

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

FINANCIAL STATEMENTS – MODIFIED CASH BASIS
YEARS ENDED DECEMBER 31, 2019 AND 2018
TOGETHER WITH INDEPENDENT AUDITOR'S REPORT

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

**FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2019 AND 2018**

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Just Food of Douglas County, Kansas, Inc. (a nonprofit organization) which comprise the statements of assets, liabilities, and net assets - modified cash basis as of December 31, 2019 and 2018, and the related statements of support, revenue, and expenses – modified cash basis, functional expenses – modified cash basis, and cash flows – modified cash basis for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting as described in Note 2; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible 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.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of Just Food of Douglas County, Kansas, Inc. as of December 31, 2019 and 2018 and the changes in its net assets, and its cash flows for the years then ended in accordance with the modified cash basis of accounting as described in Note 2.

Basis of Accounting

We draw attention to Note 2 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified in respect to this matter.

Summers, Spencer & Company P.A.

Summers, Spencer & Company, P.A.
Lawrence, Kansas

August 10, 2020

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

STATEMENTS OF ASSETS, LIABILITIES, AND NET ASSETS – MODIFIED CASH BASIS

December 31,	2019	2018
ASSETS		
Current assets		
Cash and cash equivalents	\$ 331,447	\$ 269,589
Investments, at fair value	22,892	2,743
Inventory	35,190	53,326
<i>Total current assets</i>	389,529	325,658
Property and equipment, net	54,932	36,171
<i>Total assets</i>	\$ 444,461	\$ 361,829
LIABILITIES AND NET ASSETS		
Current liabilities		
Accrued payroll tax liabilities	\$ 7,840	\$ 4,781
Deferred revenue	50,000	38,722
<i>Total current liabilities</i>	57,840	43,503
Net assets		
Without donor restrictions		
Undesignated	351,921	298,326
<i>Total net assets without donor restrictions</i>	351,921	298,326
With donor restrictions		
Purpose restrictions	34,700	20,000
<i>Total net assets with donor restrictions</i>	34,700	20,000
<i>Total net assets</i>	386,621	318,326
<i>Total liabilities and net assets</i>	\$ 444,461	\$ 361,829

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

STATEMENTS OF SUPPORT, REVENUE, AND EXPENSES – MODIFIED CASH BASIS

For the year ended December 31,	2019				
	Foodbank and Education	Contributed Food	Total Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue					
Contributions received and other revenue	\$ 879,955	\$ -	\$ 879,955	\$ 35,000	\$ 914,955
Contributed food received	-	1,740,011	1,740,011	-	1,740,011
Amounts released from restriction	20,300	-	20,300	(20,300)	-
<i>Total support and revenue</i>	<u>900,255</u>	<u>1,740,011</u>	<u>2,640,266</u>	<u>14,700</u>	<u>2,654,966</u>
Expenses					
Foodbank and education	526,077	-	526,077	-	526,077
Contributed food distributed	-	1,758,147	1,758,147	-	1,758,147
Management and general	115,142	-	115,142	-	115,142
Fundraising	187,305	-	187,305	-	187,305
<i>Total expenses</i>	<u>828,524</u>	<u>1,758,147</u>	<u>2,586,671</u>	<u>-</u>	<u>2,586,671</u>
Change in net assets	71,731	(18,136)	53,595	14,700	68,295
Net assets, beginning of year	<u>245,000</u>	<u>53,326</u>	<u>298,326</u>	<u>20,000</u>	<u>318,326</u>
Net assets, end of year	<u><u>\$ 316,731</u></u>	<u><u>\$ 35,190</u></u>	<u><u>\$ 351,921</u></u>	<u><u>\$ 34,700</u></u>	<u><u>\$ 386,621</u></u>

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

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

STATEMENTS OF SUPPORT, REVENUE, AND EXPENSES – MODIFIED CASH BASIS

For the year ended December 31,	2018				
	Foodbank and Education	Contributed Food	Total Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue					
Contributions received and other revenue	\$ 684,228	\$ -	\$ 684,228	\$ 20,000	\$ 704,228
Contributed food received	-	1,544,416	1,544,416	-	1,544,416
<i>Total support and revenue</i>	<u>684,228</u>	<u>1,544,416</u>	<u>2,228,644</u>	<u>20,000</u>	<u>2,248,644</u>
Expenses and losses					
Foodbank and education	373,768	-	373,768	-	373,768
Contributed food distributed	-	1,542,136	1,542,136	-	1,542,136
Management and general	94,500	-	94,500	-	94,500
Fundraising	168,420	-	168,420	-	168,420
<i>Total expenses</i>	<u>636,688</u>	<u>1,542,136</u>	<u>2,178,824</u>	<u>-</u>	<u>2,178,824</u>
Loss on sale of assets	-	-	-	-	-
<i>Total expenses and losses</i>	<u>636,688</u>	<u>1,542,136</u>	<u>2,178,824</u>	<u>-</u>	<u>2,178,824</u>
Change in net assets	47,540	2,280	49,820	20,000	69,820
Net assets, beginning of year	<u>197,460</u>	<u>51,046</u>	<u>248,506</u>	<u>-</u>	<u>248,506</u>
Net assets, end of year	<u>\$ 245,000</u>	<u>\$ 53,326</u>	<u>\$ 298,326</u>	<u>\$ 20,000</u>	<u>\$ 318,326</u>

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

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

STATEMENTS OF FUNCTIONAL EXPENSES – MODIFIED CASH BASIS

For the years ended December 31,	2019				2018			
	Foodbank and Education	Management and general	Fundraising	Total	Foodbank and Education	Management and general	Fundraising	Total
Compensation	\$ 198,235	\$ 85,446	\$ 58,103	\$ 341,784	\$ 146,915	\$ 63,326	\$ 43,062	\$ 253,303
Food purchased	137,030	-	-	137,030	66,767	-	-	66,767
Insurance	4,787	2,064	1,403	8,254	3,901	1,681	1,143	6,725
Office supplies, printing and postage	12,788	1,237	14,051	28,076	7,881	1,601	7,740	17,222
Marketing	-	-	8,392	8,392	-	-	7,664	7,664
Services and staff support	33,562	-	-	33,562	25,629	-	-	25,629
Professional fees	-	18,201	-	18,201	-	18,350	-	18,350
Rent	46,750	5,500	2,750	55,000	46,750	5,500	2,750	55,000
Utilities and telephone	19,634	2,310	1,155	23,099	24,236	2,851	1,426	28,513
Equipment	28,561	-	-	28,561	11,639	-	-	11,639
Vehicle cost and freight	29,924	-	-	29,924	27,862	-	-	27,862
Special events	-	-	99,838	99,838	-	-	100,206	100,206
Bank fees	-	-	1,613	1,613	-	-	4,429	4,429
Miscellaneous	-	384	-	384	-	384	-	384
<i>Total expenses before depreciation and contributed food distributed</i>	511,271	115,142	187,305	813,718	361,580	93,693	168,420	623,693
Depreciation	14,806	-	-	14,806	12,188	807	-	12,995
Contributed food distributed	1,758,147	-	-	1,758,147	1,542,136	-	-	1,542,136
<i>Total expenses</i>	\$ 2,284,224	\$ 115,142	\$ 187,305	\$ 2,586,671	\$ 1,915,904	\$ 94,500	\$ 168,420	\$ 2,178,824

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

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.
STATEMENTS OF CASH FLOW – MODIFIED CASH BASIS

For the years ended December 31,	2019	2018
Cash flows from operating activities		
Change in net assets	\$ 68,295	\$ 69,820
Adjustments to reconcile change in net assets to net operating cash activities:		
Net contributed food activity	18,136	(2,280)
Depreciation	14,806	12,995
Unrealized gain (loss) on investments	(128)	733
Donated securities	(19,974)	-
Increase (decrease) in operating liabilities:		
Accrued payroll tax liabilities	3,059	1,184
Deferred revenue	11,278	13,722
<i>Net cash flows provided by operating activities</i>	<u>95,472</u>	<u>96,174</u>
Cash flows from investing activities		
Purchase of investments	(47)	(93)
Purchase of property and equipment	<u>(33,567)</u>	<u>(15,470)</u>
<i>Net cash flows used in investing activities</i>	<u>(33,614)</u>	<u>(15,563)</u>
Net increase in cash and cash equivalents	61,858	80,611
Cash and cash equivalents, beginning of year	<u>269,589</u>	<u>188,978</u>
Cash and cash equivalents, end of year	<u>\$ 331,447</u>	<u>\$ 269,589</u>

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 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.

Note 2 - Summary of significant accounting policies

Basis of accounting

The accompanying financial statements of the Organization have been prepared on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America (U.S. GAAP).

This basis of accounting differs from U.S. GAAP because the Organization has not recognized grants or pledges receivable, accounts payable and accrued salaries or other liabilities. The effect of not recording these on the financial statements has not been determined. The Organization does recognize payroll tax liabilities as well as deferred revenue. The cash basis is additionally modified to include capitalization of purchased and donated property and equipment with a provision for depreciation, recognition of donated services and in-kind contributions (including contributed food) and to reflect inventory on hand, prepaid expenses and unrealized gain (loss) on investments.

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 FINANCIAL STATEMENTS

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. Otherwise, donor restrictions on contributions of property and equipment or assets restricted for purchase of property and equipment are considered to expire when the assets are placed in service. 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 Support, Revenue and Expenses – Modified Cash Basis 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 years ended December 31, 2019 and 2018, contributed food was valued at \$1.62 and \$1.68 per pound, respectively.

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 years ended December 31, 2019 and 2018, the Organization has recorded in-kind contributions as revenue and expense totaling \$62,496 and \$62,148, respectively, for donated services and goods other than contributed food. In addition, many individuals have volunteered over 17,400 and 18,000 hours, respectively, of their time in organizational governance, program services and fundraising efforts for the years ended December 31, 2019 and 2018. 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.

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.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

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:

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.

Deferred revenue

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

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

Recently adopted accounting guidance

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers, which provides a robust framework from addressing revenue recognition issues and replaces most of the existing revenue recognition guidance including industry-specific guidance, in current U.S. GAAP. The standard is effective for nonpublic entities for periods beginning after December 15, 2018. Accordingly, the Organization has adopted this guidance as of January 1, 2019 and management does not believe there is a material impact on revenue recognition.

In June 2018, the FASB issued ASU 2018-08, Clarifying the Scope and Accounting Guidance for Contributions Received and Made. The guidance assists entities in (1) evaluating whether transactions should be accounted for as contributions or as exchange transactions and (2) determining whether a contribution is conditional. The standard is effective for fiscal years beginning after December 31, 2018. Accordingly, the Organization has adopted this guidance as of January 1, 2019 and has concluded that no material changes are necessary to conform to the new standard.

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 Support, Revenue, and Expenses – Modified Cash Basis and change in net assets. Certain costs have been allocated among the program and supporting services benefited as depicted in the Statement of Functional Expenses – Modified Cash Basis. 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 – Modified Cash Basis as the associated costs are not material in relation to the financial statements taken as a whole.

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 years ended December 31, 2019 and 2018. 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.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 3 – 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, 2019:

Cash and investments available within one year of the statement of financial position - modified cash basis for general expenditures	\$ 354,339
Less those generally unavailable for expenditure due to:	
Deferred conditional contributions	(50,000)
Donor-imposed purpose restrictions	<u>(34,700)</u>
Financial assets available to meet cash needs for general expenditures with one year	<u>\$ 269,639</u>

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.

Note 4 – Property and equipment, net

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

	<u>2019</u>	<u>2018</u>
Computers and software	\$ 4,400	\$ 4,400
Equipment	52,113	45,022
Vehicles	<u>58,476</u>	<u>32,000</u>
Total cost	114,989	81,422
Less accumulated depreciation	<u>(60,057)</u>	<u>(45,251)</u>
Net property and equipment	<u>\$ 54,932</u>	<u>\$ 36,171</u>

Depreciation expense charged to operations is \$14,806 and \$12,995 for the years ended December 31, 2019 and 2018, respectively.

Note 5 – Net assets with donor restrictions

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

	<u>2019</u>	<u>2018</u>
Subject to expenditures for specified purpose:		
Facility Remodel	\$ 30,000	\$ -
Pots & Pan-try Program	4,700	-
Mobile Pantry	-	20,000
Total	<u>\$ 34,700</u>	<u>\$ 20,000</u>

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

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

	<u>2019</u>	<u>2018</u>
Satisfaction of purpose restrictions		
Mobile Pantry	\$ 20,000	\$ -
Pots & Pan-try Program	300	-
Total	<u>\$ 20,300</u>	<u>\$ -</u>

Note 6 – Investments, at fair value

Investments held by the Organization consist of the following as of December 31, 2019:

	<u>Cost basis</u>	<u>Fair Value</u>	<u>Unrealized depreciation</u>
Brokerage cash	\$ 159	\$ 159	\$ -
Common stock	23,231	22,733	(498)
Total	<u>\$ 23,390</u>	<u>\$ 22,892</u>	<u>\$ (498)</u>

The following table presents the investments by hierarchy level as of December 31, 2019:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Brokerage cash	\$ 159	\$ -	\$ -
Common stock			
Industrials	1,764	-	-
Household products	344	-	-
Oil & Gas Integrated	140	-	-
Scientific & Technical	19,899	-	-
Telecommunications	586	-	-
Total	<u>\$ 22,892</u>	<u>\$ -</u>	<u>\$ -</u>

Investments held by the Organization consist of the following as of December 31, 2018:

	<u>Cost basis</u>	<u>Fair Value</u>	<u>Unrealized depreciation</u>
Brokerage cash	\$ 112	\$ 112	\$ -
Common stock	3,257	2,631	(626)
Total	<u>\$ 3,369</u>	<u>\$ 2,743</u>	<u>\$ (626)</u>

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

The following table presents the investments by hierarchy level as of December 31, 2018:

	Level 1	Level 2	Level 3
Brokerage cash	\$ 112	\$ -	\$ -
Common stock			
Industrials	1,905	-	-
Household products	298	-	-
Telecommunications	428	-	-
Total	<u>\$ 2,743</u>	<u>\$ -</u>	<u>\$ -</u>

Note 7 – 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.

Note 8 – Operating leases

The Organization currently leases its facility under an operating lease which expired December 31, 2019. The Organization is in negotiations for renewal of the lease of its facility. Rent expense totaled \$55,000 and \$55,000 for the years ended December 31, 2019 and 2018, respectively.

Note 9 – 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, 2019 and 2018, amounts in excess of these limits totaled \$109,512 and \$29,564, respectively.

Note 10 – 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.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO FINANCIAL STATEMENTS

Note 11 – Subsequent events

The Organization has evaluated subsequent events through August 10, 2020 the date which the financial statements were available to be issued.

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 are likely to negatively impact future operating results. The duration and extent to which COVID-19 may impact the financial performance is unknown at this time. During April of 2020, the Organization received a loan in the amount of \$64,700 from the Payroll Protection Program (PPP). The final terms of forgiveness or repayment of the PPP funds are not final as of the date of this report.