

ALIVE!, Inc.

Financial Statements
and Independent Auditor's Report

June 30, 2022 and 2021

ALIVE!, Inc.

Financial Statements
June 30, 2022 and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ALIVE!, Inc.

Opinion

We have audited the accompanying financial statements of ALIVE!, Inc. (Alexandrians InVolved Ecumenically, referred to as "the Organization"), which comprise the statement of financial position as of June 30, 2022; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements.

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, 2022, and the changes in its net assets and its cash flows 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 the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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.

Responsibilities of Management for the Financial Statements (continued)

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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.

Other Matter

The financial statements of the Organization as of and for the year ended June 30, 2021, were audited by other auditors whose report, dated June 24, 2022, expressed an unmodified opinion on those statements.

Handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is written in a cursive, slightly stylized font.

Vienna, Virginia
April 13, 2023

ALIVE!, Inc.Statements of Financial Position
June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash	\$ 235,126	\$ 254,154
Investments	2,299,269	2,505,931
Grants receivable	10,457	135,618
Inventory	256,574	233,949
Prepaid expenses	6,671	30,109
Property and equipment, net	473,998	494,603
Deposit	3,900	-
	<u>3,285,995</u>	<u>3,654,364</u>
Total assets	<u>\$ 3,285,995</u>	<u>\$ 3,654,364</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 83,046	\$ 132,659
Refundable grant advances	387,171	-
	<u>470,217</u>	<u>132,659</u>
Total liabilities	<u>470,217</u>	<u>132,659</u>
Net Assets		
Without donor restrictions	2,815,778	2,975,913
With donor restrictions	-	545,792
	<u>2,815,778</u>	<u>3,521,705</u>
Total net assets	<u>2,815,778</u>	<u>3,521,705</u>
Total liabilities and net assets	<u>\$ 3,285,995</u>	<u>\$ 3,654,364</u>

See accompanying notes.

ALIVE!, Inc.

Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 1,338,857	\$ -	\$ 1,338,857
Government grants	736,671	-	736,671
In-kind contributions	1,518,147	-	1,518,147
Special fundraising events	79,575	-	79,575
Investment return	28,766	-	28,766
Other income	750	-	750
Net assets released from restrictions	545,792	(545,792)	-
Total revenue and support	4,248,558	(545,792)	3,702,766
Expenses			
Program services:			
Food program	2,513,017	-	2,513,017
Family assistance	521,610	-	521,610
ALIVE! House	94,645	-	94,645
Government funded initiatives	754,439	-	754,439
Furniture and housewares	42,545	-	42,545
Total program services	3,926,256	-	3,926,256
Supporting services:			
Management and general	331,463	-	331,463
Fundraising	150,974	-	150,974
Total supporting services	482,437	-	482,437
Total expenses	4,408,693	-	4,408,693
Change in Net Assets	(160,135)	(545,792)	(705,927)
Net Assets, beginning of year	2,975,913	545,792	3,521,705
Net Assets, end of year	\$ 2,815,778	\$ -	\$ 2,815,778

See accompanying notes.

ALIVE!, Inc.

Statement of Activities
For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 2,209,043	\$ 155,792	\$ 2,364,835
Government grants	1,585,893	390,000	1,975,893
In-kind contributions	2,029,417	-	2,029,417
Special fundraising events	62,085	-	62,085
Investment return	117,872	-	117,872
Other income	4,873	-	4,873
Net assets released from restrictions	260,689	(260,689)	-
Total revenue and support	6,269,872	285,103	6,554,975
Expenses			
Program services:			
Food program	3,575,120	-	3,575,120
Family assistance	472,827	-	472,827
ALIVE! House	178,049	-	178,049
Alexandria eviction prevention partnership	159,092	-	159,092
Furniture and housewares	35,764	-	35,764
Child development center	25,480	-	25,480
Total program services	4,446,332	-	4,446,332
Supporting services:			
Management and general	186,872	-	186,872
Fundraising	212,951	-	212,951
Total supporting services	399,823	-	399,823
Total expenses	4,846,155	-	4,846,155
Change in Net Assets	1,423,717	285,103	1,708,820
Net Assets, beginning of year	1,552,196	260,689	1,812,885
Net Assets, end of year	\$ 2,975,913	\$ 545,792	\$ 3,521,705

See accompanying notes.

ALIVE!, Inc.

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

	Program Services						Supporting Services			Total
	Food Program	Family Assistance	ALIVE! House	Government Funded Initiatives	Furniture and Housewares	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Compensation	\$ 216,990	\$ 5,764	\$ 43,442	\$ 244,099	\$ 2,305	\$ 512,600	\$ 69,932	\$ 54,007	\$ 123,939	\$ 636,539
Employee benefits	8,316	221	1,665	9,355	88	19,645	2,948	2,070	5,018	24,663
Payroll taxes	17,664	469	3,536	19,871	188	41,728	6,245	4,396	10,641	52,369
Computer services	-	-	2,430	6,821	-	9,251	50,247	11,504	61,751	71,002
Depreciation	25,818	689	5,210	29,036	306	61,059	9,117	6,435	15,552	76,611
Fees and other	-	517	-	-	-	517	-	4,680	4,680	5,197
Financial assistance	-	512,907	823	18,064	-	531,794	72	-	72	531,866
Food and kitchen supplies	830,720	-	-	315,718	-	1,146,438	65	-	65	1,146,503
In-kind food	1,204,627	-	-	-	-	1,204,627	-	-	-	1,204,627
In-kind furniture and household goods	-	-	-	-	39,498	39,498	-	-	-	39,498
In-kind rent	158,575	-	-	-	-	158,575	9,000	9,000	18,000	176,575
Insurance	13,488	360	2,722	15,169	160	31,899	4,763	3,362	8,125	40,024
Maintenance	12,723	31	10,480	-	-	23,234	14,895	-	14,895	38,129
Marketing	122	-	132	-	-	254	6,671	9,908	16,579	16,833
Memberships	-	-	-	-	-	-	2,369	-	2,369	2,369
Occupancy	-	-	-	19,100	-	19,100	12,284	12,284	24,568	43,668
Office and other expense	10,366	-	940	47,962	-	59,268	18,330	8,684	27,014	86,282
Operating supplies	9,042	-	11,293	18,511	-	38,846	14,028	959	14,987	53,833
Professional fees	888	-	201	8,679	-	9,768	93,675	23,685	117,360	127,128
Staff development	675	-	135	-	-	810	2,761	-	2,761	3,571
Utilities	3,003	652	11,636	2,054	-	17,345	14,061	-	14,061	31,406
Total Expenses	\$ 2,513,017	\$ 521,610	\$ 94,645	\$ 754,439	\$ 42,545	\$ 3,926,256	\$ 331,463	\$ 150,974	\$ 482,437	\$ 4,408,693

See accompanying notes.

ALIVE!, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2021

	Program Services							Supporting Services			Total
	Food Program	Family Assistance	ALIVE! House	Alexandria Eviction Prevention Partnership	Furniture and Housewares	Child Development Center	Total Program Services	Management and General	Fundraising	Total Supporting Services	
Compensation	\$ 312,782	\$ 19,453	\$ 84,589	\$ 53,724	\$ 14,911	\$ 1,753	\$ 487,212	\$ 12,641	\$ 88,785	\$ 101,426	\$ 588,638
Employee benefits	15,698	457	5,134	1,424	350	9,099	32,162	2,117	2,085	4,202	36,364
Payroll taxes	21,421	1,171	6,243	3,524	898	134	33,391	5,426	5,344	10,770	44,161
Depreciation	15,135	3,985	2,856	7,369	3,055	-	32,400	18,470	18,190	36,660	69,060
Financial assistance	2,097	423,350	2,969	6,095	423	-	434,934	2,559	2,520	5,079	440,013
Food and kitchen supplies	1,401,337	-	765	-	-	-	1,402,102	-	-	-	1,402,102
In-kind food and furniture	1,707,207	-	-	-	-	-	1,707,207	-	-	-	1,707,207
In-kind rent	38,698	10,190	7,302	18,840	7,811	-	82,841	47,224	46,510	93,734	176,575
In-kind services	-	-	-	-	-	-	-	16,467	-	16,467	16,467
Insurance	4,933	1,299	931	2,401	996	1,913	12,473	6,017	5,928	11,945	24,418
Maintenance	15,975	3,046	16,753	15,024	1,946	3,389	56,133	11,764	11,587	23,351	79,484
Memberships	-	-	-	-	-	-	-	626	-	626	626
Miscellaneous	888	233	168	433	179	-	1,901	1,084	1,069	2,153	4,054
Occupancy	4,275	1,126	807	2,081	861	-	9,150	5,217	5,138	10,355	19,505
Office and other expense	11,458	1,494	4,318	32,114	933	86	50,403	7,789	5,553	13,342	63,745
Operating supplies	4,201	868	18,518	779	324	-	24,690	1,951	1,923	3,874	28,564
Postage and shipping	404	106	76	197	81	-	864	9,623	487	10,110	10,974
Professional fees	3,134	825	591	6,626	633	8,778	20,587	33,370	3,767	37,137	57,724
Security	225	87	1,637	22	9	-	1,980	55	54	109	2,089
Software and website	11,159	2,588	1,986	5,281	1,984	-	22,998	2,243	11,815	14,058	37,056
Staff development	812	88	4,070	2,432	67	-	7,469	405	400	805	8,274
Telephone	2,246	1,495	1,832	472	196	244	6,485	1,184	1,166	2,350	8,835
Utilities	1,035	966	16,504	254	107	84	18,950	640	630	1,270	20,220
Total Expenses	\$ 3,575,120	\$ 472,827	\$ 178,049	\$ 159,092	\$ 35,764	\$ 25,480	\$ 4,446,332	\$ 186,872	\$ 212,951	\$ 399,823	\$ 4,846,155

See accompanying notes.

ALIVE!, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2022 and 2021

	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ (705,927)	\$ 1,708,820
Adjustments to reconcile change in net assets to net cash (used in) provided by operating activities:		
Depreciation	76,611	69,060
Net unrealized and realized gain on investments	(21,489)	(62,773)
Donated securities	-	(28,999)
Donated property and equipment	-	(93,299)
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	125,161	(135,618)
Inventory	(22,625)	(122,387)
Prepaid expenses	23,438	(10,627)
Deposit	(3,900)	-
Increase (decrease) in:		
Accounts payable and accrued expenses	(49,613)	87,106
Refundable grant advances	387,171	(106,130)
Net cash (used in) provided by operating activities	(191,173)	1,305,153
Cash Flows from Investing Activities		
Purchases of investments	(18,932)	(1,355,317)
Proceeds from sale of investments	247,083	-
Purchases of property and equipment	(56,006)	(133,389)
Net cash provided by (used in) investing activities	172,145	(1,488,706)
Net Decrease in Cash	(19,028)	(183,553)
Cash, beginning of year	254,154	437,707
Cash, end of year	\$ 235,126	\$ 254,154
Supplementary Disclosure of Cash Flow Information		
Forgiveness of loan – Paycheck Protection Program	\$ -	\$ 106,130

See accompanying notes.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2022 and 2021

1. Nature of Operations

ALIVE!, Inc. (Alexandrians InVolved Ecumenically, referred to as “the Organization”) is a nonprofit organization that was incorporated in 1969 under the laws of the Commonwealth of Virginia to help people faced with emergency situations or long-term needs become capable of assuming self-reliant roles in the community. The Organization serves thousands of Alexandrians monthly with shelter; financial help for rent, utilities, medical care, and other critical needs; emergency food; and deliveries of donated furniture and housewares.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Organization’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. The Organization reports contributions and grants restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions and grants 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.

Investments

Investments are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses are reported in investment return in the accompanying statements of activities. Money market and short-term investment funds, held as a portion of the Organization’s investment portfolio, are not considered to be cash equivalents for purposes of cash flows.

ALIVE!, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Grants Receivable

Grants receivable consist of amounts due to be reimbursed to the Organization for expenses incurred under various grant agreements. All grants receivable are expected to be collected within one year and are recorded at net realizable value. No allowance for doubtful accounts is recorded, as management believes that all amounts are fully collectible.

Inventory

Inventory is comprised of donated and purchased food and is valued using an estimated market valuation rate.

Property and Equipment

Property and equipment acquisitions with a cost in excess of \$500 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to 40 years. Expenditures for repairs and maintenance are expensed as incurred.

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

The Organization recognizes contributions and grants as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been met.

Cost-reimbursable grants, including government grants, 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 grant provisions. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable grant advances in the accompanying statements of financial position.

ALIVE!, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

Revenue Accounted for as Contracts with Customers

Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts, the Organization recognizes revenue as follows:

The Organization records special fundraising events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

In-Kind Contributions

The Organization receives in-kind contributions of nonfinancial assets from individual donors and other sources during the year. These assets include: donated food; furniture and household goods; and rent. They are used to support the Organization's community assistance activities and are recognized as revenue and expense in the financial statements at their estimated fair values at the time of receipt.

In-kind contributions may also include donated services that are considered specialized and can be estimated (e.g., professional legal services) and that otherwise would be required to be paid for. These contributions also support the Organization's community assistance activities. They are recognized as revenue and expense at the time of receipt based on donor quotes of the amounts they would typically charge for their services.

ALIVE!, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of program and supporting services are reflected in the statements of activities according to their functional allocations as shown in the accompanying statements of functional expenses. The allocation of costs on these schedules is based on the programs and supporting services benefited. Accordingly, costs that directly benefit a specific program or supporting service (i.e., direct costs) are allocated directly to them, whereas other (indirect) costs are allocated across programs and services on the basis of estimates of staff time and effort.

Beginning in fiscal year 2022, a new functional expense category, Government Funded Initiatives, was added to the statement of functional expenses for the year ended June 30, 2022. This new category incorporates costs previously allocated to the Alexandria Eviction Prevention Program functional expense category, as well as costs of other program activities funded by government grants this year. This change resulted in significant shifting of costs from other functional areas, most notably the Food Program, which accounts for many of the cost variances between functional areas this year as compared to last year.

Recently Issued Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, *Leases*. The update requires a lessee to recognize a right-of-use asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective for the Organization's fiscal year ending June 30, 2023. Management continues to evaluate the potential impact of this update 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*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. This ASU is effective for the Organization's fiscal year ending June 30, 2023, and is not expected to have a significant impact on the Organization's financial statements.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2022 and 2021

2. Summary of Significant Accounting Policies (continued)

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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 presentation. These reclassifications have no effect on the change in net assets previously reported.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through April 13, 2023, the date the financial statements were available to be issued.

3. Liquidity and Availability

The Organization has established a reserve policy to maintain financial assets to cover operating expenses. As part of this liquidity management, management periodically reviews the Organization's liquid asset needs and invests in various investments including money market funds, mutual funds, and other funds. Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash	\$ 235,126	\$ 254,154
Investments	2,299,269	2,505,931
Grants receivable	<u>10,457</u>	<u>135,618</u>
Total financial assets	2,544,852	2,895,703
Less: restricted by donors for purpose and time	<u>-</u>	<u>(545,792)</u>
Total available for general expenditures	<u><u>\$ 2,544,852</u></u>	<u><u>\$ 2,349,911</u></u>

ALIVE!, Inc.

Notes to Financial Statements June 30, 2022 and 2021

4. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and investments. The Organization maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

5. Investments and Fair Value Measurements

Investment return consists of the following for the years ended June 30:

	2022	2021
Interest and dividends	\$ 7,277	\$ 55,099
Net unrealized and realized gain	21,489	62,773
Total investment return	<u>\$ 28,766</u>	<u>\$ 117,872</u>

The Organization's investment portfolio is not actively managed, rather it is self-directed; therefore, the Organization did not incur any investment fees for the years ended June 30, 2022 and 2021.

The Organization follows FASB Accounting Standards Codification 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

ALIVE!, Inc.

Notes to Financial Statements
June 30, 2022 and 2021

5. Investments and Fair Value Measurements (continued)

In general, and where applicable, the Organization uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at June 30:

	Level 1	Level 2	Level 3	Total
<u>2022:</u>				
Money market funds	\$ 1,659,096	\$ -	\$ -	\$ 1,659,096
Certificates of deposit	237,072	-	-	237,072
Mutual funds	389,549	-	-	389,549
Equity funds	13,552	-	-	13,552
Total investments	\$ 2,299,269	\$ -	\$ -	\$ 2,299,269
<u>2021:</u>				
Money market funds	\$ 1,891,445	\$ -	\$ -	\$ 1,891,445
Certificates of deposit	237,001	-	-	237,001
Mutual funds	358,528	-	-	358,528
Equity funds	18,957	-	-	18,957
Total investments	\$ 2,505,931	\$ -	\$ -	\$ 2,505,931

6. Property and Equipment

Property and equipment consists of the following at June 30:

	2022	2021
Land	\$ 28,039	\$ 28,039
Building	685,887	676,907
Vehicles	258,910	289,234
Furniture and equipment	167,545	120,519
Total property and equipment	1,140,381	1,114,699
Less: accumulated depreciation	(666,383)	(620,096)
Property and equipment, net	\$ 473,998	\$ 494,603

ALIVE!, Inc.

Notes to Financial Statements June 30, 2022 and 2021

7. Paycheck Protection Program Loan

The Organization applied for a loan under the Paycheck Protection Program (PPP) pursuant to Division A, Title 1 of the CARES Act, which was enacted on March 27, 2020. The PPP is a loan designed to provide a direct incentive for small businesses to keep their workers on the payroll through the COVID-19 pandemic, for which the Organization qualified. After the loans are granted, the Small Business Administration (SBA) will forgive loans if all employee retention criteria are met, and the funds are used for eligible expenses (which primarily consist of payroll costs, costs used to continue group healthcare benefits, rent, and utilities). The Paycheck Protection Program Flexibility Act of 2020 was enacted on June 5, 2020, and amends the PPP to give borrowers more freedom in how and when loan funds are spent while retaining the possibility of full forgiveness.

The PPP loan was granted to the Organization on April 28, 2020 in the amount of \$106,130. During the covered period, the Organization incurred qualifying expenditures and applied for forgiveness of the full amount of this loan. This loan was fully forgiven by the SBA on March 24, 2021, and the related amount is recognized as revenue and included in government grants revenue in the statement of activities for the year ended June 30, 2021.

8. Net Assets With Donor Restrictions

For the years ended June 30, 2022 and 2021, net assets totaling \$0 and \$545,792, respectively, were restricted for the Food program.

9. Commitment and Contingencies

Operating Leases

In June 2012, the Organization entered into a lease agreement for office space in Alexandria, Virginia. The agreement is renewed annually. During fiscal year 2022, the monthly rent for this lease was \$1,865. The Organization paid \$24,567 and \$19,505 under the lease for the years ended June 30, 2022 and 2021, respectively. The market rent for the space, however, is estimated to be approximately twice that amount. For both years ended June 30, 2022 and 2021, the Organization recognized \$18,000 of in-kind revenue and expense.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2022 and 2021

9. Commitment and Contingencies (continued)

Operating Leases (continued)

In January 2022, the Organization entered into a lease agreement for food hub space in Alexandria, Virginia, which commenced on March 1, 2022 and expires on February 28, 2024. The lease calls for a base monthly rent of \$2,845. Subsequent to year-end, in January 2023, the Organization entered into a new lease agreement for food hub space at a different location in Alexandria, Virginia, which commenced on January 15, 2023 and expires on January 30, 2024. The lease calls for a base monthly rent of \$3,500.

Additionally, the Organization received donated warehouse space valued at \$158,575, which was recognized as in-kind revenue and expense for both years ended June 30, 2022 and 2021.

Total occupancy costs, including donated rent, were \$220,243 and \$196,080 for the years ended June 30, 2022 and 2021, respectively.

Total future minimum lease payments under all leases will total \$72,628 and \$9,188 for the years ending June 30, 2023 and 2024, respectively.

Government Grants

Funds received from federal and other government agencies are subject to an audit under the provisions of the grant agreements. The ultimate determination of amounts received under these grants is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grants are completed, a potential contingency exists to refund any amounts received in excess of allowable costs. Management is of the opinion that no material liability exists.

10. Retirement Plan

The Organization provides a retirement plan for its employees through a Section 403(b) defined contribution plan. The plan covers all eligible employees upon completion of one year of service. The Organization contributes an amount equal to 2% of salaries for those employees with one to five years of service and 5% thereafter for each eligible employee. Retirement plan contributions for the years ended June 30, 2022 and 2021 were \$6,950 and \$6,542, respectively.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2022 and 2021

11. In-Kind Contributions

In-kind contributions consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Donated food	\$ 1,250,244	\$ 1,707,207
Donated rent	176,575	176,575
Donated vehicle	-	93,299
Donated furniture and household items	76,928	35,869
Donated services	<u>14,400</u>	<u>16,467</u>
Total in-kind contributions	<u>\$ 1,518,147</u>	<u>\$ 2,029,417</u>

12. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (IRC), the Organization is exempt from the payment of taxes on income other than net unrelated business income. No provisions for income tax are required for the years ended June 30, 2022 and 2021, as the Organization had no net unrelated business income. Contributions to the Organization are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has reviewed all open tax years for all tax jurisdictions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.