

# **The Interfaith Nutrition Network, Inc.**

Financial Statements and  
Supplementary Information

June 30, 2022 and 2021

# The Interfaith Nutrition Network, Inc.

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June 30, 2022 and 2021

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## **Independent Auditors' Report**

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

### **Opinion**

We have audited the financial statements of The Interfaith Nutrition Network, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings and certain internal control-related matters that we identified during the audit.

### **Supplementary 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 17 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

*Baker Tilly US, LLP*

Uniondale, New York  
November 18, 2022

# The Interfaith Nutrition Network, Inc.

## Statements of Financial Position

June 30, 2022 and 2021

|   | <u>2022</u>          | <u>2021</u>          |
|---|----------------------|----------------------|
| <b>Assets</b>                               |                      |                      |
| <b>Current Assets</b>                       |                      |                      |
| Cash and cash equivalents                   | \$ 4,883,922         | \$ 5,795,098         |
| Grants and contracts receivable             | 637,168              | 846,952              |
| Contributions receivable, net of allowance  | 244,020              | 119,746              |
| Donated product inventory                   | 31,662               | 105,074              |
| Prepays and other assets                    | 46,922               | 48,799               |
| Other receivables                           | 5,822                | -                    |
| Assets held for sale                        | 458,190              | -                    |
|   | <hr/>                | <hr/>                |
| Total current assets                        | 6,307,706            | 6,915,669            |
| <b>Fixed Assets, Net</b>                    |                      |                      |
|   | <u>8,747,314</u>     | <u>3,644,213</u>     |
| Total assets                                | <u>\$ 15,055,020</u> | <u>\$ 10,559,882</u> |
| <b>Liabilities and Net Assets</b>           |                      |                      |
| <b>Current Liabilities</b>                  |                      |                      |
| Accounts payable and accrued expenses       | \$ 718,220           | \$ 565,201           |
| Security deposits                           | 6,668                | 9,618                |
| Deferred revenue                            | 216,304              | 5,000                |
| Current portion of loan payable             | 1,081,999            | -                    |
|   | <hr/>                | <hr/>                |
| Total current liabilities                   | 2,023,191            | 579,819              |
| <b>Loan Payable</b>                         |                      |                      |
|   | <u>1,918,001</u>     | <u>-</u>             |
| Total liabilities                           | <u>3,941,192</u>     | <u>579,819</u>       |
| <b>Net Assets</b>                           |                      |                      |
| Net assets without donor restrictions:      |                      |                      |
| Board designated                            | 359,529              | 2,313,669            |
| Undesignated - Property and equipment       | 8,747,314            | 3,644,213            |
| Undesignated - General                      | 1,683,797            | 3,315,659            |
|   | <hr/>                | <hr/>                |
| Total net assets without donor restrictions | 10,790,640           | 9,273,541            |
| Net assets with donor restrictions          | <u>323,188</u>       | <u>706,522</u>       |
| Total net assets                            | <u>11,113,828</u>    | <u>9,980,063</u>     |
| Total liabilities and net assets            | <u>\$ 15,055,020</u> | <u>\$ 10,559,882</u> |

See notes to financial statements

## The Interfaith Nutrition Network, Inc.

Statements of Activities and Change in Net Assets  
Years Ended June 30, 2022 and 2021

|   | 2022                       |                         |               | 2021                       |                         |              |
|---|----------------------------|-------------------------|---------------|----------------------------|-------------------------|--------------|
|   | Without Donor Restrictions | With Donor Restrictions | Total         | Without Donor Restrictions | With Donor Restrictions | Total        |
| <b>Revenues, Gains and Other Support</b>                            |                            |                         |               |                            |                         |              |
| Fundraising, net  | \$ 1,876,659               | \$ -                    | \$ 1,876,659  | \$ 2,560,950               | \$ -                    | \$ 2,560,950 |
| Contributions and grants  | 3,389,850                  | -                       | 3,389,850     | 3,710,782                  | 300,000                 | 4,010,782    |
| Fees and grants from government agencies                            | 3,283,143                  | -                       | 3,283,143     | 3,485,545                  | -                       | 3,485,545    |
| Contributions of nonfinancial assets                                | 556,711                    | -                       | 556,711       | 484,213                    | -                       | 484,213      |
| Rental income   | 107,698                    | -                       | 107,698       | 121,654                    | -                       | 121,654      |
| Other program income  | 26,591                     | -                       | 26,591        | 4,553                      | -                       | 4,553        |
| Interest income   | 14,691                     | -                       | 14,691        | 14,220                     | -                       | 14,220       |
| Net assets released from restrictions                               | 383,334                    | (383,334)               | -             | 83,333                     | (83,333)                | -            |
| Total revenues, gains and other support                             | 9,638,677                  | (383,334)               | 9,255,343     | 10,465,250                 | 216,667                 | 10,681,917   |
| <b>Expenses</b>   |                            |                         |               |                            |                         |              |
| Program services:   |                            |                         |               |                            |                         |              |
| Shelters  | 2,210,261                  | -                       | 2,210,261     | 1,959,018                  | -                       | 1,959,018    |
| Soup Kitchen  | 2,055,825                  | -                       | 2,055,825     | 2,675,203                  | -                       | 2,675,203    |
| Long-Term Housing   | 539,879                    | -                       | 539,879       | 560,708                    | -                       | 560,708      |
| Center for Transformative Change                                    | 2,693,868                  | -                       | 2,693,868     | 1,536,313                  | -                       | 1,536,313    |
| Total program services  | 7,499,833                  | -                       | 7,499,833     | 6,731,242                  | -                       | 6,731,242    |
| Supporting services:  |                            |                         |               |                            |                         |              |
| Administration  | 727,234                    | -                       | 727,234       | 788,351                    | -                       | 788,351      |
| Fundraising   | 495,510                    | -                       | 495,510       | 381,211                    | -                       | 381,211      |
| Total expenses  | 8,722,577                  | -                       | 8,722,577     | 7,900,804                  | -                       | 7,900,804    |
| Excess (deficit) of revenues, gains and other support over expenses | 916,100                    | (383,334)               | 532,766       | 2,564,446                  | 216,667                 | 2,781,113    |
| <b>Gain on Sale of Fixed Assets</b>                                 | 600,999                    | -                       | 600,999       | -                          | -                       | -            |
| Change in net assets  | 1,517,099                  | (383,334)               | 1,133,765     | 2,564,446                  | 216,667                 | 2,781,113    |
| <b>Net Assets, Beginning</b>  | 9,273,541                  | 706,522                 | 9,980,063     | 6,709,095                  | 489,855                 | 7,198,950    |
| <b>Net Assets, Ending</b>   | \$ 10,790,640              | \$ 323,188              | \$ 11,113,828 | \$ 9,273,541               | \$ 706,522              | \$ 9,980,063 |

See notes to financial statements

## The Interfaith Nutrition Network, Inc.

### Statement of Functional Expenses

Year Ended June 30, 2022

|  | Program Services |              |                   |                                  | Supporting Services |             | Total        |
|--|------------------|--------------|-------------------|----------------------------------|---------------------|-------------|--------------|
|  | Shelters         | Soup Kitchen | Long-Term Housing | Center for Transformative Change | Administration      | Fundraising |              |
|  |                  |              |                   |                                  |                     |             |              |
| Salaries                                       | \$ 1,423,819     | \$ 524,790   | \$ 151,109        | \$ 668,753                       | \$ 199,283          | \$ 149,476  | \$ 3,117,230 |
| Employee benefits and payroll taxes            | 314,006          | 120,676      | 21,830            | 147,841                          | 132,742             | 41,828      | 778,923      |
| Donated products                               | 5,764            | 536,237      | -                 | -                                | -                   | -           | 542,001      |
| Repairs and maintenance                        | 135,824          | 63,159       | 153,659           | 22,451                           | 41,909              | -           | 417,002      |
| Insurance                                      | 38,024           | 19,680       | 62,651            | 36,289                           | 29,052              | -           | 185,696      |
| Utilities                                      | 43,270           | 42,555       | 50,409            | 22,934                           | 20,686              | -           | 179,854      |
| Supplies                                       | 67,119           | 53,203       | 4,572             | 15,247                           | 39,482              | -           | 179,623      |
| Volunteer and guest related                    | 4,208            | 30,280       | 4,543             | 1,429,363                        | 97                  | -           | 1,468,491    |
| Special events nondirect                       | -                | -            | -                 | -                                | -                   | 126,529     | 126,529      |
| Food and related costs                         | 34,508           | 541,084      | -                 | 172,560                          | 150                 | -           | 748,302      |
| Bad debt                                       | -                | -            | -                 | -                                | -                   | 86,626      | 86,626       |
| Telephone and cable                            | 12,575           | 6,693        | 637               | 9,862                            | 22,481              | -           | 52,248       |
| Legal and professional                         | 16,863           | 5,621        | 27,713            | 7,026                            | 55,762              | 7,050       | 120,035      |
| Real estate taxes                              | -                | -            | 17,656            | -                                | 4,514               | -           | 22,170       |
| Outside temporary help                         | 18,898           | 6,980        | -                 | 23,793                           | 26,771              | -           | 76,442       |
| Licenses, permits and fees                     | 46,403           | 22,126       | 550               | 82,482                           | 39,246              | 341         | 191,148      |
| Automobile and travel                          | 15               | 2,340        | 17                | -                                | 10,783              | -           | 13,155       |
| Miscellaneous                                  | -                | 17,652       | 2,795             | 19,171                           | -                   | -           | 39,618       |
| Marketing                                      | 79               | 1,694        | -                 | -                                | -                   | 14,139      | 15,912       |
| Staff development, recognition and recruitment | 2,045            | 2,585        | -                 | 754                              | 13,937              | -           | 19,321       |
| Finance and bank charges or fees               | 28               | -            | 20                | 121                              | 8,165               | 24,020      | 32,354       |
| Fundraising expenses, direct mail              | -                | -            | -                 | -                                | -                   | 45,501      | 45,501       |
| Postage  | -                | 23           | -                 | 30                               | 11,160              | -           | 11,213       |
| Office, dues and subscriptions                 | 1,380            | 229          | -                 | 420                              | 6,334               | -           | 8,363        |
| Total expenses before depreciation             | 2,164,828        | 1,997,607    | 498,161           | 2,659,097                        | 662,554             | 495,510     | 8,477,757    |
| Depreciation                                   | 45,433           | 58,218       | 41,718            | 34,771                           | 64,680              | -           | 244,820      |
| Totals   | \$ 2,210,261     | \$ 2,055,825 | \$ 539,879        | \$ 2,693,868                     | \$ 727,234          | \$ 495,510  | \$ 8,722,577 |

See notes to financial statements

**The Interfaith Nutrition Network, Inc.**

Statement of Functional Expenses

Year Ended June 30, 2021

|  | Program Services    |                     |                   |                                  | Supporting Services |                   | Total               |
|--|---------------------|---------------------|-------------------|----------------------------------|---------------------|-------------------|---------------------|
|  | Shelters            | Soup Kitchen        | Long-Term Housing | Center for Transformative Change | 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             |
| Donated products                               | 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   | <u>\$ 1,959,018</u> | <u>\$ 2,675,203</u> | <u>\$ 560,708</u> | <u>\$ 1,536,313</u>              | <u>\$ 788,351</u>   | <u>\$ 381,211</u> | <u>\$ 7,900,804</u> |

See notes to financial statements



# The Interfaith Nutrition Network, Inc.

## Statements of Cash Flows

Years Ended June 30, 2022 and 2021

|  | <u>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| <b>Cash Flows From Operating Activities</b>  |                     |                     |
| Change in net assets   | \$ 1,133,765        | \$ 2,781,113        |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: |                     |                     |
| Depreciation   | 244,820             | 261,478             |
| Change in donated product inventory  | 73,412              | (54,997)            |
| Gain on sale of fixed assets   | (600,999)           | -                   |
| Provision for bad debt   | 86,626              | 35,986              |
| (Increase) decrease in operating assets:   |                     |                     |
| Grants and contracts receivable  | 209,784             | (413,257)           |
| Contributions receivable   | (210,900)           | (152,825)           |
| Prepays and other assets   | 1,877               | (7,296)             |
| Other receivables  | (5,822)             | 15,114              |
| (Decrease) increase in operating liabilities:  |                     |                     |
| Accounts payable and accrued expenses  | 153,019             | 287,946             |
| Security deposits  | (2,950)             | (1,700)             |
| Deferred revenue   | 211,304             | (1,280,571)         |
| Net cash flows from operating activities   | <u>1,293,936</u>    | <u>1,470,991</u>    |
| <b>Cash Flows From Investing Activities</b>  |                     |                     |
| Proceeds from sale of fixed assets   | 659,599             | -                   |
| Purchase of fixed assets   | <u>(5,864,711)</u>  | <u>(398,441)</u>    |
| Net cash flows from investing activities   | <u>(5,205,112)</u>  | <u>(398,441)</u>    |
| <b>Cash Flows From Financing Activities</b>  |                     |                     |
| Proceeds from loan payable   | <u>3,000,000</u>    | <u>-</u>            |
| Net cash flows from financing activities   | <u>3,000,000</u>    | <u>-</u>            |
| Net change in cash and cash equivalents  | (911,176)           | 1,072,550           |
| <b>Cash and Cash Equivalents, Beginning</b>  | <u>5,795,098</u>    | <u>4,722,548</u>    |
| <b>Cash and Cash Equivalents, Ending</b>   | <u>\$ 4,883,922</u> | <u>\$ 5,795,098</u> |

See notes to financial statements

# **The Interfaith Nutrition Network, Inc.**

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Notes to Financial Statements

June 30, 2022 and 2021

## **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.

### **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, an unrelated entity. 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.

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Notes to Financial Statements

June 30, 2022 and 2021

## 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, 2022 and 2021, no discounts were recorded.

For the years ended June 30, 2022 and 2021, the Organization received related party contributions of \$373,440 and \$448,498, 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.

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Notes to Financial Statements  
June 30, 2022 and 2021

## Contributions of Nonfinancial Assets

The Organization records contributions of nonfinancial assets at fair value at the time of donation. Donated products, consisting of food and supplies received, distributed and on hand, are valued utilizing a value per pound based on published rates by Feeding America. Donated gift cards are valued at the face value the gift card as redeemable for purchases. Donated food products and supplies and donated gift cards are used for programmatic purposes.

For the years ended June 30, 2022 and 2021, the Organization recorded contributions of nonfinancial assets of \$556,711 and \$484,213, respectively. For the year ended June 30, 2022, contributions of nonfinancial assets were comprised of donated products of \$542,001 and donated gift cards of \$14,710. For the year ended June 30, 2021, contributions of nonfinancial assets were comprised of donated products of \$459,393 and donated gift cards of \$24,820.

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. For the years ended June 30, 2022 and 2021, the Organization received awarded and unrecognized reimbursement grants of \$2,377,285 and \$950,615.

## 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, 2022 and 2021, direct expenses were \$129,187 and \$145,750 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 \$114,005 and \$27,379 as of June 30, 2022 and 2021, respectively. Bad debt expense was \$86,626 and \$35,986 for the years ended June 30, 2022 and 2021, respectively.

# The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

## 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. In the first year the asset is placed into service the half-year convention is utilized. 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, 2022 and 2021.

## 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, accounting and audit fees, payroll and HRIS fees, 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.

# The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

## Adopted Accounting Pronouncement

During 2022, the Organization adopted the Accounting Standards Update (ASU) 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 improves financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets. The adoption of ASU 2020-07 had no impact on financial statement presentation when applied retrospectively to all periods presented.

## Recent Accounting Pronouncement

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 has evaluated the impact of ASU 2016-02 on the Organization's financial statements and has determined there will be no material impact.

## 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>2022</u>         | <u>2021</u>         |
|--|---------------------|---------------------|
| Cash and cash equivalents                  | \$ 4,883,922        | \$ 5,795,098        |
| Grants and contracts receivable            | 637,168             | 846,952             |
| Contributions receivable, net of allowance | 244,020             | 119,746             |
| Other receivables                          | 5,822               | -                   |
|  | <u>5,770,932</u>    | <u>6,761,796</u>    |
| Less:                                      |                     |                     |
| Donor restricted amounts                   | (323,188)           | (706,522)           |
| Board designated amounts                   | (359,529)           | (2,313,669)         |
| Total                                      | <u>\$ 5,088,215</u> | <u>\$ 3,741,605</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, 2022, the Organization has available financial assets on hand to cover approximately eight months of budgeted operating expenses.

## 3. Grants and Contracts Receivable

Grants and contracts receivable as of June 30, 2022 and 2021 are comprised of the following:

|  | <u>2022</u>       | <u>2021</u>       |
|--|-------------------|-------------------|
| Nassau County Department of Social Services  | \$ 259,171        | \$ 212,368        |
| Nassau County Office of Housing and Intergovernmental Affairs, Emergency Shelter Grant Program | 326,549           | 421,630           |
| Other grants   | 51,448            | 212,954           |
| Total  | <u>\$ 637,168</u> | <u>\$ 846,952</u> |

## The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

### 4. Fixed Assets, Net

Fixed assets, net, consists of the following as of June 30, 2022 and 2021:

|                                    | <u>2022</u>         | <u>2021</u>         |
|------------------------------------|---------------------|---------------------|
| Land                               | \$ 2,193,404        | \$ 1,060,425        |
| Building and building improvements | 9,746,233           | 6,092,868           |
| Equipment                          | 1,228,853           | 1,128,711           |
| Vehicles                           | 65,833              | 65,833              |
| Computer system                    | 323,025             | 304,198             |
| Furniture and fixtures             | 178,087             | 180,126             |
|                                    | <u>13,735,435</u>   | <u>8,832,161</u>    |
| Less accumulated depreciation      | <u>4,988,121</u>    | <u>5,187,948</u>    |
|                                    | <u>\$ 8,747,314</u> | <u>\$ 3,644,213</u> |

### 5. Loan Payable

On May 12, 2022, the Organization entered into a \$3,000,000 commercial mortgage loan in order to finance the purchase of a building for a purchase price of \$5,500,000. The mortgage loan has a ten-year term. The loan bears interest at the fixed rate of 4.00% per annum, payable monthly in arrears from the date of the closing until June 1, 2025 (the Rate Adjustment Date). On the Rate Adjustment Date the rate of interest shall adjust to a fixed rate equal to the weekly average yield of the 7-year United States Treasury two days prior to the Rate Adjustment Date plus 2.25%, but such rate shall be not less than 3.25%. The loan requires interest only payments through July 1, 2025. Commencing on July 1, 2025, the loan requires monthly installments of principal and interest, each an amount which shall fully amortize the debt on a 25-year amortization schedule, until the maturity date (May 21, 2032), at which time the unpaid principal sum together with all accrued but unpaid interest shall be due and payable.

The loan is subject to a minimum debt service coverage ratio financial covenant. The Organization was in compliance with the covenant as of June 30, 2022.

The loan is collateralized by a first mortgage lien on the building and four other properties owned by the Organization (collectively, the mortgaged premises). The bank shall release the lien against any one of the mortgaged premises, except the building, upon the sale of such mortgaged premise to a bona fide third party and upon payment to the bank of 90% of the sale proceeds from such sale.

As of November 18, 2022, \$1,081,999 has been repaid from the proceeds of sale from two of the mortgaged premises. These mortgaged premises are reported as assets held for sale on the statement of financial position as of June 30, 2022. Accordingly, \$1,081,999, of the loan has been classified as current portion of loan payable on the statement of financial position as of June 30, 2022.

## The Interfaith Nutrition Network, Inc.

Notes to Financial Statements  
June 30, 2022 and 2021

### 6. 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, 2022 and 2021:

|   | <u>2022</u> | <u>2021</u>  |
|---|-------------|--------------|
| Board designated for specific projects and general reserves | \$ 359,529  | \$ 2,313,669 |

During the year ended June 30, 2022, board designated net assets were released for the purchase of a building.

### 7. Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes as of June 30, 2022 and 2021:

|                                  | <u>2022</u>       | <u>2021</u>       |
|----------------------------------|-------------------|-------------------|
| Center for Transformative Change | \$ 50,000         | \$ 350,000        |
| Shelters                         | 189,855           | 189,855           |
| Special projects                 | <u>83,333</u>     | <u>166,667</u>    |
| Total                            | <u>\$ 323,188</u> | <u>\$ 706,522</u> |

For the year ended June 30, 2022, \$300,000 of Center for Transformative Change and \$83,334 of special projects funds were released by incurring applicable expenses. 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.

### 8. 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.

### 9. 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, 2022 and 2021 was approximately \$29,100 and \$28,300, respectively, which is included within supplies on the statements of functional expenses.



## The Interfaith Nutrition Network, Inc.

Notes to Financial Statements

June 30, 2022 and 2021

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

|       |    |               |
|-------|----|---------------|
| 2023  | \$ | 26,300        |
| 2024  |    | <u>24,200</u> |
| Total | \$ | <u>50,500</u> |

### Government Funding and Possible Rate Adjustments

Substantial funding of programs is provided to the Organization by federal, state, city and county governments. Continuation of such funding is dependent on budgetary allocations from such agencies. In addition, reimbursements under contracts or rates are subject to audit by various agencies on a regular basis. The potential exposure from the outcome of such audits, if any, cannot be determined.

### 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.

### 10. Retirement Plan

The Organization sponsors a defined contribution retirement plan covering all eligible employees, as defined. The plan permits for employee salary deferrals. Retirement expense for the year ended June 30, 2022 was approximately \$35,000. There were no contributions made during the year ended June 30, 2021.

### 11. Paycheck Protection Program

On April 8, 2020, the Organization received proceeds in the amount of \$591,044 under the Paycheck Protection Program (PPP) which was established as part of the Coronavirus Aid, Relief and Economic Security (CARES) Act and is administered through the Small Business Administration (SBA).

The Organization initially recorded the funds as a deferred revenue, with forgiveness to be recorded in accordance with guidance for conditional contributions when there was no longer a measurable performance or other barrier and a right of return of the PPP loan, or when such conditions were explicitly waived. On November 23, 2020, the Organization received full forgiveness from the SBA and recorded the PPP funds as a contribution 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 is 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.

## **The Interfaith Nutrition Network, Inc.**

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Notes to Financial Statements  
June 30, 2022 and 2021

### **12. Subsequent Events**

Management has evaluated subsequent events through November 18, 2022, the date the financial statements are available for issuance, for inclusion or disclosure in the financial statements.

Refer to note 5 for subsequent event regarding sales of two properties which occurred after June 30, 2022.

## The Interfaith Nutrition Network, Inc.

Schedules of Fees and Grants From Government Agencies  
Years Ended June 30, 2022 and 2021

|   | <u>2022</u>         | <u>2021</u>         |
|---|---------------------|---------------------|
| Nassau County Department of Social Services   | \$ 1,225,112        | \$ 913,585          |
| Town of Hempstead COVID-19 Relief Funds   | 354,425             | 950,615             |
| Nassau County Office of Housing and Intergovernmental Affairs,<br>Emergency Shelter Grant Program | 1,562,736           | 606,286             |
| Federal Emergency Food and Shelter Program  | 105,296             | 201,387             |
| Paycheck Protection Program Loan Forgiveness  | -                   | 591,044             |
| Community Development Block Grant Program   | 30,324              | 200,908             |
| Rapid Re-Housing Program  | -                   | 14,770              |
| Empire State Poverty Reduction Initiative   | -                   | 6,950               |
| Community Capital Assistance Program  | 5,250               | -                   |
|   | <u>\$ 3,283,143</u> | <u>\$ 3,485,545</u> |