217,564	149,480
Corporate bonds - domestic, international and U.S. government	1,017,294	912,856
	$ 5,050,765	$ 4,214,038

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

	2024		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 75,650	$ 40,653	$ 116,303
Net realized and unrealized gains	395,083	210,101	605,184
Total gain on investments	470,733	250,754	721,487
Amounts allocated to operations	72,441	77,224	149,665
Total gain on investments - nonoperating	$ 398,292	$ 173,530	$ 571,822

Note 5. Investments (continued)

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Interest and dividend income	$ 27,251	$ 25,607	$ 52,858
Net realized and unrealized losses	(112,239)	(118,121)	(230,360)
Total loss on investments	(84,988)	(92,514)	(177,502)
Amounts allocated to support operations	70,188	74,822	145,010
Total loss on investments - nonoperating	$ (155,176)	$ (167,336)	$ (322,512)

Note 6. Property and Equipment

Property and equipment consist of the following at March 31:

	2024	2023
Land	**$ 453,490**	$ 356,018
Buildings and improvements	**4,811,232**	4,796,504
Furniture and fixtures	**104,335**	104,335
Equipment	**357,573**	338,744
Website	**59,091**	59,091
Vehicles	**180,077**	57,648
Construction in progress	**481,405**	17,197
	6,447,203	5,729,537
Less accumulated depreciation	**2,365,148**	2,169,139
	$ 4,082,055	$ 3,560,398

Construction in progress at March 31, 2024 primarily consists of costs to renovate the Organization's Food Shelf facilities.

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 finance lease liability was recognized using the implicit rate in the lease.

Note 7. Finance Lease (continued)

The components of finance lease cost are as follows for the years ended March 31:

	2024	2023
Amortization of right-of-use asset	**$ 20,478**	$ 5,166
Interest on lease liability	**14,805**	3,592
	$ 35,283	$ 8,758

As of March 31, 2024, future lease payments required for the lease included in the measurement of the lease liability are as follows:

Years ending March 31:	
2025	$ 28,745
2026	28,745
2027	28,745
2028	28,745
2029	28,745
Thereafter	7,185
Total minimum lease payments	150,910
Less amount representing interest	34,117
Present value of lease payments	116,793
Less current maturities of finance lease liability	17,183
Total finance lease liability, less current maturities	$ 99,610

Additional lease disclosures are as follows as of March 31:

	2024	2023
Weighted-average remaining lease term (years)	**5.2**	6.2
Weighted-average discount rate	**11.00%**	11.00%

Note 8. Related-Party Transactions

Contributions from Board members approximated $91,000 in 2024 and $95,000 in 2023. Pledges receivable from Board members are not significant at March 31, 2024 or 2023.

Note 9. Retirement Plan

The Organization sponsors a defined contribution retirement plan in the form of a tax-sheltered annuity pursuant to Section 403(b) of the Internal Revenue Code, whereby employees may contribute a portion of their pay. Under the terms of the plan, the Organization makes a matching contribution of up to 3% of employee's compensation to match elective employee contributions for eligible employees. Contributions to the plan were approximately $42,000 in 2024 and $30,000 in 2023.

Note 10. 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. In addition, during 2024, the Board designated funds known as the Sustainable Haven Fund 2 totaling $266,900 as of March 31, 2024.

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

	2024	2023
Endowment funds - donor-restricted:		
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	**277,457**	149,186
Food services	**60,572**	41,805
General operations	**92,878**	66,386
	430,907	257,377
Total endowment funds - donor-restricted	**1,725,185**	1,551,655
Net assets restricted by donors for use for the following purposes:		
Time-restricted for future periods	**87,298**	240,530
Food shelf renovations	**270,500**	245,500
General fund	**43,419**	83,750
Other specified programs	**260,497**	178,873
	661,714	748,653
Total net assets with donor restrictions	**$ 2,386,899**	$ 2,300,308

Note 10. Net Assets (continued)

Changes in endowment-related net assets are as follows for the years ended March 31, 2024 and 2023:

	Board-Designated: Without Donor Restrictions	With Donor Restrictions	Total
Balance, March 31, 2022	$ 1,612,513	$ 1,718,991	$ 3,331,504
Total loss on investments	(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
Total gain on investments	235,220	250,754	485,974
Contributions	-	-	-
Appropriation of endowment assets for expenditure	(72,441)	(77,224)	(149,665)
Balance, March 31, 2024	**$ 1,618,320**	**$ 1,725,185**	**$ 3,343,505**

Note 11. 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, the Organization has accommodated the objectives of the provisions of the grants.