



*Loaves and Fishes*  
OF CONTRA COSTA

*Nourishing Lives*

# LOAVES AND FISHES OF CONTRA COSTA

## Financial Statements

For the Years Ended  
June 30, 2023 *and* 2022  
With Independent Auditors' Report Thereon

# LOAVES AND FISHES

(A California Not-for-Profit Corporation)

## Our Mission and History

The mission of Loaves and Fishes of Contra Costa is to provide community-based food programs and partner services that focus on basic needs. We Nourish Lives!

Since 1983, Loaves and Fishes has served over 5 million meals to many thousands of hungry people throughout Contra Costa County. We have recruited thousands of volunteers and built an organization that has grown to serving over 251,000 meals, and distributing over 200 tons of groceries each fiscal year.

In 2016 we started a Culinary Arts Training program. The program introduces the students to basic food preparation and cooking techniques, proper and safe operation of a commercial kitchen, food service skills, basic nutrition as well as coaching on interviewing, job retention skills and students receive assistance on acquiring a job in the culinary industry. The program has placed several students in Culinary jobs as well as helped students apply to the Diablo Valley Community College Culinary Arts program.

We partner with other social service agencies and community-based organizations to support our community in need. Our partners include Trinity Center, St. Vincent de Paul, Rubicon Programs, Opportunity Junction, White Pony Express and the Food Bank of Contra Costa & Solano.

## **Officers and Members of the Board of Directors 2022-2023**

<b>Name</b>	<b>Position</b>
Michael Wilson	Chair
Pam Price-Bergquist	Vice Chair
Jim Petraglia	Treasurer
Michael Kofford	Secretary
Logan Campbell	Board Member
Tammy Gard	Board Member
Barry Gordon	Board Member
Jay Howard	Board Member
Karen Introcaso	Board Member
Neil Roscoe	Board Member
Brian Siebold	Board Member
Margot Stanford	Board Member
Christopher Timbers	Board Member
Janette Kennedy	Executive Director, Development and External Relations
Sheila Aceves	Executive Director

### **LOAVES AND FISHES OF CONTRA COSTA**

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# LOAVES AND FISHES

(A California Not-for-Profit Corporation)

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## **INDEPENDENT AUDITORS' REPORT**

The Board of Directors  
Loaves and Fishes of Contra Costa

### ***Opinion***

We have audited the accompanying financial statements of Loaves and Fishes of Contra Costa (a California nonprofit organization) which comprise of the statement of financial position as of June 30, 2023 and 2022 and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 Loaves and Fishes of Contra Costa as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Loaves and Fishes of Contra Costa and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Loaves and Fishes of Contra Costa's ability to continue as a going concern for one year after the date that the financial statements are available to be issued November 10, 2023.

## **INDEPENDENT AUDITORS' REPORT** *(continued)*

### ***Auditors' 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 auditors' 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 judgement 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.
- 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 Loaves and Fishes of Contra Costa'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Loaves and Fishes of Contra Costa'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.

*Danville, California*  
*November 10, 2023*

*Regalia & Associates*

# LOAVES AND FISHES

## Statements of Financial Position June 30, 2023 and 2022

### ASSETS

	2023	2022
Current assets:		
Cash and cash equivalents	\$ 1,222,569	\$ 1,671,668
Contributions receivable	41,899	6,899
Grants receivable	76,681	30,000
Accounts receivable	3,035	54,292
Investments	424,348	382,558
Prepaid expenses	40,124	6,529
Total current assets	<u>1,808,656</u>	<u>2,151,946</u>
Noncurrent assets:		
Deposits	1,300	1,300
Property and equipment, net	1,095,747	1,017,117
Total noncurrent assets	<u>1,097,047</u>	<u>1,018,417</u>
	<u>\$ 2,905,703</u>	<u>\$ 3,170,363</u>

### LIABILITIES AND NET ASSETS

Current liabilities:		
Accounts payable	\$ 13,387	\$ 11,597
Accrued liabilities	113,583	53,699
Total current liabilities	<u>126,970</u>	<u>65,296</u>
Net assets:		
Without donor restrictions	2,563,339	2,743,846
With donor restrictions	215,394	361,221
Total net assets	<u>2,778,733</u>	<u>3,105,067</u>
	<u>\$ 2,905,703</u>	<u>\$ 3,170,363</u>

## LOAVES AND FISHES

### Statements of Activities and Changes in Net Assets For the Years Ended June 30, 2023 and 2022

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total 2023	Without Donor Restrictions	With Donor Restrictions	Total 2022
Revenue and support:						
Contributions:						
Corporations and organizations	\$ 19,880	\$ 25,000	\$ 44,880	\$ 113,689	\$ 97,550	\$ 211,239
Religious organizations	33,386	-	33,386	36,315	-	36,315
Individuals	543,106	1,000	544,106	699,199	19,440	718,639
Foundations	340,000	45,500	385,500	260,051	445,775	705,826
Contributions of nonfinancial assets	849,915	21,206	871,121	904,485	-	904,485
Government grants	114,581	38,135	152,716	262,181	11,000	273,181
Fee for service income	15,056	-	15,056	22,000	-	22,000
Special events income	249,724	-	249,724	200,833	-	200,833
Net unrealized gains (losses)	31,068	532	31,600	(49,100)	(16,287)	(65,387)
Net realized gains	94	-	94	-	-	-
Interest and dividend income	10,222	-	10,222	22,575	-	22,575
Other	-	-	-	252	-	252
Net assets released from restrictions	277,200	(277,200)	-	458,066	(458,066)	-
Total revenue and support	2,484,232	(145,827)	2,338,405	2,930,546	99,412	3,029,958
Expenses:						
Program activities	2,137,292	-	2,137,292	1,958,440	-	1,958,440
General and administrative	210,708	-	210,708	171,310	-	171,310
Fundraising	316,739	-	316,739	269,621	-	269,621
Total expenses	2,664,739	-	2,664,739	2,399,371	-	2,399,371
Increase (decrease) in net assets	(180,507)	(145,827)	(326,334)	531,175	99,412	630,587
Net assets at beginning of year	2,743,846	361,221	3,105,067	2,212,671	261,809	2,474,480
Net assets at end of year	\$ 2,563,339	\$ 215,394	\$ 2,778,733	\$ 2,743,846	\$ 361,221	\$ 3,105,067

## LOAVES AND FISHES

### Statements of Cash Flows For the Years Ended June 30, 2023 and 2022

	2023	2022
<i>Operating activities:</i>		
Increase (decrease) in net assets	\$ (326,334)	\$ 630,587
Adjustments to reconcile to cash provided by (used for) operating activities:		
Depreciation	71,928	48,232
Unrealized investment (gains) losses	(31,600)	65,387
Changes in:		
Contributions receivable	(35,000)	-
Grants receivable	(46,681)	(30,000)
Accounts receivable	51,257	29,314
Prepaid expenses	(33,595)	(5,291)
Accounts payable	1,790	(21,673)
Accrued liabilities	59,884	21,397
Cash provided by (used for) operating activities	(288,351)	737,953
<i>Investing activities:</i>		
Reinvestment of investment earnings (net)	(17,750)	(18,988)
Proceeds transferred from investments to operations	7,560	7,560
Acquisition of property and equipment	(150,558)	(145,919)
Cash used for investing activities	(160,748)	(157,347)
Increase (decrease) in cash and cash equivalents	(449,099)	580,606
Cash and cash equivalents at beginning of year	1,671,668	1,091,062
Cash and cash equivalents at end of year	\$ 1,222,569	\$ 1,671,668
<i>Additional cash flow information:</i>		
State registration taxes paid	\$ 250	\$ 150
Interest paid	\$ -	\$ -



**LOAVES AND FISHES**

Statement of Functional Expenses  
For the Year Ended June 30, 2023

	Total Program Activities	General and Admin- istrative	Fund- raising	2023 Total
Salaries and wages	\$ 737,495	\$ 111,777	\$ 193,804	\$ 1,043,076
Payroll taxes	61,634	3,617	12,973	78,224
Subtotal salaries and related expenses	799,129	115,394	206,777	1,121,300
Advertising and promotion	425	-	15,316	15,741
Auto and travel	339	5,257	1,759	7,355
Depreciation expense	71,928	-	-	71,928
Insurance	-	3,192	-	3,192
Occupancy	-	2,736	2,085	4,821
Other expenses	3,367	5,182	7,761	16,310
Program expenses	1,261,990	16,342	82,396	1,360,728
Professional services	114	62,605	645	63,364
Totals	<b>\$ 2,137,292</b>	<b>\$ 210,708</b>	<b>\$ 316,739</b>	<b>\$ 2,664,739</b>

## LOAVES AND FISHES

### Statement of Functional Expenses For the Year Ended June 30, 2022

	Program Activities	General and Admin- istrative	Fund- raising	2022 Total
Salaries and wages	\$ 495,130	\$ 63,949	\$ 162,242	\$ 721,321
Payroll taxes	45,181	3,888	13,159	62,228
Subtotal salaries and related expenses	540,311	67,837	175,401	783,549
Advertising and promotion	-	-	10,712	10,712
Auto and travel	1,198	5,668	1,171	8,037
Depreciation expense	48,232	-	-	48,232
Donated food	904,485	-	-	904,485
Fundraising and events	-	-	69,737	69,737
Insurance	5,016	2,981	-	7,997
Program expense	394,741	-	-	394,741
Postage	-	1,730	-	1,730
Printing	-	1,231	-	1,231
Professional services	28,000	75,444	435	103,879
Repair and maintenance	31,303	-	-	31,303
Supplies	869	6,658	-	7,527
Telephone, internet, and web	600	3,049	600	4,249
Other operating expenses	3,685	6,712	11,565	21,962
Totals	<b>\$ 1,958,440</b>	<b>\$ 171,310</b>	<b>\$ 269,621</b>	<b>\$ 2,399,371</b>

# LOAVES AND FISHES

## Notes to Financial Statements June 30, 2023 and 2022

### 1. Organization

Loaves and Fishes of Contra Costa (Loaves and Fishes) was created in 1983 as a 501(c)(3) nonprofit California corporation. The mission of Loaves and Fishes of Contra Costa is to provide community-based food programs and partner services that focus on basic needs. We are the largest provider of hot meals to the hungry in Contra Costa County, serving over 250,000 hot meals in dining rooms located throughout Contra Costa County.

### 2. Summary of Significant Accounting Policies

***Basis of Presentation*** – The financial statements of Loaves and Fishes have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles ("US GAAP").

***Measure of Operations*** – The statement of activities reports all changes in net assets, including changes in net assets from operating and nonoperating activities. Operating activities consist of those items attributable to Loaves and Fishes' ongoing operations which include a variety of programmatic activities. Nonoperating activities are limited to resources that generate return from interest-bearing deposits and other activities considered to be of a more unusual or nonrecurring nature.

***Cash and Cash Equivalents*** – Loaves and Fishes' cash consists of cash on deposit with banks. Cash equivalents represent money market funds or short-term investments with original maturities of three months or less from the date of purchase.

***Concentrations of Credit Risk*** – Financial instruments that potentially subject Loaves and Fishes to concentrations of credit risk consist principally of cash and cash equivalents. Loaves and Fishes maintains its cash and cash equivalents in various bank accounts that, at times, may exceed federally insured limits. Loaves and Fishes manages deposit concentration risk by placing cash and money market accounts with financial institutions believed to be creditworthy. To date, Loaves and Fishes has not experienced losses in any of these accounts.

Credit risk associated with accounts receivable and grants receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from reputable organizations and foundations supportive of Loaves and Fishes' mission.

***Contributions and Accounts Receivable*** – Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Discount amortization, if applicable, is included in contribution revenue. Conditional promises to give are not included as support until the conditions are met.

**2. Summary of Significant Accounting Policies** *(continued)*

**Property and Equipment** – Loaves and Fishes' policy is to record acquisitions of equipment, furniture, and instruments at cost or, if donated, at fair market value on the date of donation. Depreciation expense is calculated using the straight-line method over the estimated useful lives of the assets. Costs of maintenance and repairs are expensed currently. Loaves and Fishes reviews the carrying values of all assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated economic utility and/or future cash flows expected to result from its use and eventual disposition.

**Fair Value Measurements** – Fair value is defined as the price that would be received to sell an asset in the principal or most advantageous market for the asset in an orderly transaction between market participants on the measurement date. Fair value should be based on the assumptions market participants would use when pricing an asset. US GAAP establishes a fair value hierarchy that prioritizes investments based on those assumptions.

The fair value hierarchy gives the highest priority to quoted prices in active markets (observable inputs) and the lowest priority to an entity's assumptions (unobservable inputs). Loaves and Fishes groups assets at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value. These levels are:

Level 1

Unadjusted quoted market prices for identical assets or liabilities in active markets as of the measurement date.

Level 2

Other observable inputs, either directly or indirectly, including:

- Quoted prices for similar assets/liabilities in active markets;
- Quoted prices for identical or similar assets in non-active markets;
- Inputs other than quoted prices that are observable for the asset/liability; and,
- Inputs that are derived principally from or corroborated by other observable market data.

Level 3

Unobservable inputs that cannot be corroborated by observable market data.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing model of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

Notes to Financial Statements  
June 30, 2023 and 2022

**2. Summary of Significant Accounting Policies** *(continued)*

**Net Assets** - Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Thus, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions represent funds which are available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has the ability to designate, from net assets without donor restrictions, net assets for an operating reserve or board-designated endowment, and it has opted not to do so as of June 30, 2023 and 2022.

Net Assets with Donor Restrictions

Net assets with donor restrictions represent funds which are subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions can be perpetual in nature, where the donor stipulates resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Use of Estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Accordingly, actual results could differ from those estimates.

**Contributions of Nonfinancial Assets** – Donated services and in-kind contributions are reflected at the fair value of the contributions received in accordance with *ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The contributions of services, equipment, and other materials are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Volunteers donate a substantial amount of time Loaves and Fishes. While significant in value, these services are not recorded in the financial statements since they are not susceptible to objective measurement or valuation. There were no contributed services that met the criteria for recognition for the years ended June 30, 2023 and 2022.

**2. Summary of Significant Accounting Policies** *(continued)*

**Functional Allocation of Expenses** – The costs of providing program and other activities have been summarized on a functional basis in the statement of activities in accordance with the requirements of *ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities*, which requires Loaves and Fishes to report expenses by their natural classification. Every natural expense must be broken out into individual functional categories on an analysis of expenses by their nature and function. Accordingly, certain costs have been allocated among services and supporting services benefited. Specifically, expenses have been allocated among the program and supporting services benefited using time spent or another acceptable approach, as appropriate.

**Revenue and Revenue Recognition** – Revenue is recognized in accordance with authoritative guidance, including *ASU 2018-08, Not-for-Profit Entities (Topic 605)* and *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*.

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. A transfer of funds with a conditional promise to contribute are accounted for as a refundable advance until the conditions have been substantially met. Certain payments received include both elements of contributed income and earned income, and management evaluates such transactions to determine the proper revenue rules to apply and to bifurcate the revenue components. When applicable, revenue earned under a contractual arrangement (an “exchange transaction”) is recognized when earned and therefore measured as services are provided in accordance with *Topic 606*.

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

A portion of Loaves and Fishes’ revenue is derived from government, foundation and board member grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses, with limited discretion over spending decisions and right of return of any unused funds. Amounts received are recognized as revenue when Loaves and Fishes has incurred expenditures in compliance with specific grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

**2. Summary of Significant Accounting Policies** *(continued)*

**Income Taxes** – Loaves and Fishes is organized as a California nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as organizations described in IRC Section 501(c)(3), qualify for the charitable contribution deduction under IRC Sections 170(b)(1)(A)(vi) and (viii), and has been determined not to be private foundations under IRC Sections 509(a)(1) and (3), respectively. Loaves and Fishes is required to annually file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purpose. Loaves and Fishes does not file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS because it has no unrelated business taxable income for the years ended June 30, 2023 and 2022.

Loaves and Fishes has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 23701d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities and management is confident that Loaves and Fishes continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status.

**Recent and Relevant Accounting Pronouncements** – The following pronouncements have recently been issued by the Financial Accounting Standards Board:

In May 2014, the FASB completed its Revenue Recognition project by issuing *ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606)*. This guidance establishes the principles to report useful information to users of financial statements about the nature, timing, and uncertainty of revenue from contracts with customers. The guidance (1) removes inconsistencies and weaknesses in existing revenue requirements, (2) provides a more robust framework for addressing revenue issues, (3) improves comparability of revenue recognition practices across entities, industries, jurisdictions, and capital markets, (4) provides more useful information to users of financial statements through improved disclosure requirements, and (5) simplifies the preparation of financial statements by reducing the number of requirements to which an organization must refer.

In August 2014, the FASB issued *ASU 2014-15, Presentation of Financial Statements—Going Concern (Subtopic 205-40) Disclosure of Uncertainties about an Entity’s Ability to Continue as a Going Concern*, which requires an organization’s management to evaluate whether there are conditions and events, considered in the aggregate, that raise substantial doubt about an entity’s ability to continue as a going concern within one year after the date that the financial statements are issued (or within one year after the date that the financial statements are available to be issued, when applicable). As of November 10, 2023 (the date of the Independent Auditors’ Report), management has made this evaluation and has determined that Loaves and Fishes has the ability to continue as a going concern.

## LOAVES AND FISHES

### Notes to Financial Statements June 30, 2023 and 2022

#### 2. Summary of Significant Accounting Policies *(continued)*

##### ***Recent and Relevant Accounting Pronouncements*** *(continued)*

In February 2016, the FASB issued *ASU 2016-02, Leases (Topic 842) Accounting for Leases*, which requires lessees to recognize leases on-balance sheet and disclose key information about leasing arrangements. Topic 842 was subsequently amended by *ASU No. 2018-01*, *ASU No. 2018-10*, and *ASU No. 2018-11*.

The standard establishes a right-of-use model (ROU) that requires a lessee to recognize a ROU asset and lease liability on the statements of financial position for all leases with a term longer than 12 months. Leases are required to be classified as finance or operating, with classification affecting the pattern and classification of expense recognition in the statement of activities and changes in net assets. Loaves and Fishes has no leases that are subject to this requirement.

*ASU 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* – The purpose of the *ASU 2020-07* is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the organization. *ASU 2020-07* does not change the accounting and recognition of nonfinancial assets but rather the presentation and disclosure requirements in the financial statements.

#### 3. Cash and Cash Equivalents

Cash and cash equivalents include all funds in financial institutions (checking, savings, and money market) and consist of the following at June 30:

	<b>2023</b>	<b>2022</b>
Checking accounts (noninterest-bearing)	\$ 111,997	\$ 246,798
Savings account (bearing interest at 0.01% per annum)	1,110,572	1,424,870
Total cash and cash equivalents	<b>\$ 1,222,569</b>	<b>\$ 1,671,668</b>

At certain times during the year, account balances may exceed the FDIC insured limit. Such financial instruments potentially subject Loaves and Fishes to concentrations of credit risk. It is the opinion of management that the solvencies of the referenced financial institutions are satisfactorily strong and that Loaves and Fishes' financial position will not be compromised. Loaves and Fishes attempts to limit its credit risk associated with cash and cash equivalents by placing all deposits with highly rated financial institutions.



# LOAVES AND FISHES

## Notes to Financial Statements June 30, 2023 and 2022

### 4. Receivables

Contributions receivable of \$41,899 and \$6,899 at June 30, 2023 and 2022, respectively, are due from various individuals and foundations. Accounts receivable of \$3,035 and \$54,292 at June 30, 2023 and 2022, respectively, are due principally from Contra Costa County under contracts which require Loaves and Fishes to provide meals to low and very low-income people living in Contra Costa. Grants receivable of \$76,681 and \$30,000 at June 30, 2023 and 2022, respectively, are due from FEMA and the Food Bank. Loaves and Fishes uses the allowance method with regards to receivables deemed uncollectible. There were no write-offs during the years ended June 30, 2023 and 2022. Management has evaluated the collectability of all receivables and has determined that allowance for doubtful accounts is not necessary at June 30, 2023 and 2022.

### 5. Property and Equipment

Property and equipment consist of the following at June 30:

	2023	2022
Land	\$ 29,192	\$ 29,192
Building and improvements	1,195,176	1,133,164
Furniture and equipment	209,125	188,149
Vehicles	300,439	232,869
Computer and other	6,900	6,900
Less: accumulated depreciation	(645,085)	(573,157)
Property and equipment, net	\$ 1,095,747	\$ 1,017,117

Depreciation expense amounted to \$71,928 and \$48,232 for the years ended June 30, 2023 and 2022, respectively.

### 6. Investments

Investments consist of the following at June 30:

	2023		2022	
	Cost Basis	Fair Value	Cost Basis	Fair Value
Endowment Fund Investments:				
Mutual funds	\$ 114,206	\$ 159,707	\$ 110,641	\$ 142,888
Operating Fund Investments:				
Mutual funds	211,950	264,641	205,444	239,670
Total investments	\$ 326,156	\$ 424,348	\$ 316,085	\$ 382,558

## LOAVES AND FISHES

### Notes to Financial Statements June 30, 2023 and 2022

#### 6. Investments *(continued)*

During the years ended June 30, 2023 and 2022, earnings on investments were reinvested. Net unrealized gains (losses) amounted to \$31,600 and (\$65,387) for the years ended June 30, 2023 and 2022, respectively. Net realized gains amounted to \$94 for the year ended June 30, 2023. There were no realized gains for the year ended June 30, 2022. Loaves and Fishes has a Finance Committee which has the responsibility for establishing Loaves and Fishes' return objectives (generally lower rates of return associated with more stable and safer investments) and to define the risk parameters. The committee routinely oversees investment performances and reviews cash flows necessary to sustain Loaves and Fishes' operating activities.

Change in endowment net assets for the year ended June 30, 2023 and net asset composition by type of fund is summarized as follows:

	<b>With Donor Restrictions</b>	
	<b>Time and Purpose</b>	<b>In Perpetuity</b>
Endowment net assets at June 30, 2022	\$ (10,364)	\$ 159,175
<u>Investment return:</u>		
Net unrealized investment losses – year ended June 30, 2023	532	-
Endowment net assets at June 30, 2023	\$ (9,832)	\$ 159,175

#### Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor restricted endowment funds may fall below the level which the donor or UPMIFA requires Loaves and Fishes to retain as a fund of perpetual duration. Changes in the values of the endowment investments are reflected as net assets with donor restrictions – time and purpose. Future deficiencies could result from unfavorable market fluctuations which occur after the investment of new restricted contributions and continued appropriation for certain programs deemed prudent by management. Loaves and Fishes' investments may decline below their original basis due to market fluctuations and unrealized losses which are beyond the control of Loaves and Fishes' management.

#### Return Objectives and Risk Parameters

Loaves and Fishes has adopted investment and spending policies for endowment assets in an attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds Loaves and Fishes must hold in perpetuity or for a donor-specified period(s) as well as management-designated funds.

#### Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, Loaves and Fishes 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). Loaves and Fishes targets a diversified asset allocation that places a greater emphasis on certain investments to achieve its long-term return objectives within prudent risk constraints.

# LOAVES AND FISHES

## Notes to Financial Statements June 30, 2023 and 2022

### 6. Investments *(continued)*

#### Spending Policy and How the Investment Objectives Relate to Spending Policy

In accordance with its spending policy and with approval from the Board of Directors, Loaves and Fishes made distributions from its investment accounts totaling \$10,266 and \$7,560 and during the years ended June 30, 2023 and 2022, respectively.

### 7. Fair Value Measurements

Composition of assets utilizing fair value measurements at June 30, 2023 is as follows:

	<b>Totals</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Contributions receivable	\$ 41,899	\$ -	\$ 41,899	\$ -
Accounts receivable	3,035	-	3,305	-
Grants receivable	76,681	-	76,681	-
Investments	424,348	424,348	-	-
Totals	<u>\$ 545,963</u>	<u>\$ 424,348</u>	<u>\$ 121,615</u>	<u>\$ -</u>

Composition of assets utilizing fair value measurements at June 30, 2022 is as follows:

	<b>Totals</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Contributions receivable	\$ 6,899	\$ -	\$ 6,899	\$ -
Accounts receivable	54,292	-	54,292	-
Grants receivable	30,000	-	30,000	-
Investments	382,558	382,558	-	-
Totals	<u>\$ 473,749</u>	<u>\$ 382,558</u>	<u>\$ 91,191</u>	<u>\$ -</u>

### 8. Liquidity

Loaves and Fishes regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the safeguarding of its available funds. Loaves and Fishes has various sources of liquidity at its disposal, including cash and cash equivalents and the future collection of receivables. For purposes of analyzing resources available to meet general expenditures over a 12-month period, Loaves and Fishes considers all expenditures related to its ongoing support of artists to be general expenditures.

For purposes of analyzing resources available to meet general expenditures over a 12-month period, Loaves and Fishes considers all expenditures related to its mission, as well as the conduct of services undertaken, to support those activities to be general expenditures.

In addition to the financial assets available to meet general expenditures over the next 12 months, Loaves and Fishes operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. Refer to the statement of cash flows which identifies the sources and uses of Loaves and Fishes' cash for the years ended June 30, 2023 and 2022.

## LOAVES AND FISHES

### Notes to Financial Statements June 30, 2023 and 2022

#### 8. Liquidity *(continued)*

The following table shows the total financial assets held by Loaves and Fishes and the amounts of those financial assets readily available within one year of the balance sheet date to meet general expenditures at June 30:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,222,569	\$ 1,671,668
Contributions receivable	41,899	6,899
Accounts receivable	3,035	54,292
Grants receivable	76,681	30,000
Investments	424,348	382,558
Subtotal	<u>1,768,532</u>	<u>2,145,417</u>
Less: amounts not available to be used within one year:		
Net assets with donor restrictions for programs	<u>(25,164)</u>	<u>(20,910)</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 1,743,368</u>	<u>\$ 2,154,507</u>

Because investments were created from proceeds arising out of donor restricted contributions (in perpetuity), such assets are not available for general expenditures and are thus excluded from the schedule above. Thus, certain financial assets may not be available for general expenditure within one year. As part of Loaves and Fishes' liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations become due.

#### 9. Compensated Absences (Accrued Payroll and Related Benefits)

Financial statement presentation follows the recommendations of [ASC 710.25, \*Compensated Absences\*](#). Under [ASC 710.25](#), Loaves and Fishes is required to record a liability for the estimated amounts of compensation for future absences. Employees are permitted to accrue a specific number of hours of vacation which is payable upon termination of the employee. Sick leave is not paid upon termination. Annual leave accruals are recorded in the financial statements as an accrued liability on the statement of financial position based on hourly rates in effect at the end of the year. Accrued payroll liabilities amounted to \$86,757 and \$39,529 at June 30, 2023 and 2022, respectively, and are included with accrued liabilities on the statements of financial position.

#### 10. Advertising and Promotion

Advertising and promotion costs are expensed as incurred. Advertising and promotion expense amounted to \$15,741 and \$10,712 for the years ended June 30, 2023 and 2022, respectively.

## LOAVES AND FISHES

### Notes to Financial Statements June 30, 2023 and 2022

#### 11. Net Assets

##### Net Assets Without Donor Restrictions

Net assets without donor restrictions of \$2,563,339 and \$2,743,846 at June 30, 2023 and 2022, respectively, represents the cumulative operating results of Loaves and Fishes since its inception.

##### Net Assets Without Donor Restrictions – Time and Purpose

Loaves and Fishes recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or the restrictions expire. Net assets with donor restrictions consist of the following at June 30:

	2023	2022
John Muir/Mt. Diablo Community Health Fund	\$ 40,887	\$ 153,000
Sisters of St. Joseph Healthcare Foundation	-	38,500
Unrealized gains (losses) in endowment investments	(9,832)	(10,364)
Restricted for purpose	25,164	20,910
Total net assets with donor restrictions – time and purpose	<u>\$ 56,219</u>	<u>\$ 202,046</u>

During the years ended June 30, 2023 and 2022, additions to net assets with donor restrictions (time and purpose) amounted to \$131,373 and \$573,765, respectively. During the years ended June 30, 2023 and 2022, Loaves and Fishes released \$277,200 and \$458,066, respectively, from net assets with donor restrictions to net assets without donor restrictions.

##### Net Assets With Donor Restrictions – In Perpetuity

Loaves and Fishes recognizes support from net assets with donor restrictions when the restrictions imposed by the donors have been satisfied or the restrictions expire. Net assets with donor restrictions consist of the following at June 30:

	2023	2022
Restricted for endowment	\$ 159,175	\$ 159,175
Total net assets with donor restrictions – in perpetuity	<u>\$ 159,175</u>	<u>\$ 159,175</u>

#### 12. COVID-19

Although the COVID-19 threat has abated, the worldwide threat continues to (a) influence financial markets, (b) threaten potential revenue streams, and (c) impact private enterprises with which Loaves and Fishes conducts operations. Management monitors and evaluates its options.

#### 13. Subsequent Events

In compliance with *ASC 855, Subsequent Events*, Loaves and Fishes has evaluated subsequent events through November 10, 2023, the date the financial statements were available to be issued. In the opinion of management, there are no subsequent events which necessitate disclosure.