

BREAD OF LIFE, INC.
CONSOLIDATED FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2022 AND 2021



Barrett & Scibelli, LLC
Certified Public Accountants

BREAD OF LIFE, INC.
CONSOLIDATED FINANCIAL STATEMENTS
DECEMBER 31, 2022 AND 2021
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bread of Life, Inc.
Malden, Massachusetts

We have audited the accompanying consolidated financial statements of Bread of Life, Inc., (a Massachusetts nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bread of Life, Inc. as of December 31, 2022 and changes in its net assets and its cash flow for the year 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Bread of Life, Inc. 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 the Bread of Life, Inc.'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 generally accepted auditing standards 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, including omissions, 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and access 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 Bread of Life, Inc.'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 Bread of Life, Inc.'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.

Barnett & Scibelli, LLC

Winchester, Massachusetts

November 16, 2023

BREAD OF LIFE, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2022 AND 2021

ASSETS

	2022	2021
Assets		
Cash and cash equivalents	\$ 891,518	\$ 944,352
Cash - restricted	2,046,987	1,584,448
Contributions receivable	1,025,194	732,504
Prepaid insurance	11,925	11,924
Property and equipment		
Building	750,000	750,000
Equipment	28,891	13,791
Vehicles	120,180	120,180
	899,071	883,971
Total fixed assets	899,071	883,971
Less: accumulated depreciation	(221,306)	(183,832)
Property and equipment, net	677,765	700,139
Construction in Progress	1,151,211	317,392
	\$ 5,804,600	\$ 4,290,759
Total assets		

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable and accrued expenses	\$ 13,909	\$ 30,791
Bonds payable	79,998	-
Mortgage notes	-	603,393
Note payable-other	-	100,000
	93,907	734,184
Total liabilities		
Net assets		
Without donor restrictions	2,718,510	1,260,089
With donor restrictions	2,992,183	2,296,486
	5,710,693	3,556,575
Total net assets		
Total liabilities and net assets	\$ 5,804,600	\$ 4,290,759

The accompanying notes are an integral part of the financial statements.

BREAD OF LIFE, INC.

STATEMENTS OF ACTIVITIES

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support						
Public support						
Government grants	\$ 208,881	\$ -	\$ 208,881	\$ 156,462	\$ -	\$ 156,462
Foundation and private grants	237,065	2,157,110	2,394,175	294,264	1,216,251	1,510,515
Fundraising events, gifts, & contributions	417,197	-	417,197	577,492	-	577,492
Total public support	<u>863,143</u>	<u>2,157,110</u>	<u>3,020,253</u>	<u>1,028,218</u>	<u>1,216,251</u>	<u>2,244,469</u>
Other revenue						
Interest income	-	-	-	-	-	-
Donated space, goods, and services	2,451,033	-	2,451,033	1,940,284	-	1,940,284
Net assets released from restrictions	1,461,413	(1,461,413)	-	333,058	(333,058)	-
Total other revenue	<u>3,912,446</u>	<u>(1,461,413)</u>	<u>2,451,033</u>	<u>2,273,342</u>	<u>(333,058)</u>	<u>1,940,284</u>
Total support and revenue	<u>4,775,589</u>	<u>695,697</u>	<u>5,471,286</u>	<u>3,301,560</u>	<u>883,193</u>	<u>4,184,753</u>
Expenses						
Program services						
Meals program - purchased	391,105	-	391,105	322,405	-	322,405
Meals program - donated	351,267	-	351,267	229,926	-	229,926
Food pantry - purchased	289,078	-	289,078	238,299	-	238,299
Food pantry - donated	2,080,053	-	2,080,053	1,686,960	-	1,686,960
Total program services	<u>3,111,503</u>	<u>-</u>	<u>3,111,503</u>	<u>2,477,590</u>	<u>-</u>	<u>2,477,590</u>
Supporting services						
Administrative - purchased	118,366	-	118,366	109,212	-	109,212
Administrative - donated	19,713	-	19,713	23,398	-	23,398
Fundraising - purchased	67,586	-	67,586	101,629	-	101,629
Total supporting services	<u>205,665</u>	<u>-</u>	<u>205,665</u>	<u>234,239</u>	<u>-</u>	<u>234,239</u>
Total expenses	<u>3,317,168</u>	<u>-</u>	<u>3,317,168</u>	<u>2,711,829</u>	<u>-</u>	<u>2,711,829</u>
Change in net assets	1,458,421	695,697	2,154,118	589,731	883,193	1,472,924
Net assets, beginning of year	<u>1,260,089</u>	<u>2,296,486</u>	<u>3,556,575</u>	<u>670,358</u>	<u>1,413,293</u>	<u>2,083,651</u>
Net assets, end of year	<u>\$ 2,718,510</u>	<u>\$ 2,992,183</u>	<u>\$ 5,710,693</u>	<u>\$ 1,260,089</u>	<u>\$ 2,296,486</u>	<u>\$ 3,556,575</u>

The accompanying notes are an integral part of the financial statements.

BREAD OF LIFE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>Program Expenses</u>	<u>Administrative Expenses</u>	<u>Fundraising Expenses</u>	<u>Total</u>
Salaries and wages	\$ 282,115	\$ 42,317	\$ 28,212	\$ 352,644
Marketing	-	-	2,295	2,295
Employee benefits	83,270	12,491	8,327	104,088
Interest expense	-	20,397	-	20,397
Payroll taxes	26,513	3,977	2,651	33,141
Client food and personal items	62,068	9,310	6,207	77,585
Depreciation	37,474	-	-	37,474
Utilities	13,234	2,022	1,327	16,583
Van expenses	18,270	2,740	1,827	22,837
Dues, subscriptions and licenses	9,280	1,750	1,167	12,197
Rental space	96,050	14,408	9,605	120,063
Accounting services	6,400	2,160	1,440	10,000
Maintenance	5,462	819	546	6,827
Office and program supplies	20,746	3,112	2,075	25,932
Insurance	10,088	1,513	1,009	12,610
Postage and delivery	3,444	517	344	4,305
Telephone and Internet	5,550	833	555	6,938
Miscellaneous	219	-	-	219
Other professional fees	-	-	-	-
Subtotal	<u>680,183</u>	<u>118,366</u>	<u>67,586</u>	<u>866,135</u>
Donated goods and services				
Volunteer services	-	7,585	-	7,585
Client food and personal items	2,431,320	-	-	2,431,320
Space/facility usage and parking	12,128	-	-	12,128
Subtotal	<u>2,443,448</u>	<u>7,585</u>	<u>-</u>	<u>2,451,033</u>
Total expenses	<u><u>\$ 3,123,631</u></u>	<u><u>\$ 125,951</u></u>	<u><u>\$ 67,586</u></u>	<u><u>\$ 3,317,168</u></u>

The accompanying notes are an integral part of the financial statements.

BREAD OF LIFE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEARS ENDED DECEMBER 31, 2021

	<u>Program Expenses</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 264,750	\$ 39,236	\$ 22,977	\$ 326,963
Marketing	-	-	25,931	25,931
Employee benefits	58,317	8,748	5,832	72,897
Interest expense	-	26,187	-	26,187
Client food and personal items	39,695	5,954	3,970	49,619
Depreciation	28,353	-	-	28,353
Payroll taxes	2,614	3,921	26,142	32,677
Van expenses	17,288	2,593	1,729	21,610
Utilities	11,438	1,716	1,144	14,298
Rental space	86,748	13,012	8,675	108,435
Accounting services	14,400	2,160	1,440	18,000
Maintenance	4,901	735	490	6,126
Insurance	5,640	846	564	7,050
Dues, subscriptions and licenses	11,668	1,750	1,167	14,585
Office and program supplies	5,376	926	618	6,920
Postage and delivery	3,214	482	321	4,017
Telephone	4,819	723	482	6,024
Other professional fees	1,166	175	117	1,458
Miscellaneous	316	47	32	395
Subtotal	<u>560,703</u>	<u>109,211</u>	<u>101,631</u>	<u>771,545</u>
Donated goods and services				
Volunteer services	-	7,110	-	7,110
Client food and personal items	1,916,886	-	-	1,916,886
Space/facility usage and parking	16,288	-	-	16,288
Subtotal	<u>1,933,174</u>	<u>7,110</u>	<u>-</u>	<u>1,940,284</u>
Total expenses	<u><u>\$ 2,493,877</u></u>	<u><u>\$ 116,321</u></u>	<u><u>\$ 101,631</u></u>	<u><u>\$ 2,711,829</u></u>

The accompanying notes are an integral part of the financial statements.

BREAD OF LIFE, INC.

STATEMENT OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ 2,154,118	\$ 1,472,924
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	37,474	28,353
Changes in:		
Grants and contributions receivable	(292,690)	(629,787)
Prepaid expenses and other assets	(1)	(942)
Accounts payable and accrued expenses	(16,881)	11,001
	<u>1,882,020</u>	<u>881,549</u>
Net cash provided by operating activities		
	<u>1,882,020</u>	<u>881,549</u>
Cash flows from investing activities		
Purchase of property and equipment	(15,100)	(91,217.00)
Constructon in Progress	(833,819)	(317,392.00)
	<u>(848,919)</u>	<u>(408,609)</u>
Net cash used by investing activities		
	<u>(848,919)</u>	<u>(408,609)</u>
Cash flow from financing activities		
Note payment	(703,393)	(24,149)
Procedds from bonds payable	79,998	-
	<u>(623,395)</u>	<u>(24,149)</u>
Net cash used by financing activities		
	<u>(623,395)</u>	<u>(24,149)</u>
Net increase in cash	409,706	448,791
Cash, beginning of year	<u>2,528,799</u>	<u>2,080,008</u>
Cash, end of year	<u>\$ 2,938,505</u>	<u>\$ 2,528,799</u>

The accompanying notes are an integral part of the financial statements.

BREAD OF LIFE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE A - ORGANIZATION

Bread of Life (the “Organization”) is a non-profit, non-denominational faith-based organization serving the communities north of Boston, with a mission to feed the body and to nurture the soul. Found in 1980 and incorporated as a non-profit in 1992, Bread of Life brings together over 500 volunteers from 45 partner organizations from the faith community, businesses, civic organizations, schools, healthcare, government, and social service agencies from Malden, Everett, Medford, Melrose, Wakefield, Reading, and Peabody to offer free food to hungry, homeless, and isolated people. Bread of Life distributes the equivalent of one million free meals per year. Services provided include evening meals held four nights a week in Malden, food pantries in Malden and Everett, grocery delivery to senior citizens in public housing in Malden, Everett, Melrose, and Medford, and food delivery to at-risk teens and homeless families sheltered in local motels.

Principles of Consolidation

The consolidated financial statements include the accounts of the Organization and its wholly owned subsidiary, 54 Eastern Ave Malden, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as “Bread of Life.”

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

Use of Estimates

The presentation of consolidated 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 and disclosures. Accordingly, actual results could differ from those estimates.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

Restricted Cash

Restricted cash represents amounts received from donors to be utilized for the building project.

BREAD OF LIFE, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Contributions Receivable

The Organization records contributions receivable that are expected to be collected within one year at net realizable value. Contribution's receivable expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. The allowance for uncollectible promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

Property and Equipment

Property and equipment is recorded at cost if purchased or at estimated fair value at the date of gift if donated, net of accumulated depreciation. The Organization's policy is to capitalize property and equipment costs of \$1,000 or more. Major additions and improvements are capitalized while maintenance and repairs, which do not extend the lives of the respective assets, are expensed in the year incurred.

Property and equipment are depreciated using straight-line methods over the estimated useful lives of the assets as follows:

Building	39 years
Equipment	3-5 years
Vehicles	5 years

Net Assets

The Organization reports information regarding its financial position and activities according to the following classes of net assets based on the existence or absence of donor-imposed restrictions:

Without donor restrictions - net assets that are not restricted by donors and may include net assets whose use is limited by internally imposed restrictions.

With donor restrictions – net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Upon fulfillment of all donor limitations, the donor restricted net assets are released from restriction.

Revenue and Support

The Organization receives revenues and support from contributions, grants, fundraising events and government contracts.

Contributions received are recorded as without donor restriction or with donor restriction support depending on the existence and or the nature of any donor restrictions. Unrestricted contributions, including unconditional promises to give, are recognized as support in the period received or unconditionally pledged.

BREAD OF LIFE, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Revenue and Support - Continued

Conditional promises to give are recognized as contributions when substantially all conditions are met. Contributions of noncash assets are reported at their estimated fair value. All other donor-restricted contributions are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied or expire in the same year in which the contributions are recognized. Fundraising event revenue is recognized when the event has taken place.

Contributions of donated services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period in which the services are provided.

Income Taxes

The Organization is exempt from federal income taxes as provided under Internal Revenue Code (IRC) Section 501(c)(3) and is generally exempt from Federal income taxes under Section 501(a).

The Organization was incorporated in 1992 under the provisions of Massachusetts General laws Chapter 180 and qualifies as a tax-exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. Bread of Life, Inc. has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

Accounting principles generally accepted in the United States of America prescribe the threshold a tax position is required to meet before being recognized in the financial statements. A liability for uncertain tax positions is recognized and recorded as a component of current income tax expense for differences between financial and income tax reporting positions which do not meet this threshold. Any interest and penalties related to uncertain tax positions are recorded as a component of income tax expense. The Organization has reviewed its tax positions that remain subject to examination by tax authorities and has not identified any material uncertain tax positions and thus has not recorded any liability at December 31, 2022 and 2021.

The Organization's federal and state tax returns are subject to possible examination by taxing authorities until the expiration of the related returns statutes. In general, the federal and state tax returns have a three-year statute of limitation from the date the tax returns were due or filed, whichever is later. The Organization is no longer subject to examinations by tax authorities for years prior to 2018, and has no open examinations as of the date of these financial statements.

BREAD OF LIFE, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Income Taxes - Continued

54 Eastern Ave Malden, LLC was required to file partnership tax returns from 2014 – 2016, however, tax returns for those years were not filed and the ramifications are uncertain. If there is a penalty assessed for not filing, it is believed that it will not be material in amount and, therefore, has not been recorded in the financial statements.

Functional Allocation of Expenses

The costs for providing for various programs and supporting services have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited.

Compensated Absences

Employees of the Organization are entitled to paid vacations, paid sick days off, depending on the job classification, length of services, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

Advertising

The Organization expenses advertising costs as they are incurred. Advertising/marketing costs were \$2,295 and \$25,931 for the years ended December 31, 2022 and 2021, respectively.

Adoption of New Accounting Standard

The Organization adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The purpose of this pronouncement is to provide guidance in determining whether transactions are non-exchange or exchange and determining whether contributions are conditional. The adoption of this pronouncement did not have a material effect on these financial statements.

FASB issued ASU 2016-18, *Restricted Cash (Topic 230)*. The purpose of this pronouncement is to provide guidance on the classification of restricted cash in the statement of cash flows. The Organization adopted the provisions of ASU 2016-18 on a retrospective basis and did not necessitate an adjustment to net assets in the prior period.

New Accounting Pronouncements

The Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02 – *Leases*, and additional Accounting Standards Updates containing modifications to this standard. The standard is effective for periods beginning after December 15, 2021, for non-public entities.

BREAD OF LIFE, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

New Accounting Pronouncements - Continued

Implementation of this standard will require lessees to recognize a right to use asset and a lease liability, for all leases with terms longer than 12 months, on their statement of financial position. Management does not believe that this standard will have a material effect on the financial statements.

Adoption of New Accounting Standard

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09 *Revenue from Contracts with Customers (Topic 606)* and additional ASUs containing modifications to ASU 2014-09 (collectively referred to as Accounting Standards Codification 606, *Revenue from Contracts with Customers* or the “new revenue recognition standard”). Under the new revenue recognition standard, revenue is recognized when a customer obtains control of promised goods or services and in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

The principles in the standard should be applied using a five-step model that includes 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when (or as) the performance obligations are satisfied.

On December 1, 2020, the organization adopted the new revenue recognition standard using the modified retrospective approach applied to contracts not completed as of the date of adoption. The adoption of this pronouncement did not have a material effect on these financial statements. The comparative financial statements have not been restated. The prior year is under the former revenue recognition standard, which is similar to the new revenue recognition policy.

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets of the consolidated statement of financial position date:

	<u>2022</u>	<u>2021</u>
Financial assets at year-end:		
Cash	\$ 2,938,505	\$ 2,528,800
Grants and contributions receivable	<u>1,025,194</u>	<u>732,504</u>
Total cash and receivables	3,963,699	3,261,304
Less restricted support greater than one year	<u>(2,992,183)</u>	<u>(2,296,486)</u>
Financial assets available to meet general operating expenses within one year:	<u>\$ 971,516</u>	<u>\$ 964,818</u>

BREAD OF LIFE, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS - CONTINUED

The Organization reviews its cash position on a regular basis to ensure that adequate funds are available to meet operating expenses. Management believes grants and contributions receivables will provide funds for operating expenses. For the year ended December 31, 2022, management believes the Organization has no liquidity issues.

NOTE D - GRANTS, CONTRIBUTIONS AND PLEDGES RECEIVABLE

Grants and contributions receivable are due as follows as of December 31:

	<u>2022</u>
Due in 2023	\$ 875,194
Due in 2024	100,000
Due in 2025	<u>50,000</u>
	<u>\$ 1,025,194</u>

NOTE E - MORTGAGE AND NOTES PAYABLE

Mortgage and notes payable consist of the following at December 31:

	<u>2022</u>	<u>2021</u>
Bonds Payable	\$ 79,998	\$ -
4.00% mortgage payable, secured by building	-	603,393
Tri-CAP note, unsecured	<u>-</u>	<u>100,000</u>
	<u>\$ 79,998</u>	<u>\$ 703,393</u>

On November 7, 2022, the Organization entered into an agreement to obtain a \$1,660,000 tax exempt bond issued by Massachusetts Development Finance Agency through Eastern Bank. The proceed from the Bonds are restricted for construction of the facility at 54 Eastern Avenue. The loan required interest payment only of 5.72% until construction is complete. Interest paid during the year was \$381.33. The bonds are secured by property at 54 Eastern Avenue, Malden.

The Organization had a note payable of \$750,000 with Eastern Bank originally dated August 14, 2013, which was modified April 5, 2023. The modified interest rate was 4% fixed until maturity with monthly principal and interest payments of \$3,582.43. Interest paid during the year was \$20,397. On November 7, 2023, the note was paid off.

BREAD OF LIFE, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE F - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions as of December 31, 2022 and 2021 consist of the following:

	<u>2022</u>	<u>2021</u>
Building Fund (Capital Campaign)	\$ <u>2,992,183</u>	\$ <u>2,296,486</u>

During the years ended December 31, 2022 and 2019, net assets with donor restrictions were released from restrictions by incurring expenses satisfying the purpose and/or time restriction specified by donors as follows:

	<u>2022</u>	<u>2021</u>
Building Fund (Capital Campaign)	\$ <u>1,461,413</u>	\$ <u>333,058</u>

NOTE G - DONATED GOODS AND SERVICES

The value of donated goods and services are reported in the accompanying financial statements as donated goods and services revenue with offsetting expenses included in program expenses. For the years ended December 31, 2022 and 2021, donated goods and services are as follows:

	<u>2022</u>	<u>2021</u>
Rent	\$ 8,800	\$ 8,800
Parking	3,328	7,488
Pantry/meals	2,072,860	1,676,862
Professional services	7,585	7,110
Restaurant meals	351,267	229,926
Program supplies	400	841
Clothing and personal items	<u>6,793</u>	<u>9,257</u>
	\$ <u>2,451,033</u>	\$ <u>1,940,284</u>

NOTE H - RETIREMENT PLAN

The Organization maintains a SIMPLE-IRA retirement plan for eligible employees. The Organization makes a matching contribution to the account of each eligible employee who is employed at the company at year end up to 3% of the employee's salary earned during the year. Expenses related to the plan for the years ended December 31, 2022 and 2021 was \$8,587 and \$7,944, respectively.

NOTE I - LEASE COMMITMENTS

During 2021, the organization signed an eighteen-month existing lease for approximately 4,900 square feet of warehouse space on Canal Street in Malden, Massachusetts beginning June 1, 2021. Monthly rent is \$7,145.83 and term expires on November 30, 2023.

BREAD OF LIFE, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE I - LEASE COMMITMENTS - CONTINUED

Extension of lease is available beginning December 1, 2023, terms to be mutually agreed upon.

During 2021, the organization signed another eighteen-month existing lease for approximately 1,047 square feet of office space on Commercial Street in Malden, Massachusetts. The lease began May 1, 2021 and expires October 31, 2022. Monthly rent was \$1,519.58. The lease was extended to January 31, 2024. Monthly rent is \$1,666.66.

The Organization also leases space at a church in Malden on a tenant at-will basis for \$1,000 per month.

Rent expense was \$120,063 and \$108,435 for the years ended December 2021 and 2020 respectively.

Future minimum lease payments for the years ending December 31 are as follows:

2023	\$ 98,595
2024	<u>1,667</u>
	<u>\$ 100,262</u>

NOTE J - ACQUISITION OF 54 EASTERN AVE MALDEN LLC

On August 14, 2013, the Organization and Tri-City Community Action Program, Inc. (Tri-CAP) created a limited liability company to purchase a building at 54 Eastern Avenue in Malden, Massachusetts with a purchase price of \$750,000. The limited liability company formed was 54 Eastern Ave Malden, LLC. The Organization's initial interest in the jointly created LLC was 46.7% of the LLC.

On April 23, 2015, Tri-CAP filed for Chapter 11 bankruptcy in the US Bankruptcy court for the District of Massachusetts. On August 27, 2015, the Organization and Tri-CAP entered into an agreement in which Tri-CAP redeemed its remaining interest in the LLC for a promissory note in the agreed-upon amount of \$100,000 payable on certain conditions. The Bankruptcy Court approved the agreement on September 17, 2015. As a result of the acquisition, the Organization is continuing the project of developing affordable apartments, administrative offices, a food pantry, dining room, and kitchen on the property (the Project) (See Note E).

NOTE K - CONTINGENCIES

The Organization maintains its cash in accounts that are federally insured. At times, the balances in the insured accounts may exceed federal limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks.

BREAD OF LIFE, INC.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

NOTE K - CONTINGENCIES - CONTINUED

Periodically, the Organization may be involved in various claims and legal actions arising in the normal course of operations. In the opinion of Management, based upon current facts and circumstances and on consultation with legal counsel, losses, if any, from those matters, are covered by insurance or are immaterial to the financial position of the Organization.

NOTE L - SUBSEQUENT EVENTS

The Organization is conducting a capital campaign in conjunction with the construction of a new facility to be located at the current address. As of June 2021, the Organization moved to temporary locations while the new facility is under construction.

The facility construction is in collaboration with Metro North Housing (MNHC), which will provide 14 low-income studio units. The expected cost of the facility is \$11,400,000. The Organization portion is \$5,916,798. The Organization has a financing agreement of \$1,660,000 with Eastern Bank. Construction is expected to be completed February 2024.

Management has evaluated subsequent events through November 16, 2023, the date the financial statements were approved and authorized for issuance by management, and determined that, other than as disclosed herein, there are no subsequent events that would require recognition or disclosure in the notes to the financial statements.