

**FEED MY PEOPLE, INC.**  
**COMPARATIVE FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**  
**YEARS ENDED JUNE 30, 2023 AND 2022**



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**FEED MY PEOPLE, INC.  
TABLE OF CONTENTS  
YEARS ENDED JUNE 30, 2023**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>COMPARATIVE FINANCIAL STATEMENTS</b>	
<b>COMPARATIVE STATEMENT OF FINANCIAL POSITION</b>	<b>3</b>
<b>COMPARATIVE STATEMENT OF ACTIVITIES</b>	<b>4</b>
<b>COMPARATIVE STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>COMPARATIVE STATEMENT OF CASH FLOWS</b>	<b>6</b>
<b>COMPARATIVE NOTES TO FINANCIAL STATEMENTS</b>	<b>7</b>
<b>INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION</b>	<b>19</b>
<b>SUPPLEMENTARY INFORMATION</b>	
<b>STATEMENT OF ACTIVITIES WITHOUT DONATED INVENTORY SHOWING     ACTUAL COST PER POUND OF FOOD DISTRIBUTED</b>	<b>20</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Feed My People, Inc.  
Eau Claire, Wisconsin

### Report on the Audit of the Financial Statements

#### ***Opinion***

We have audited the accompanying financial statements of Feed My People, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years 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 Feed My People, Inc. as of June 30, 2023 and 2022, 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.

#### ***Basis for Opinion***

We conducted our audit 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 Feed My People, 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.

#### ***Change in Accounting Principle***

As discussed in Note 1 to the financial statements, in 2022 Feed My People, Inc. adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-of-use asset and corresponding liability for all finance leases with lease terms greater than one year. Our opinion is not modified with respect to this matter.

#### ***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 Feed My People, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

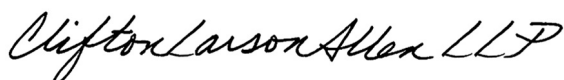
***Auditors' Responsibilities for the Audit of the Financial Statements***

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 Feed My People, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Feed My People, 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.



**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
December 5, 2023

**FEED MY PEOPLE, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	<u>2023</u>	<u>2022</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 334,865	\$ 1,032,320
Accounts Receivable - Trade	154,835	83,477
Grants Receivable	-	360,166
Pledges Receivable	112,231	210,095
Inventory	1,352,162	951,807
Prepaid Expenses	20,918	17,129
Total Current Assets	<u>1,975,011</u>	<u>2,654,994</u>
<b>PROPERTY AND EQUIPMENT</b>	4,362,750	4,355,358
<b>INVESTMENTS</b>	1,704,624	2,100,548
<b>RIGHT OF USE ASSET - FINANCING</b>	658,502	-
<b>OTHER ASSETS</b>		
Pledges Receivable - Noncurrent	<u>94,552</u>	<u>183,712</u>
Total Assets	<u><u>\$ 8,795,439</u></u>	<u><u>\$ 9,294,612</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 112,436	\$ 173,021
Accrued Expenses	150,324	169,183
Current Lease Liability - Finance	161,840	-
Current Portion Long-Term Debt	-	143,973
Funds Held for Others	54,175	59,531
Total Current Liabilities	<u>478,775</u>	<u>545,708</u>
<b>LONG-TERM LIABILITIES</b>		
Long-Term Lease Liability - Finance, Net	517,032	-
Long-Term Debt, Net	<u>-</u>	<u>678,868</u>
Total Long-Term Liabilities	517,032	678,868
Total Liabilities	995,807	1,224,576
<b>NET ASSETS</b>		
Net Assets Without Donor Restrictions	7,583,685	7,426,229
Net Assets With Donor Restrictions	<u>215,947</u>	<u>643,807</u>
Total Net Assets	7,799,632	8,070,036
Total Liabilities and Net Assets	<u><u>\$ 8,795,439</u></u>	<u><u>\$ 9,294,612</u></u>

See accompanying Notes to Financial Statements.

**FEED MY PEOPLE, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023			2022		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Totals
<b>REVENUES AND OTHER SUPPORT</b>						
Grants	\$ 1,294,511	\$ -	\$ 1,294,511	\$ 1,280,835	\$ -	\$ 1,280,835
Contributions	2,337,745	9,664	2,347,409	1,813,198	400,000	2,213,198
Donated Inventory	11,729,612	-	11,729,612	9,334,331	-	9,334,331
Investment Income (Loss)	101,446	-	101,446	(210,301)	-	(210,301)
In-Kind Contributions	-	-	-	17,763	-	17,763
Program Revenues:						
Purchased Product	1,571,291	-	1,571,291	985,276	-	985,276
Shared Maintenance and Delivery Fees	218,354	-	218,354	188,449	-	188,449
Program Fees	-	-	-	10,595	-	10,595
Miscellaneous	(308)	-	(308)	7,448	-	7,448
Loss on Sale of Assets	-	-	-	(47,709)	-	(47,709)
Restrictions Satisfied by Use Restrictions	250,000	(250,000)	-	332,034	(332,034)	-
Restrictions Satisfied by Time Restrictions	187,524	(187,524)	-	-	-	-
Total Revenues and Other Support	17,690,175	(427,860)	17,262,315	13,711,919	67,966	13,779,885
<b>EXPENSES</b>						
Program	16,481,701	-	16,481,701	13,413,484	-	13,413,484
Management and General	517,497	-	517,497	428,008	-	428,008
Fundraising	533,521	-	533,521	431,681	-	431,681
Total Expenses	17,532,719	-	17,532,719	14,273,173	-	14,273,173
<b>CHANGE IN NET ASSETS</b>	157,456	(427,860)	(270,404)	(561,254)	67,966	(493,288)
Net Assets - Beginning of Year	7,426,229	643,807	8,070,036	7,987,483	575,841	8,563,324
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 7,583,685</u>	<u>\$ 215,947</u>	<u>\$ 7,799,632</u>	<u>\$ 7,426,229</u>	<u>\$ 643,807</u>	<u>\$ 8,070,036</u>

See accompanying Notes to Financial Statements.

**FEED MY PEOPLE, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023				2022			
	Program	Management and General	Fundraising	Total	Program	Management and General	Fundraising	Total
Salaries	764,425	283,787	252,392	\$ 1,300,604	\$ 729,032	\$ 215,063	\$ 208,925	\$ 1,153,020
Payroll Taxes	60,046	22,292	19,826	102,164	54,686	16,132	15,672	86,490
Health Insurance	87,684	32,553	28,951	149,188	63,924	18,858	18,319	101,101
Retirement Plan	36,741	13,640	12,131	62,512	34,612	10,211	9,919	54,742
	<u>948,896</u>	<u>352,272</u>	<u>313,300</u>	<u>1,614,468</u>	<u>882,254</u>	<u>260,264</u>	<u>252,835</u>	<u>1,395,353</u>
Donated Inventory	11,998,886	-	-	11,998,886	10,031,757	-	-	10,031,757
Purchased Product Costs	1,514,122	-	-	1,514,122	980,180	-	-	980,180
Grant Expense	902,412	-	-	902,412	562,859	(20,952)	-	541,907
Depreciation	146,503	16,278	-	162,781	277,200	30,800	-	308,000
Direct Services Expenses	257,245	-	-	257,245	180,262	-	-	180,262
Vehicle Expense	134,454	-	-	134,454	97,513	-	-	97,513
Equipment Maintenance	163,931	-	-	163,931	108,928	-	-	108,928
Building Expansion	3,041	338	-	3,379	160	20	20	200
Fundraising Expenses	-	-	160,810	160,810	-	-	123,645	123,645
Utilities	75,072	8,341	-	83,413	58,951	6,550	-	65,501
Outreach	31,095	-	31,096	62,191	35,473	-	35,473	70,946
Professional Fees	-	91,097	-	91,097	-	93,067	-	93,067
Office Expense	15,026	5,579	4,961	25,566	11,625	3,429	3,332	18,386
Garbage	22,731	2,526	-	25,257	18,251	2,028	-	20,279
Dues and Subscriptions	19,675	2,459	2,459	24,593	17,249	2,156	2,156	21,561
Delivery Expense	7,050	-	-	7,050	4,400	-	-	4,400
Insurance	26,855	6,168	4,041	37,064	37,425	6,262	3,278	46,965
Bank and Credit Card Charges	-	22,790	-	22,790	-	22,780	-	22,780
Miscellaneous	22,932	5,832	4,575	33,339	16,264	18,962	3,118	38,344
Postage	1,493	1,493	11,944	14,930	947	948	7,578	9,473
Telephone	11,860	1,318	-	13,178	8,617	957	-	9,574
Investment Fees	-	8,657	-	8,657	-	3,450	-	3,450
Interest Expense	23,937	-	-	23,937	32,174	-	-	32,174
Travel	5,364	1,006	335	6,705	3,930	737	246	4,913
Amortization	164,623	-	-	164,623	-	-	-	-
Bad Debt Expense	(15,502)	-	-	(15,502)	47,065	-	-	47,065
	<u>16,481,701</u>	<u>526,154</u>	<u>533,521</u>	<u>17,541,376</u>	<u>13,413,484</u>	<u>431,458</u>	<u>431,681</u>	<u>14,276,623</u>
Less: Expenses Netted Against Revenue on the Statement of Activities: Investment Fees	<u>-</u>	<u>8,657</u>	<u>-</u>	<u>8,657</u>	<u>-</u>	<u>3,450</u>	<u>-</u>	<u>3,450</u>
Total	<u>\$ 16,481,701</u>	<u>\$ 517,497</u>	<u>\$ 533,521</u>	<u>\$ 17,532,719</u>	<u>\$ 13,413,484</u>	<u>\$ 428,008</u>	<u>\$ 431,681</u>	<u>\$ 14,273,173</u>

See accompanying Notes to Financial Statements.

**FEED MY PEOPLE, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ (270,404)	\$ (493,288)
Adjustments to Reconcile Change in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation	162,781	308,000
Amortization on Financing Leases	164,623	
Loss on Sale of Fixed Assets	-	47,709
Change in Value of Holdings at Community Foundation	(4,387)	9,901
Realized and Unrealized (Gains) Losses on Investments	(30,702)	268,952
Bad Debt Expense	(15,502)	47,065
(Increase) Decrease in:		
Accounts Receivable	(55,856)	(78,702)
Other Receivable	-	128,252
Pledges Receivable	187,024	182,034
Grants Receivable	360,166	(360,166)
Inventories	(400,355)	616,162
Prepaid Expenses	(3,789)	(14,471)
Increase (Decrease) in:		
Accounts Payable	(60,585)	145,464
Accrued Expenses	(18,859)	59,025
Funds Held for Others	(5,356)	(17,760)
Net Cash Provided by Operating Activities	<u>8,799</u>	<u>848,177</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(766,462)	(877,321)
Proceeds from Sale of Investments	1,197,475	817,366
Proceeds on Sale of Fixed Assets	-	124,922
Purchase of Property and Equipment	(993,298)	(210,783)
Purchase of Property and Equipment with Accounts Payable	-	29,512
Net Cash Used by Investing Activities	<u>(562,285)</u>	<u>(116,304)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Principal Payments on Long Term Debt	-	(152,421)
Payments on Financing Leases	(143,969)	-
Net Cash Used by Financing Activities	<u>(143,969)</u>	<u>(152,421)</u>
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	(697,455)	579,452
Cash and Cash Equivalents - Beginning of Year	<u>1,032,320</u>	<u>452,868</u>
<b>CASH AND CASH EQUIVALENTS - END OF Year</b>	<u><u>\$ 334,865</u></u>	<u><u>\$ 1,032,320</u></u>

See accompanying Notes to Financial Statements.



**FEED MY PEOPLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Feed My People, Inc. (FMP) is a nonprofit organization. FMP's mission is to eliminate hunger in 14 counties in west-central Wisconsin by distributing food and other grocery products through programs serving low-income people. FMP receives donated grocery products from Second Harvest Heartland and FMP's community. FMP distributes these products to the needy through food pantry, community meal, and other programs in its service area. Generally, these programs are conducted by independent agencies. Refer to Note 9 for more information about FMP's relationship with Second Harvest Heartland.

**Basis of Presentation**

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of FMP and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

**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.

**Contributions and Grants**

Contributions and grants received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the absence or existence and nature of any donor stipulations.

Contributions and grants are recognized when the donor makes a promise to give to FMP that is, in substance, unconditional. Contributions and grants that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

**FEED MY PEOPLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Conditional Contributions**

A portion of the FMP's revenue is derived from cost-reimbursable contracts and grants. Amounts received are recognized as earned and are reported as revenue when FMP has incurred expenditures in compliance with specific contract or grant provisions. Amounts received but not yet earned are reported as a refundable advance in the statement of financial position. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the FMP will record such disallowance at the time the final assessment is made. FMP received cost-reimbursable grants of \$22,515, for which qualifying expenditures have not yet been incurred as of June 30, 2023, with no refundable advances.

**Contributed Services**

Contributed services that require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation, are recognized at their fair market value.

**Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand or in deposit accounts and highly liquid investments purchased with an original maturity of three months or less. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash deposits may exceed FDIC insurable limits.

**Accounts Receivable - Trade**

Agencies are invoiced, without requiring collateral, upon FMP's delivery of product with payment due 30 days after invoicing. Trade accounts receivable are stated at original invoice amount less an estimated valuation allowance for potential credit losses. This allowance is based on management judgment considering historical information and accounts with balances past due more than 90 days are individually analyzed for collectability. At June 30, 2023 and 2022, no allowance for credit losses was recorded.

**Pledges Receivable**

Pledges receivable consists of unconditional promises by others to give contributions and grants to FMP that are expected to be received in future years. FMP uses the allowance method to determine estimated uncollectible receivables. The allowance is based on prior years' experience and management's analysis of specific promises made.

**Grants Receivable**

Grants receivable are stated at the amount management expects to collect from balances outstanding at year-end. Grants receivable are considered to be fully collectible; accordingly, no allowance for doubtful accounts has been provided for these amounts. If amounts become uncollectible, they are charged to activities in the period in which that determination is made.

**FEED MY PEOPLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory**

Inventory is valued at cost or fair value as determined by the FIFO (first-in, first-out) method, which assumes the first unit obtained of a particular product is the first unit distributed. Purchased product is valued at cost. Donated product is valued at its fair market value when it is received, which is estimated to equal Feeding America's annually determined national weighted-average wholesale price per pound of donated product. During the years ended June 30, 2023 and 2022, that value was \$1.93 and \$1.79, respectively. Donated inventory is invoiced to recipients at a "shared maintenance" fee of no greater than \$0.16 per pound. The vast majority of inventory is donated so the nature, including nutritional content, of the products received by FMP is determined by the donor. FMP also purchases products to provide agencies with a reliable source of economical high protein food, fruits, vegetables, and cereal.

**Donated Assets**

Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

**Property, Equipment, and Depreciation**

Property and equipment is recorded at cost when purchased or fair value as of the date gifted and then depreciated over its useful life, if an individual asset's initial cost is \$5,000 or more and has an estimated useful life of more than one year. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets as follows:

Equipment and Vehicles	5 to 20 Years
Buildings and Improvements	5 to 40 Years

**Funds Held for Others**

Funds held for others consist of donations raised by or for agencies and deposited at FMP. This money is used to reduce agency obligations to FMP as incurred.

**Revenue Recognition**

Purchased product sales are recorded as revenue when inventory is sold to agencies. Shared maintenance fees charged on donated inventory distributed to agencies is recorded when inventory leaves the warehouse.

**Functional Expense Allocation**

Shared functional expenses have been allocated between program, management and general, and fundraising activities. The expenses that are allocated include utilities, insurance, and depreciation, which are allocated on a square-footage basis, as well as salaries, benefits, office supplies, travel expense, and workers' compensation insurance, which are allocated on the basis of estimates of time and effort based on an analysis of personnel time and space utilized for the related activities.

**FEED MY PEOPLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Leases**

FMP leases vehicles. FMP determines if an arrangement is a lease at inception. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities on the statements of financial position.

ROU assets represent FMP's right to use an underlying asset for the lease term and lease liabilities represent FMP's obligation to make lease payments arising from the lease. ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. FMP uses the implicit rate provided from the lease agreements. The lease terms may include options to extend or terminate the lease when it is reasonably certain that FMP will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term. FMP has elected to recognize payments for short-term leases with a lease term of 12 months or less as expense as incurred and these leases are not included as lease liabilities or right of use assets on the balance sheet.

FMP's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating contracts to determine if they qualify as a lease, FMP considers factors such as if FMP has obtained substantially all of the rights to the underlying asset through exclusivity, if FMP can direct the use of the asset by making decisions about how and for what purpose the asset will be used and if the lessor has substantive substitution rights. This evaluation may require significant judgment.

In allocating consideration in the contract to the separate lease components and the non-lease components, FMP uses the standalone prices of the lease and non-lease components. Observable standalone prices are used, if available. If the standalone price for a component has a high level of variability or uncertainty, this allocation may require significant judgment.

In determining the discount rate used to measure the right-of-use asset and lease liability, FMP uses rates implicit in the lease.

**Income Tax Status**

As a public charity, the FMP is exempt from paying corporate federal income tax under Section 501 (c)(3) of the Internal Revenue Code. FMP is also exempt from Wisconsin franchise or income taxes.

FMP has evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2023 and 2022.

**FEED MY PEOPLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value Measurements**

FMP measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability. Observable inputs reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). FMP may use valuation techniques consistent with the market, income, and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

*Level 1* – Inputs that reflect unadjusted quoted prices in active markets for identical investments, such as stocks, corporate and government bonds that FMP has the ability to access as of the measurement date.

*Level 2* – Inputs, other than quoted prices, that are observable for the asset or liability either directly or indirectly, including inputs from markets that are not considered to be active.

*Level 3* – Inputs that are unobservable. Unobservable inputs reflect FMP's own assumptions about the factors market participants would use in pricing an investment and is based on the best information available in the circumstances.

**FEED MY PEOPLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Adoption of New Accounting Standards:**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02, Leases (ASC 842). The new standard increases transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent of the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

FMP adopted the requirements of the guidance effective July 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under prior lease guidance in FASB ASC 840.

FMP has elected the package of practical expedients available in the year of adoption. FMP has not elected to adopt the available practical expedient to use hindsight in determining the lease term and in assessing impairment of FMP's ROU assets.

FMP elected the available practical expedients to account for existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, FMP recognized on July 1, 2022 a lease liability at the carrying amount of the capital lease obligations on June 30, 2022, of \$987,753 and a right-of-use asset at the carrying amount of the capital lease asset of \$987,753. There was no impact on net assets.

The standard did not substantially change FMP's accounting for finance leases.

**Subsequent Events**

In preparing these financial statements, FMP has evaluated events and transactions for potential recognition or disclosure through December 5, 2023, the date the financial statements were available to be issued.

**FEED MY PEOPLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 2 PLEDGES RECEIVABLE**

Pledges receivable are recorded at net realizable value. Pledges receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows, using three-year treasury rate which was 4.82% and 2.99% as of June 30, 2023 and 2022, respectively. These pledges receivable are due as follows:

	2023	2022
Within One Year	\$ 112,231	\$ 210,095
One to Five Years	111,767	211,434
Adjustments to Net Realizable Value:		
Unamortized Discount on Pledges Receivable	(7,215)	(7,722)
Allowance for Doubtful Accounts	(10,000)	(20,000)
Net Pledges Receivable	<u>\$ 206,783</u>	<u>\$ 393,807</u>

**NOTE 3 LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2023	2022
Cash and Cash Equivalents	\$ 334,865	\$ 1,032,320
Accounts Receivable	154,835	83,477
Grants Receivable	-	360,166
Operating Investments	1,704,624	2,100,548
Pledges Receivable	<u>112,231</u>	<u>210,095</u>
Total Financial Assets	2,306,555	3,786,606
Donor Imposed Restrictions:		
Funds Subject to Time and Purpose Restrictions	(112,231)	(210,095)
Expenditures Within One Year	<u>\$ 2,194,324</u>	<u>\$ 3,576,511</u>

As part of our liquidity management plan, we invest cash in excess of daily requirements in short-term investments, certificates of deposits, and money market funds.

**FEED MY PEOPLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 4 PROPERTY AND EQUIPMENT**

Property and equipment as of June 30, 2023 and 2022, consisted of the following:

	2023	2022
Land	\$ 112,750	\$ 112,750
Building and Improvements	4,488,738	3,493,084
Equipment	730,016	651,723
Vehicles	47,747	1,035,497
Construction in Progress	-	92,774
	<u>5,379,251</u>	<u>5,385,828</u>
Less: Accumulated Depreciation	<u>(1,016,501)</u>	<u>(1,030,470)</u>
Total Property and Equipment	<u><u>\$ 4,362,750</u></u>	<u><u>\$ 4,355,358</u></u>

**NOTE 5 INVESTMENTS**

FMP carries investments in marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets in the accompanying statements of activities.

	2023		
	Fair Value	Original Value	Unrealized Gain (Loss)
Funds Held at Eau Claire Community Foundation	\$ 59,794	\$ - **	\$ -
Mutual Funds - Equities	646,025	592,617	53,408
Mutual Funds - Fixed Income	998,805	1,058,752	(59,947)
Total	<u><u>\$ 1,704,624</u></u>	<u><u>\$ 1,651,369</u></u>	<u><u>\$ (6,539)</u></u>

	2022		
	Fair Value	Original Value	Unrealized Gain (Loss)
Funds Held at Eau Claire Community Foundation	\$ 55,406	\$ - **	\$ -
Mutual Funds - Equities	646,526	658,422	(11,896)
Mutual Funds - Fixed Income	1,398,616	1,471,344	(72,728)
Total	<u><u>\$ 2,100,548</u></u>	<u><u>\$ 2,129,766</u></u>	<u><u>\$ (84,624)</u></u>

\*\* Original value or cost basis of Funds Held at Community Foundation is not readily determinable due to the nature of the investment holdings and reporting practices of the Foundation.



**FEED MY PEOPLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 6 FUNDS HELD AT EAU CLAIRE COMMUNITY FOUNDATION**

FMP has deposited funds with the Eau Claire Community Foundation (ECCF) to be held for the benefit of FMP. These funds are held in a pooled agency investment account of the ECCF. FMP funds are deemed without donor restrictions since distributions can be made from the fund at any time with the approval of the ECCF's board of trustees.

**NOTE 7 NET ASSETS**

Net assets with donor restrictions consisted of the following at June 30, 2023 and 2022:

	2023	2022
Building Expansion - Pledges Receivable	\$ 206,783	\$ 393,807
Building Expansion - Grants	-	250,000
Y on the Fly	9,164	-
Total	<u>\$ 215,947</u>	<u>\$ 643,807</u>

**NOTE 8 FOOD BANK PARTNER DISTRIBUTION ORGANIZATION RELATIONSHIP**

FMP has a food bank partner distribution organization (PDO) relationship with Second Harvest Heartland (SHH), a Feeding America member food bank. Under this contractual agreement, exclusive authority is conveyed to FMP for performance of food banking activities in FMP's 14 county service area in west-central Wisconsin. FMP is obligated to conduct its food banking activities in compliance with Feeding America operating standards, including safe handling and storage of food. FMP obtains the vast majority of its grocery products from SHH and reports to SHH its independently sourced food donations. FMP obligated itself to pay \$1,234,126 and \$410,155 respectively during the years ended June 30, 2023 and 2022 and for products and services received from SHH. At June 30, 2023 and 2022, FMP owed \$62,639 and \$101,904 to SHH for products and services. Donated inventory from SHH was estimated to be \$3,919,690 and \$2,795,350 during the years ended June 30, 2023 and 2022.

**NOTE 9 RETIREMENT PLAN**

On January 1, 2015, FMP established a 401(k) plan for all employees who are least 21 years of age. Eligible employees who elect to participate in FMP's 401(k) retirement savings plan can contribute up to the maximum allowed by the Internal Revenue Service. FMP contributes a match of up to 3% of each employee's gross wage. FMP may also make nonelective contributions at its discretion to employees who have worked at least 1,000 hours during the plan year and were employed as of the last day of the plan year. Employee portions of the contributions vest immediately, while employer match and profit sharing vest over a period of six years. Contributions for the years ended June 30, 2023 and 2022 were \$62,512 and \$54,742, respectively.

**FEED MY PEOPLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 10 CONTRIBUTED NONFINANCIAL ASSETS**

For the years ending June 30, 2023 and 2022, contributed nonfinancial assets recognized within the statements of activities included:

	2023	2022
Donated Inventory	\$ 11,729,612	\$ 9,334,331
Branding Services	-	15,500
Quilts	-	2,263
Total	<u>\$ 11,729,612</u>	<u>\$ 9,352,094</u>

FMP recognized nonfinancial assets within revenues and other support. Donated inventory is valued based on a valuation report produced by Second Harvest Hartland, while other nonfinancial assets are recognized at fair market value. Nonfinancial assets are not sold and goods are only distributed for program use. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

**NOTE 11 FAIR VALUE MEASUREMENTS**

FMP uses fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures. For additional information on how FMP measures fair value refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents the fair value hierarchy for the balances of the assets and liabilities of FMP measured at fair value on a recurring basis as of June 30, 2023 and 2022:

2023				
	Level 1	Level 2	Level 3	Total
Assets:				
Funds Held at Eau Claire Community Foundation	\$ -	\$ -	\$ 59,794	\$ 59,794
Mutual Funds - Equity	646,025	-	-	646,025
Mutual Funds - Fixed	998,805	-	-	998,805
Total	<u>\$ 1,644,830</u>	<u>\$ -</u>	<u>\$ 59,794</u>	<u>\$ 1,704,624</u>
2022				
	Level 1	Level 2	Level 3	Total
Assets:				
Funds Held at Eau Claire Community Foundation	\$ -	\$ -	\$ 55,406	\$ 55,406
Mutual Funds - Equity	646,526	-	-	646,526
Mutual Funds - Fixed	1,398,616	-	-	1,398,616
Total	<u>\$ 2,045,142</u>	<u>\$ -</u>	<u>\$ 55,406</u>	<u>\$ 2,100,548</u>

The investment at Eau Claire Community Foundation is measured on a recurring basis using the percentage of the Feed My People fund's contributions compared to the total pool of investments held at the Foundation. The investments held at the Eau Claire Community Foundation are readily marketable. Contributions made to Level 3 funds for the years ended June 30, 2022 were \$1,000. There were no contributions made for Level 3 funds for the years ended June 30, 2023.

**FEED MY PEOPLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 12 LEASES – ASC 842**

FMP leases vehicles under long-term, non-cancelable lease agreements. The leases expire in 2027 and provide no renewal options. In the normal course of business, it is expected that these leases will be replaced by similar leases. The agreements generally require FMP to pay insurance.

The following table provides quantitative information concerning FMP's leases.

	<u>2023</u>
Lease Costs [Grouped with]	
Finance lease costs:	
Amortization of right-of-use assets	\$ 164,623
Interest on lease liabilities	23,936
 Total lease costs	 <u><u>\$ 188,559</u></u>
Other information:	
Operating cash flows from financing leases	23,936
Financing cash flows from finance leases	156,856
Weighted-average remaining lease term - financing leases	3.9 years
Weighted-average discount rate - financing leases	3.13%

FMP classifies the total undiscounted lease payments that are due in the next 12 months as current. A maturity analysis of annual undiscounted cash flows for lease liabilities as of June 30, 2023, is as follows:

<u>Year Ending June 30,</u>	<u>Financing Leases</u>
2024	\$ 180,792
2025	180,792
2026	180,792
2027	<u>180,792</u>
Total Lease Payments	723,168
Less: Interest	<u>(44,296)</u>
Present Value of Lease Liabilities	<u><u>\$ 678,872</u></u>

**FEED MY PEOPLE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEARS ENDED JUNE 30, 2023 AND 2022**

**NOTE 13 LEASES – ASC 840**

FMP elected to apply the provisions of FASB ASC 842 to the beginning of the period of adoption, through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended June 30, 2022 are made under lease guidance in FASB ASC 840.

FMP has multiple agreements for leased vehicles. Capitalized lease assets consisted of the following at June 30, 2022:

Vehicles	\$ 987,750
Less: Accumulated Depreciation	<u>(164,625)</u>
Total	<u><u>\$ 823,125</u></u>

Depreciation expense on capitalized lease assets was \$164,625 for the year ended June 30, 2022.

Minimum lease payments for capital leases in future years are as follows:

<u>Year Ending June 30,</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 165,726	\$ 143,973	\$ 21,753
2024	180,792	161,839	18,953
2025	180,792	166,982	13,810
2026	180,792	172,287	8,505
2027	180,792	177,760	3,032
Total	<u><u>\$ 888,894</u></u>	<u><u>\$ 822,841</u></u>	<u><u>\$ 66,053</u></u>



## **INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION**

Board of Directors  
Feed My People, Inc.  
Eau Claire, Wisconsin

We have audited the financial statements of Feed My People, Inc. as of and for the year ended June 30, 2023 and 2022, and have issued our report thereon dated December 5, 2023 which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on the following pages is presented for the 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 audit 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.

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

Eau Claire, Wisconsin  
December 5, 2023

**FEED MY PEOPLE, INC.**  
**STATEMENT OF ACTIVITIES WITHOUT DONATED INVENTORY**  
**SHOWING ACTUAL COST PER POUND OF FOOD DISTRIBUTED**  
**YEARS ENDED JUNE 30, 2023 AND 2022**  
**(SEE INDEPENDENT AUDITORS' REPORT ON SUPPLEMENTARY INFORMATION)**

	2023	2022
<b>REVENUES AND OTHER SUPPORT</b>		
Grants	\$ 1,294,511	\$ 1,280,835
Contributions	2,347,409	2,213,198
Investment Income (Loss)	101,446	(210,301)
In-Kind Contributions	-	17,763
Net Revenue on Purchased Products	57,169	5,096
Shared Maintenance and Delivery Fees	218,354	188,449
Program Fees	-	10,595
Miscellaneous	(308)	7,448
Loss on Sale of Assets	-	(47,709)
Total Revenues and Other Support	<u>4,018,581</u>	<u>3,465,374</u>
Salaries	1,300,604	1,153,020
Payroll Taxes	102,164	86,490
Health Insurance	149,188	101,101
Retirement Plan	62,512	54,742
Grant Expense	902,412	541,907
Depreciation	162,781	308,000
Direct Services Expenses	257,245	180,262
Vehicle Expense	134,454	97,513
Equipment Maintenance	163,931	108,928
Building Expansion	3,379	200
Fundraising Expenses	160,810	123,645
Utilities	83,413	65,501
Outreach	62,191	70,946
Professional Fees	91,097	93,067
Office Expense	25,566	18,386
Garbage	25,257	20,279
Dues and Subscriptions	24,593	21,561
Delivery Expense	7,050	4,400
Insurance	37,064	46,965
Bank and Credit Card Charges	22,790	22,780
Miscellaneous	33,339	38,344
Postage	14,930	9,473
Telephone	13,178	9,574
Interest Expense	23,937	32,174
Travel	6,705	4,913
Amortization	164,623	-
Bad Debt Expense	(15,502)	47,065
Total Expenses	<u>4,019,711</u>	<u>3,261,236</u>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<u>\$ (1,130)</u>	<u>\$ 204,138</u>
Total Expenses	\$ 4,019,711	\$ 3,261,236
Pounds of Food Distributed	<u>7,999,269</u>	<u>6,569,687</u>
<b>COST PER POUND</b>	<u>\$ 0.50</u>	<u>\$ 0.50</u>

