



JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2021

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Independent Auditor's Report

To the Board of Directors
Just Food of Douglas County, Kansas, Inc.

Opinion

We have audited the accompanying financial statements of Just Food of Douglas County, Kansas, Inc., (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and 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 Just Food of Douglas County, Kansas, Inc. as of December 31, 2021, 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 Just Food of Douglas County, Kansas, 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 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 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 Just Food of Douglas County, Kansas, 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.

SSC CPAs, P.A.

SSC CPAs, P.A.
Lawrence, Kansas
July 5, 2022

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.
STATEMENT OF FINANCIAL POSITION

December 31,	2021
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,838,632
Inventory	57,624
Total current assets	1,896,256
Other assets	
Property and equipment, net	611,535
Beneficial interest in assets held by others	150,527
Total other assets	762,062
TOTAL ASSETS	\$ 2,658,318
LIABILITIES AND NET ASSETS	
Current liabilities	
Accounts payable	\$ 6,661
Accrued payroll tax liabilities	17,357
Refundable advances	4,240
Total current liabilities	28,258
Net assets	
Without donor restrictions	
Undesignated	2,605,060
Total net assets without donor restrictions	2,605,060
With donor restrictions	
Purpose restrictions	25,000
Total net assets with donor restrictions	25,000
Total net assets	2,630,060
TOTAL LIABILITIES AND NET ASSETS	\$ 2,658,318

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.
STATEMENT OF ACTIVITIES

For the year ended December 31,

2021

	Foodbank and Education	Contributed Food	Total Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue					
Contributions received and other revenue	\$ 1,887,542	\$ -	\$ 1,887,542	\$ 62,500	\$ 1,950,042
Contributed food received	-	1,846,158	1,846,158	-	1,846,158
Amounts released from restrictions - purpose restriction met	41,898	-	41,898	(41,898)	-
Total support and revenue	1,929,440	1,846,158	3,775,598	20,602	3,796,200
Expenses					
Foodbank and education	1,056,842	-	1,056,842	-	1,056,842
Contributed food distributed	-	1,918,683	1,918,683	-	1,918,683
Management and general	156,377	-	156,377	-	156,377
Fundraising	249,152	-	249,152	-	249,152
Total expenses	1,462,371	1,918,683	3,381,054	-	3,381,054
Other income					
Gain on sale of assets	3,000	-	3,000	-	3,000
Total other income	3,000	-	3,000	-	3,000
CHANGE IN NET ASSETS	470,069	(72,525)	397,544	20,602	418,146
Net assets, beginning of year (restated)	2,077,367	130,149	2,207,516	4,398	2,211,914
Net assets, end of year	\$ 2,547,436	\$ 57,624	\$ 2,605,060	\$ 25,000	\$ 2,630,060

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the year ended December 31,

2021

	Foodbank and Education	Management and general	Fundraising	Total
Compensation	\$ 403,681	\$ 121,104	\$ 51,903	\$ 576,688
Food purchased	352,903	-	-	352,903
Insurance	7,394	2,218	951	10,563
Office supplies, printing and postage	12,699	1,209	46,563	60,471
Marketing	-	-	21,407	21,407
Services and staff support	45,682	-	-	45,682
Professional fees	-	22,639	-	22,639
Rent	49,229	5,792	2,896	57,917
Utilities and telephone	29,023	3,415	1,707	34,145
Equipment	97,960	-	-	97,960
Vehicle cost and freight	30,875	-	-	30,875
Special events	-	-	121,610	121,610
Bank fees	-	-	2,115	2,115
Total expenses before depreciation and contributed food distributed	1,029,446	156,377	249,152	1,434,975
Depreciation	27,396	-	-	27,396
Contributed food distributed	1,918,683	-	-	1,918,683
TOTAL EXPENSES	\$ 2,975,525	\$ 156,377	\$ 249,152	\$ 3,381,054

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.**STATEMENT OF CASH FLOWS**

For the year ended December 31,	2021
CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 418,146
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Net contributed food activity	72,525
Depreciation	27,396
Change in beneficial interest	(44,637)
Contributions restricted for building remodel	(6,000)
(Increase) decrease in operating assets:	
Accounts receivable	24,947
Increase (decrease) in operating liabilities:	
Accounts payable	(130,115)
Accrued payroll tax liabilities	(2,579)
Refundable advances	(62,153)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	297,530
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchase of property and equipment	(92,900)
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(92,900)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from restricted contributions for building remodel	6,000
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	6,000
Net increase in cash and cash equivalents	210,630
Cash and cash equivalents, beginning of year	1,628,002
Cash and cash equivalents, end of year	\$ 1,838,632

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND OWNERSHIP

Organization and nature of operations

Just Food of Douglas County, Kansas, Inc. (the Organization) is a 501(c)(3), nonprofit organization which was incorporated under the laws of the State of Kansas. The Organization is a central food distribution facility for persons and organizations in Douglas County, Kansas needing food and nutritional assistance.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

In 2021, the Organization changed accounting policies related to the adoption of the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP). Accordingly, the accounting change has been retrospectively applied to prior periods as if the policy had always been used.

Basis of presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Use of estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in the circumstances; however, actual results could differ from those estimates.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Revenue recognition

The Organization receives funding from local, county, and federal grants and contracts. Grants received represent both exchange transactions and contributions. Revenue is recognized upon the satisfaction of performance obligations. A portion of the Organization's revenue is derived from cost-reimbursable 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. Contributions are recognized when cash, or other assets, or an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

Revenue with and without donor restrictions

Contributions that are restricted by the donor are reported 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. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment unless they are spent within the same reporting period. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the Statement of Activities as net assets released from restriction.

Donated assets

Donated investments are recorded as contributions at their fair value at the date of donation.

Donated materials and services

The Organization records various types of in-kind contributions. Contributed food received, as well as the related food distributed expense and the contributed food inventory accounts, are computed by valuing the Organization's respective pounds of food at a weighted average wholesale price per pound as determined by the Feeding America's national food bank network. The Organization treats contributed food as an unrestricted contribution. For the year ended December 31, 2021, contributed food was valued at \$1.79 per pound.

Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets, or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses or additions to property and equipment. For the year ended December 31, 2021, the Organization has recorded in-kind contributions as revenue and expense totaling \$65,091 for donated services and goods other than contributed food. In addition, many individuals have volunteered their time in organizational governance, program services and fundraising efforts for the year ended December 31, 2021. No amounts have been reflected in the statements for these donated hours as they did not meet the accounting principles criteria for recognition.

Cash and cash equivalents

The Organization considers all investments with original maturities of three months or less to be cash equivalents.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Inventory

Contributed food is valued on a first-in, first-out basis using a weighted average wholesale price per pound as determined by the Feeding America national food bank network.

Property and equipment

Fixed assets are recorded at cost, if purchased. Donated fixed assets are reported at estimated fair value at the date of contribution. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Depreciation is recorded on the straight-line method over the estimated useful lives of the assets as follows:

	Life
Computers and hardware	5 years
Equipment	5-7 years
Vehicles	5 years

Fair value measurements

The Organization has adopted the provisions of FASB ASC 820-10. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date.

In determining fair value, the Organization uses various valuation approaches. FASB ASC 820-10 establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the Organization.

Unobservable inputs are inputs that reflect the Organization’s assumption about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The hierarchy is broken down into three levels based on the observability of inputs as follows:

Level 1 - Valuations based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access. Valuation adjustments and block discounts are not applied to Level 1 instruments. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these products does not entail a significant degree of judgment.

Level 2 - Valuations based on one or more quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly.

Level 3 - Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Refundable advances

Income from conditional contributions received in advance are deferred and recognized when the conditions of the contributions have been met.

Functional allocation of expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Certain costs have been allocated among the program and supporting services benefited as depicted in the Statement of Functional Expenses. Expenses that can be identified with a specific program and support are allocated directly according to their natural expenditure classification.

Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the programs or support source. Direct benefit to donor costs have been included in fundraising costs on the Statement of Functional Expenses as the associated costs are not material in relation to the financial statements taken as a whole.

Beneficial interest in assets held by others

The Organization established a fund held by Douglas County Community Foundation (DCCF). The balance consists of the funds allocation of the pooled investment account held by DCCF. The Organization granted variance power to DCCF, which allows DCCF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgment of the DCCF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The fund is held and invested by DCCF for the benefit of the Organization and is reported at fair value in the Statement of Financial Position, with distributions and changes in fair value recognized in the Statement of Activities.

Income taxes

The Organization is exempt from income tax under Internal Revenue Code Section 501(c)(3) as provided by a determination letter from the Internal Revenue Service.

The Organization has adopted the provisions of FASB ASC 740-10, Accounting for Income Taxes. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The standard prescribes recognition and the measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization has not identified any uncertain tax positions for the year ended December 31, 2021. The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

3. RESTATEMENT OF FINANCIAL STATEMENTS

As a result of an internal review of the Organization's basis of accounting and internal accounting processes during 2021, the Organization determined that U.S. GAAP is a more appropriate basis of accounting than the modified cash basis of accounting previously utilized. The change in method of accounting resulted in adjustments to prior periods. Accordingly, the Organization restated its financial statements for the affected years. The effect of the restatement was to increase opening net assets without donor restrictions by \$97,327 and decrease opening net assets with donor restrictions by \$86,774. The effect of the restatement on the change in net assets without donor restrictions and the statement of financial position as of December 31, 2020 included an increase to accounts payable and leasehold improvements of \$136,776. This increase to accounts payable and leasehold improvements resulted in the release of donor restrictions in the amount of

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

\$86,774 as of December 31, 2020. Additionally, the effect on restatement included an increase to accounts receivable of \$24,947 and an increase to accrued payroll tax liabilities of \$14,395.

4. LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of December 31:

	2021
Cash available within one year of the statement of financial position for general expenditures	\$ 1,838,632
Less those generally unavailable for expenditure due to:	
Refundable advances	(4,240)
Donor-imposed purpose restrictions	(25,000)
Financial assets available to meet cash needs for general expenditures with one year	\$ 1,809,392

In addition to financial assets available to meet general expenditures over the next 12 months, the Organization operates with a surplus budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources.

5. PROPERTY AND EQUIPMENT, NET

The cost and related accumulated depreciation of property and equipment at December 31, are as follows:

	2021
Computers and software	\$ 4,400
Equipment	79,633
Leasehold improvements	544,951
Vehicles	56,974
Total cost	685,958
Less accumulated depreciation	(74,423)
Net property and equipment	\$ 611,535

Depreciation expense charged to operations is \$27,396 for the year ended December 31, 2021.

6. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consists of the following at December 31:

	2021
Subject to expenditures for specified purpose:	
Just Basics Program	\$ 10,000
Forklift	15,000
Total	\$ 25,000

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Net assets were released from donor restrictions by satisfying the restricted purpose or by occurrence of the passage of time or other evidence specified by the donors.

	2021
Satisfaction of purpose restrictions:	
Facility Remodel	\$ 6,000
Truck	25,000
Forklift	5,000
Christmas Dinner	1,500
Pots & Pan-try Program	4,398
Total	\$ 41,898

7. FAIR VALUE DISCLOSURE

As discussed in Note 2, the Organization has received a beneficial interest in the DCCF pooled investment fund and recorded it during 2021. The investment policy governing the underlying investments is established by the Board of the Douglas County Community Foundation. These assets are measured at fair value on a recurring basis, and at December 31, 2021 are classified as Level 3 in the fair value hierarchy.

Unobservable inputs reflect DCCF's assumptions that market participants would use in pricing the pooled investments, developed on the best information available in the circumstances, including assumptions about risk. Inputs may include market price information, volatility statistics, specific broad credit data, liquidity statistics, and other factors.

The following is a reconciliation of the activity related to the Level 3 investments for the year ended December 31, 2021:

January 1, 2021	\$ 105,890
Total dividend income and gains	6,595
Contributions	39,185
Fees	(1,143)
December 31, 2021	\$ 150,527

8. FUNCTIONAL ALLOCATION OF EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function and allocated on a reasonable basis that is consistently applied. Compensation and insurance expenses are allocated on the basis of estimates of time and effort while rent and utilities and telephone expenses are allocated on the basis of the square footage of the Organization's facility.

9. OPERATING LEASES

The Organization currently leases its facility under an operating lease which expires December 31, 2022 and is automatically renewable annually, unless prior written notice is provided. Rent expense totaled \$57,917 the year ended December 31, 2021.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

10. CONCENTRATIONS OF CREDIT AND MARKET RISKS

Primarily all of the Organization's revenues and receivables are from businesses and individuals located in the Douglas County area in the state of Kansas.

The Organization maintains cash and investments in bank and brokerage accounts which at times may exceed federally insured limits of \$250,000 set by the Federal Deposit Insurance Corporation (FDIC). The accounts are held by banks and brokerage firms that are well established and highly regarded. The Organization has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk on these balances. As of December 31, 2021 there were no amounts in excess of these limits.

11. PENDING ACCOUNTING PRONOUNCEMENTS

In February 2016, FASB issued ASU 2016-02, *Leases*, which, among other things, requires the recognition of lease assets and lease liabilities for operating leases on the statement of financial position for lessees, and the disclosure of key information about leasing arrangements. The standard is effective for fiscal years beginning after December 31, 2021. Early application is permitted. The standard will need to be applied retrospectively in the year adopted. It is management's responsibility to ensure appropriate adoption of ASU 2016-02.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard provides additional guidance on how to record in-kind contributions and includes expanded disclosure requirements. ASU 2020-07 is effective for annual reporting periods in fiscal years that begin after June 15, 2021. Early application is permitted. The standard will need to be applied retrospectively in the year adopted. It is management's responsibility to ensure appropriate adoption of ASU 2020-07. Adoption of the standard is not expected to have a significant impact on the Organization's financial statements.

12. RISKS AND UNCERTAINTIES

As a result of significant disruption in the U.S. economy due to the outbreak of the COVID-19 coronavirus in 2020, uncertainties have arisen which potentially may impact future operating results. The duration and extent to which COVID-19 may impact the financial performance is being monitored closely by management.

13. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through July 5, 2022 the date which the financial statements were available to be issued.