

The Interfaith Nutrition Network, Inc.

Financial Statements and
Supplementary Information

June 30, 2021 and 2020

The Interfaith Nutrition Network, Inc.

Table of Contents
June 30, 2021 and 2020

	<u>Page</u>
Independent Auditors' Report	1
Financial Statements	
Statements of Financial Position	3
Statements of Activities and Change in Net Assets	4
Statements of Functional Expenses	5
Statements of Cash Flows	7
Notes to Financial Statements	8
Supplemental Information	
Schedules of Fees and Grants From Government Agencies	16

Independent Auditors' Report

To the Board of Directors of
The Interfaith Nutrition Network, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of The Interfaith Nutrition Network, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2021 and 2020 and the related statements of activities and change in net assets, functional expenses and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and 2020 and the change 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.

Report on Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The supplemental information presented on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplemental information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Melville, New York
November 19, 2021

The Interfaith Nutrition Network, Inc.

Statements of Financial Position

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 5,795,098	\$ 4,722,548
Grants and contracts receivable	846,952	433,695
Contributions receivable, net of allowance	119,746	2,907
Donated product inventory	105,074	50,077
Prepays and other assets	48,799	41,503
Other receivables	-	15,114
	<u>6,915,669</u>	<u>5,265,844</u>
Total current assets	6,915,669	5,265,844
Fixed Assets, Net		
	<u>3,644,213</u>	<u>3,507,250</u>
Total assets	<u>\$ 10,559,882</u>	<u>\$ 8,773,094</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 565,201	\$ 277,255
Security deposits	9,618	11,318
Deferred revenue	5,000	1,285,571
	<u>579,819</u>	<u>1,574,144</u>
Total liabilities	579,819	1,574,144
Net Assets		
Net assets without donor restrictions:		
Board designated	2,313,669	2,313,669
Property and equipment	3,644,213	3,507,250
Undesignated	3,315,659	888,176
	<u>9,273,541</u>	<u>6,709,095</u>
Total net assets without donor restrictions	9,273,541	6,709,095
Net assets with donor restrictions	<u>706,522</u>	<u>489,855</u>
Total net assets	<u>9,980,063</u>	<u>7,198,950</u>
Total liabilities and net assets	<u>\$ 10,559,882</u>	<u>\$ 8,773,094</u>

See notes to financial statements

The Interfaith Nutrition Network, Inc.

Statements of Activities and Change in Net Assets
Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, Gains and Other Support						
Fundraising, net	\$ 2,560,950	\$ -	\$ 2,560,950	\$ 438,342	\$ -	\$ 438,342
Contributions and grants	3,710,782	300,000	4,010,782	3,390,313	-	3,390,313
Fees and grants from government agencies	3,485,545	-	3,485,545	1,469,118	-	1,469,118
In-kind contributions	484,213	-	484,213	721,482	-	721,482
Rental income	121,654	-	121,654	171,031	-	171,031
Other program income	4,553	-	4,553	7,037	-	7,037
Interest income	14,220	-	14,220	40,887	-	40,887
Net assets released from restrictions	83,333	(83,333)	-	16,300	(16,300)	-
Total revenues, gains and other support	10,465,250	216,667	10,681,917	6,254,510	(16,300)	6,238,210
Expenses						
Program services:						
Shelters	1,959,018	-	1,959,018	2,067,065	-	2,067,065
Soup Kitchens	2,675,203	-	2,675,203	1,756,116	-	1,756,116
Long-Term Housing	560,708	-	560,708	491,131	-	491,131
Center for Transformative Change	1,536,313	-	1,536,313	942,821	-	942,821
Total program services	6,731,242	-	6,731,242	5,257,133	-	5,257,133
Supporting services:						
Administration	788,351	-	788,351	672,170	-	672,170
Fundraising	381,211	-	381,211	402,931	-	402,931
Total expenses	7,900,804	-	7,900,804	6,332,234	-	6,332,234
Excess (deficit) of revenues, gains and other support over expenses	2,564,446	216,667	2,781,113	(77,724)	(16,300)	(94,024)
Gain on Sale of Fixed Assets	-	-	-	468,081	-	468,081
Release of Funds to Other Soup Kitchens	-	-	-	(17,427)	-	(17,427)
Change in net assets	2,564,446	216,667	2,781,113	372,930	(16,300)	356,630
Net Assets, Beginning	6,709,095	489,855	7,198,950	6,336,165	506,155	6,842,320
Net Assets, Ending	\$ 9,273,541	\$ 706,522	\$ 9,980,063	\$ 6,709,095	\$ 489,855	\$ 7,198,950

See notes to financial statements

The Interfaith Nutrition Network, Inc.

Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services						Total
	Shelters	Soup Kitchens	Long-Term Housing	Center for Transformative Change	Supporting Services		
					Administration	Fundraising	
Salaries	\$ 1,323,568	\$ 514,314	\$ 153,098	\$ 575,061	\$ 222,748	\$ 162,468	\$ 2,951,257
Employee benefits and payroll taxes	287,749	119,352	21,074	106,528	111,733	41,320	687,756
In-kind expense	6,671	452,722	-	-	-	-	459,393
Repairs and maintenance	104,231	45,871	162,125	42,763	27,819	-	382,809
Insurance	16,086	9,329	67,817	25,481	59,890	-	178,603
Utilities	39,073	39,941	53,001	24,445	22,971	-	179,431
Supplies	45,219	61,955	2,861	15,426	21,232	28	146,721
Volunteer and guest related	3,668	13,967	3,185	537,390	448	-	558,658
Special events nondirect	-	-	-	-	-	131,463	131,463
Food and related costs	27,216	1,297,878	-	2,367	135	-	1,327,596
Bad debt	-	7,000	7,700	-	21,286	-	35,986
Telephone and cable	8,864	5,024	512	7,409	21,056	-	42,865
Legal and professional	14,127	4,822	7,044	9,294	34,335	-	69,622
Real estate taxes	-	-	20,440	-	6,653	-	27,093
Outside temporary help	-	-	-	-	66,890	-	66,890
Licenses, permits and fees	29,710	14,111	1,465	56,298	50,524	-	152,108
Automobile and travel	-	1,285	-	906	9,680	-	11,871
INN expansion, architecture designs	-	-	-	100,105	-	-	100,105
Miscellaneous	511	10,532	-	221	-	-	11,264
Marketing	-	-	-	434	9,285	-	9,719
Staff development, recognition and recruitment	7,648	1,731	-	1,575	9,740	-	20,694
Finance and bank charges or fees	100	100	200	100	19,828	14,641	34,969
Fundraising expenses, direct mail	-	-	-	-	-	30,631	30,631
Postage	-	-	-	431	12,578	-	13,009
Office, dues and subscriptions	1,380	-	-	360	6,413	660	8,813
Total expenses before depreciation	1,915,821	2,599,934	500,522	1,506,594	735,244	381,211	7,639,326
Depreciation	43,197	75,269	60,186	29,719	53,107	-	261,478
Totals	\$ 1,959,018	\$ 2,675,203	\$ 560,708	\$ 1,536,313	\$ 788,351	\$ 381,211	\$ 7,900,804

See notes to financial statements

The Interfaith Nutrition Network, Inc.

Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services						Total
	Shelters	Soup Kitchens	Long-Term Housing	Center for Transformative Change	Supporting Services		
					Administration	Fundraising	
Salaries	\$ 1,387,004	\$ 496,575	\$ 140,843	\$ 516,768	\$ 231,352	\$ 223,208	\$ 2,995,750
Employee benefits and payroll taxes	289,926	117,154	19,809	91,898	120,123	42,828	681,738
In-kind expense	24,118	628,355	-	-	55,931	-	708,404
Repairs and maintenance	66,375	50,489	95,023	16,802	33,700	-	262,389
Insurance	37,280	18,521	79,131	35,531	13,274	-	183,737
Utilities	35,720	39,794	44,279	18,336	25,415	-	163,544
Supplies	36,065	58,633	6,234	16,345	21,892	467	139,636
Volunteer and guest related	485	7,362	3,025	141,404	1,420	-	153,696
Special events nondirect	-	-	-	-	1,698	75,062	76,760
Food and related costs	36,627	258,945	-	-	159	-	295,731
Bad debt	-	-	-	-	27,430	-	27,430
Consulting	-	-	-	26,198	-	-	26,198
Telephone and cable	13,649	7,857	1,825	7,791	7,675	-	38,797
Legal and professional	18,266	9,840	6,293	7,134	9,819	-	51,352
Real estate taxes	-	-	24,377	1,859	-	-	26,236
Outside temporary help	10,340	5,170	3,766	5,970	6,529	-	31,775
Licenses, permits and fees	26,814	12,419	2,620	23,908	20,068	-	85,829
Automobile and travel	-	102	-	-	10,479	217	10,798
Miscellaneous	3,038	2,926	3	300	2,959	-	9,226
Marketing	3,951	2,540	1,308	2,332	7,480	-	17,611
Staff development, recognition and recruitment	6,438	5,537	-	1,852	5,982	-	19,809
Finance and bank charges or fees	-	-	10	-	1,027	20,657	21,694
Fundraising expenses, direct mail	-	-	-	-	-	40,492	40,492
Postage	-	85	-	24	9,980	-	10,089
Office, dues and subscriptions	1,155	25	-	355	5,274	-	6,809
	<u>1,997,251</u>	<u>1,722,329</u>	<u>428,546</u>	<u>914,807</u>	<u>619,666</u>	<u>402,931</u>	<u>6,085,530</u>
Total expenses before depreciation							
Depreciation	69,814	33,787	62,585	28,014	52,504	-	246,704
Totals	<u>\$ 2,067,065</u>	<u>\$ 1,756,116</u>	<u>\$ 491,131</u>	<u>\$ 942,821</u>	<u>\$ 672,170</u>	<u>\$ 402,931</u>	<u>\$ 6,332,234</u>

See notes to financial statements

The Interfaith Nutrition Network, Inc.

Statements of Cash Flows

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 2,781,113	\$ 356,630
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Depreciation	261,478	246,704
Change in donated product inventory	(54,997)	(35,189)
Gain on sale of fixed assets	-	(468,081)
Provision for bad debt	35,986	27,430
(Increase) decrease in operating assets:		
Grants and contracts receivable	(413,257)	(171,226)
Contributions receivable	(152,825)	125,370
Prepays and other assets	(7,296)	12,235
Other receivables	15,114	(5,629)
(Decrease) increase in operating liabilities:		
Accounts payable and accrued expenses	287,946	53,741
Security deposits	(1,700)	(285)
Deferred revenue	(1,280,571)	1,220,571
Net cash flows from operating activities	<u>1,470,991</u>	<u>1,362,271</u>
Cash Flows From Investing Activities		
Proceeds from sale of fixed assets	-	569,000
Purchase of fixed assets	(398,441)	(390,637)
Net cash flows from investing activities	<u>(398,441)</u>	<u>178,363</u>
Net change in cash and cash equivalents	1,072,550	1,540,634
Cash and Cash Equivalents, Beginning	<u>4,722,548</u>	<u>3,181,914</u>
Cash and Cash Equivalents, Ending	<u>\$ 5,795,098</u>	<u>\$ 4,722,548</u>

See notes to financial statements

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

1. Description of Organization and Summary of Significant Accounting Policies

Nature of Operations

The Interfaith Nutrition Network, Inc. (the Organization) is a not-for-profit organization formed in 1983 under the laws of New York State. The Organization operates in Nassau County and Suffolk County, New York and is supported primarily by donor contributions, grants and government contracts. The Organization derives its revenue from, among other sources, contributions and grants from individuals and foundations, general fundraising, special events and governmental agencies.

Included in the accompanying financial statements are the following program and supporting services:

Food and Shelter Programs

The Organization provides direct assistance to those who are hungry and homeless on Long Island through the largest soup kitchen on Long Island, emergency shelters, long-term housing and supportive services. As a not-for-profit, volunteer based organization, the Organization provides a broad variety of essential services to assist those challenged by hunger, homelessness and profound poverty. The Organization partners with those in need in a dignified and respectful manner to help them achieve self-sufficiency. All services are provided free of charge, with no proof of need, within an atmosphere of dignity and respect. The Organization is volunteer based with a dedicated staff, a broad base of community support and a commitment to educate the public about the issues of hunger and homelessness.

A number of the Organization's former soup kitchens, not located in Hempstead, New York, formed separate legal entities. Funds distributed or approved to be distributed to the soup kitchens that separated are shown on the statements of activities and change in net assets as Release of Funds to Other Soup Kitchens. For the year ended June 30, 2020, these distributions totaled \$17,427 and represented the final distributions to former soup kitchens.

Center for Transformative Change

The Center for Transformative Change, located directly adjacent to the soup kitchen, offers a Resource Center which assists guests of the soup kitchen to access government benefits, acquire identification documents, prepare resumes/conduct job searches, find housing/emergency shelter, qualify for housing programs and provide other services designed to assist them to achieve self-sufficiency. The center serves as the Nassau Hub for the Long Island Coalition for the Homeless. It offers a computer lab where guests can learn to use a computer and conduct job and housing searches. It also offers a clothing boutique.

Administration

Administration includes the functions necessary to maintain an equitable employment program; ensure an adequate working environment; provide coordination and articulation of the Organization's program strategies; secure proper administrative functioning of the Board of Directors; maintain competent legal services for the program administration of the Organization and manage the financial and budgetary responsibilities of the Organization.

Fundraising

Provides the structure necessary to encourage and secure private financial support from individuals, foundations and corporations.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

Basis of Presentation

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States (U.S. GAAP) using the accrual basis of accounting. The Organization's financial statements distinguish between net assets without donor restrictions and net assets with donor restrictions, based upon the existence or absence of donor-imposed restrictions, as follows:

Net Assets

Net Assets Without Donor Restrictions - Net assets that are not subject to donor-imposed stipulations and that may be expended for any purpose in achieving the primary objectives of the Organization.

Net Assets With Donor Restrictions - Net assets that are subject to donor-imposed stipulations that will be met either by the actions of the Organization and/or the passage of time. As the restrictions are satisfied, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the accompanying statements of activities and change in net assets as net assets released from restrictions. Net assets with donor restrictions also include net assets that are subject to donor-imposed stipulations that neither expire by the passage of time, nor can be fulfilled or removed by actions of the Organization.

Contributions

Unconditional promises to give (including grants) that are expected to be collected within one year are recorded as contributions 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. Amortization of the discounts is included in contributions revenue. As of June 30, 2021 and 2020, no discounts were recorded.

For the years ended June 30, 2021 and 2020, the Organization received related party contributions of \$448,498 and \$315,345, respectively.

Conditional promises to give are not included as support until the conditions, which include both a barrier and a right of return or release, have been substantially met. Deferred revenue arises from payments received prior to meeting conditions.

The Organization recognizes revenue from bequests when a legally binding obligation is received and when a fair value can reasonably be determined.

Gifts of cash or other assets are recorded as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and change in net assets as net assets released from restrictions. Net assets with donor restrictions that originate in a given year and are released from restrictions in the same year by meeting the donors' restricted purposes are reflected in net assets without donor restrictions.

The Organization reports gifts of land, buildings and equipment as net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

In-Kind Contributions and Donated Assets

The Organization records donated products received, distributed and on hand at fair value. The fair value of donated products received and distributed during the year is reflected in the accompanying financial statements as in-kind contributions and in-kind expenses. Significant fluctuations in operating results may occur due to variances in quantity and valuation of donated products.

Donated product inventory represents donated food and supplies and is valued at fair value at the time of donation.

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

For the years ended June 30, 2021 and 2020, the Organization recorded in-kind contributions of \$484,213 and \$721,482, respectively. For the year ended June 30, 2021, in-kind contributions were comprised of donated products of \$459,393 and donated gift cards of \$24,820. For the year ended June 30, 2020, in-kind contributions were comprised of donated services of \$55,931, donated products of \$652,473 and donated gift cards of \$13,078.

A number of volunteers have donated significant amounts of their time in the Organization's program service, administration and fundraising. However, since these services do not meet the criteria for recognition under U.S. GAAP, they are not reflected in the accompanying financial statements.

Grants From Governmental Agencies

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. As of June 30, 2021, the Organization received awarded and unrecognized reimbursement grants of \$950,615. There were no conditional grants as of June 30, 2020.

Fundraising Revenue

Fundraising revenue arises from special events and is recognized when the special event occurs.

A portion of fundraising revenue represents a reciprocal transaction equal to the cost of direct expenses with the remainder representing contributions. For the years ended June 30, 2021 and 2020, direct expenses were \$145,750 and \$93,667, respectively.

Cash and Cash Equivalents

The Organization considers all highly liquid investments with an original maturity of 90 days or less on the date of purchase to be cash equivalents. Cash equivalents are carried at fair value which approximates cost.

Allowance for Doubtful Accounts

Management must make estimates of the uncollectability of all accounts, contributions, grant and contracts receivable. Management specifically analyzes receivables, historical bad debts and changes in circumstances when evaluating the adequacy of the allowance for doubtful accounts. The Organization's allowance for doubtful accounts was \$27,379 and \$80,528 as of June 30, 2021 and 2020, respectively. Bad debt expense was \$35,986 and \$27,430 for the years ended June 30, 2021 and 2020, respectively.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

Fixed Assets, Net

Fixed assets are stated at cost, except for donated assets, which are recorded at fair value at the time of donation. The Organization's capitalization policy is to capitalize all fixed asset purchases in excess of \$1,000. Depreciation is calculated using the straight-line method over the estimated useful lives of the related assets, commencing with the month the asset is placed in service. The useful lives of the Organization's fixed assets are as follows:

	<u>Years</u>
Building and building improvements	15 - 30
Equipment	5 - 10
Vehicles	5
Computer system	3 - 5
Furniture and fixtures	5 - 10

Impairment of Long-Lived Assets

The Organization assesses the impairment of long-lived assets with determinable lives whenever events or changes in business circumstances indicate that the carrying amount of an asset may not be recoverable. When such events occur, management determines whether there has been impairment by comparing the anticipated undiscounted net future cash flows to the related asset's carrying value. If impairment exists, the asset is written down to its estimated fair value. There were no such events for the years ended June 30, 2021 and 2020.

Deferred Revenue

On April 8, 2020, the Organization received loan proceeds in the amount of \$591,044 under the Paycheck Protection Program (PPP) which are administered by the U.S. Small Business Administration (SBA) and authorized in the Coronavirus Aid, Relief and Economic Security (CARES) Act. The PPP provides loans to qualifying organizations in amounts up to 2.5 times their average monthly payroll expenses and was designed to provide a direct financial incentive for qualifying organizations to keep their workforce employees during the Coronavirus crisis. Advances from the PPP are forgivable after a "covered period" (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the proceeds for eligible expenses, including payroll, benefits, mortgage interest, rent and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries and wages more than 25 percent during the covered period. As of June 30, 2020, the Organization accounted for the PPP funds as deferred revenue within the statement of financial position with forgiveness to be recorded in accordance with guidance for conditional contributions when there was no longer a measurable performance or other barrier and right of return of the PPP loan, or when such conditions were explicitly waived.

As of June 30, 2021, the Organization had expended all of the PPP funds received on qualified expenses, met all of the conditions attached to the PPP, and on November 23, 2020, received notice from the SBA that forgiveness of the \$591,044 of the PPP proceeds was granted. Therefore, the Organization has recorded the PPP funds as a contribution of \$591,044 within fees and grants from government agencies in its statement of activities and change in net assets for the year ended June 30, 2021.

The SBA reserves the right to audit any PPP loan, regardless of size. These audits may occur after forgiveness has been granted. In accordance with the CARES Act, all borrowers are required to maintain their PPP loan documentation for six years after the PPP loan was forgiven or repaid in full and to provide that documentation to the SBA upon request. The Organization does not believe the results of any audits or reviews by the SBA would have a material impact on the financial statements.

As of June 30, 2021 and 2020, deferred revenue also included amounts of \$5,000 and \$694,527, respectively, received by the Organization for its annual ball and other events which were deferred as these events had not been held as of June 30, 2021 and 2020.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Allocation of Expenses

The costs of providing the various programs and other activities have been reported on a functional basis in the statements of activities and change in net assets and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. When applicable, expenses are directly charged to their appropriate natural and functional classifications. Expenses not directly charged and allocated based on time and effort include administrative salaries, administrative fringe benefits, administrative payroll taxes, equipment maintenance, outside services and repairs and maintenance. Expenses not directly charged and allocated based on an average allocation percentage of administrative payroll, include real estate taxes, utilities and depreciation.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Tax-Exempt Status

The Organization qualifies as a tax-exempt, not-for-profit organization under Section 501(c)(3) of the Internal Revenue Code and as a not-for-profit organization under the laws of New York State. Accordingly, no provision for federal or state income taxes is required.

Uncertain Tax Positions

Management has evaluated the Organization's tax positions and concluded that the Organization has not taken any uncertain tax positions that require adjustment to the financial statements to comply with the provisions of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) No. 740.

Reclassification

For comparability, certain 2020 amounts have been reclassified to conform with classifications adopted in 2021. The reclassifications have no effect on reported amounts of net assets or change in net assets.

Recent Account Pronouncements

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases (Topic 842)*. The core principles of ASU 2016-02 change the way organizations will account for their leases by recognizing lease assets and lease liabilities on the statement of financial position and disclosing key information about leasing arrangements. ASU 2016-02 is effective for the Organization for fiscal years beginning after December 15, 2021, with early adoption permitted. Management is currently evaluating the impact of ASU 2016-02 on the Organization's financial statements.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. The amendments in this ASU should be applied on a retrospective basis and are effective for annual periods beginning after June 15, 2021. Early adoption is permitted. Management is currently evaluating the impact of ASU 2020-07 on the Organization's financial statements.

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

2. Liquidity and Availability of Resources

The Organization's financial assets available within one year of the statements of financial position dates for general expenditures such as operating expenses, are as follows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 5,795,098	\$ 4,722,548
Grants and contracts receivable	846,952	433,695
Contributions receivable, net of allowance	119,746	2,907
Other receivables	-	15,114
	<u>6,761,796</u>	<u>5,174,264</u>
Less:		
Donor restricted amounts	(706,522)	(489,855)
Board designated amounts	<u>(2,313,669)</u>	<u>(2,313,669)</u>
Total	<u>\$ 3,741,605</u>	<u>\$ 2,370,740</u>

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

As of June 30, 2021, the Organization has available financial assets on hand to cover approximately six months of operating expenses.

3. Grants and Contracts Receivable

Grants and contracts receivable as of June 30, 2021 and 2020 are comprised of the following:

	<u>2021</u>	<u>2020</u>
Nassau County Department of Social Services	\$ 212,368	\$ 268,897
Nassau County Office of Housing and Intergovernmental Affairs, Emergency Shelter Grant Program	421,630	71,159
Other grants	<u>212,954</u>	<u>93,639</u>
Total	<u>\$ 846,952</u>	<u>\$ 433,695</u>

4. Fixed Assets, Net

Fixed assets, net, consists of the following as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land	\$ 1,060,425	\$ 1,060,425
Building and building improvements	6,092,868	5,858,475
Equipment	1,128,711	1,039,278
Vehicles	65,833	65,833
Computer system	304,198	229,583
Furniture and fixtures	<u>180,126</u>	<u>180,126</u>
	8,832,161	8,433,720
Less accumulated depreciation	<u>5,187,948</u>	<u>4,926,470</u>
	<u>\$ 3,644,213</u>	<u>\$ 3,507,250</u>

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements
June 30, 2021 and 2020

5. Board Designated Net Assets

Board designated net assets are net assets without donor restrictions that have been designated by the Board for specific purposes.

The following represents the composition of Board designated net assets as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Board designated for specific projects and general reserves	\$ 2,313,669	\$ 2,313,669

6. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Center for Transformative Change	\$ 350,000	\$ 300,000
Shelters	189,855	189,855
Special projects	166,667	-
Total	<u>\$ 706,522</u>	<u>\$ 489,855</u>

For the year ended June 30, 2021, \$300,000 of donor restricted net assets was received related to the Center for Transformative Change and special projects of which \$83,333 was released by incurring applicable expenses. For the year ended June 30, 2020, \$16,300 of donor restricted net assets related to shelters were released by incurring applicable expenses.

7. Concentrations of Credit Risk

The Organization maintains its cash in bank deposit accounts which, at times, may exceed insured limits. Accounts at each bank are insured by the Federal Deposit Insurance Company (FDIC) up to \$250,000 per bank. Accounts at federal credit unions are insured by the National Credit Union Insurance Fund. The Organization has not experienced any losses in such accounts, and believes it is not exposed to any significant credit risk on cash and cash equivalents.

8. Commitments and Contingencies

Operating Leases

The Organization leases copiers for its operations under noncancelable operating leases expiring in June 2024. Rent expense for the years ended June 30, 2021 and 2020 was approximately \$28,300 and \$29,000, respectively, which is included within supplies on the statements of functional expenses.

Minimum annual payments under noncancelable leases for these facilities and other operating leases are as follows for the years ending June 30 (approximately):

2022	\$ 26,300
2023	26,300
2024	<u>24,200</u>
Total	<u>\$ 76,800</u>

The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2021 and 2020

Contingencies

From time to time, the Organization is a defendant in legal actions, which are routine and incidental to its business. In management's opinion, settlement of these actions will not have a material adverse effect on the Organization's financial position, liquidity or results of operations.

9. Retirement Plan

The Organization sponsors a defined contribution retirement plan covering all eligible employees, as defined. The plan permits for employee salary deferrals.

10. Subsequent Events

Management has evaluated subsequent events through November 19, 2021, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

On November 15, 2021, the Organization signed a contract for the purchase of a building adjacent to its existing soup kitchen to be used for programmatic and administrative purposes. The purchase price is \$5,500,000.

The Interfaith Nutrition Network, Inc.

Schedules of Fees and Grants From Government Agencies
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Nassau County Department of Social Services	\$ 913,585	\$ 915,349
Town of Hempstead COVID-19 Relief Funds	950,615	-
Nassau County Office of Housing and Intergovernmental Affairs, Emergency Shelter Grant Program	606,286	121,594
Federal Emergency Food and Shelter Program	201,387	162,888
Paycheck Protection Program Loan Forgiveness	591,044	-
Community Development Block Grant Program	200,908	157,090
Rapid Re-Housing Program	14,770	13,017
Empire State Poverty Reduction Initiative	6,950	85,630
Community Capital Assistance Program	-	13,550
	<u>\$ 3,485,545</u>	<u>\$ 1,469,118</u>