

CHATHAM OUTREACH ALLIANCE, INC.
AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2022 AND 2021



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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Chatham Outreach Alliance, Inc.

Opinion

We have audited the accompanying financial statements of Chatham Outreach Alliance, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022, and the related statements of activities and changes in net assets, cash flows, and functional expenses 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 Chatham Outreach Alliance, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Chatham Outreach Alliance, 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.

Prior Period Financial Statements

The financial statements of Chatham Outreach Alliance, Inc., as of June 30, 2021, were audited by other auditors whose report dated November 15, 2021, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

BLACKMAN & SLOOP, CPAS, P.A.

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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 Chatham Outreach Alliance, Inc.'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 Responsibility 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 Chatham Outreach Alliance, 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 Chatham Outreach Alliance, 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.

Blackman & Sloop

Chapel Hill, North Carolina
November 2, 2022

CHATHAM OUTREACH ALLIANCE, INC.

EXHIBIT A

STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

	<u>ASSETS</u>	
	<u>2022</u>	<u>2021</u>
CURRENT ASSETS:		
Cash and cash equivalents	\$ 1,412,031	\$ 1,332,393
Investments	422,803	258,906
Inventory	164,722	219,873
Accounts receivable	14,154	9,458
Promises to give	38,000	78,000
	<u>2,051,710</u>	<u>1,898,630</u>
PROPERTY AND EQUIPMENT:		
Equipment	116,218	81,843
Vehicles	185,940	30,171
Leasehold improvements	7,560	-
Less: accumulated depreciation	<u>(60,996)</u>	<u>(40,290)</u>
	<u>248,722</u>	<u>71,724</u>
NET PROPERTY AND EQUIPMENT	<u>248,722</u>	<u>71,724</u>
	<u>\$ 2,300,432</u>	<u>\$ 1,970,354</u>
	<u>LIABILITIES AND NET ASSETS</u>	
CURRENT LIABILITIES:		
Accounts payable	\$ 28,174	\$ 7,340
Accrued payroll liabilities	<u>37,442</u>	<u>28,948</u>
	<u>65,616</u>	<u>36,288</u>
NET ASSETS:		
Without donor restrictions	1,790,471	1,563,501
With donor restrictions	<u>444,345</u>	<u>370,565</u>
	<u>2,234,816</u>	<u>1,934,066</u>
TOTAL NET ASSETS	<u>2,234,816</u>	<u>1,934,066</u>
	<u>\$ 2,300,432</u>	<u>\$ 1,970,354</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CHATHAM OUTREACH ALLIANCE, INC.

EXHIBIT B

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2022 and 2021

Page 1 of 2

	2022		Totals
	Without Donor Restrictions	With Donor Restrictions	
SUPPORT AND REVENUE:			
Gifts and grants	\$ 88,892	\$ 289,721	\$ 378,613
Individual contributions	1,148,360	172,598	1,320,958
In-kind donations	1,336,602	-	1,336,602
Special events, net	3,491	-	3,491
Investment income, net	(35,176)	-	(35,176)
Other income	10,581	-	10,581
	<u>2,552,750</u>	<u>462,319</u>	<u>3,015,069</u>
Net assets released from restrictions	<u>388,539</u>	<u>(388,539)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>2,941,289</u>	<u>73,780</u>	<u>3,015,069</u>
EXPENSES:			
PROGRAM:			
Program services	<u>2,458,084</u>	<u>-</u>	<u>2,458,084</u>
SUPPORTING SERVICES:			
Management and general	159,019	-	159,019
Fundraising	97,216	-	97,216
Total supporting services	<u>256,235</u>	<u>-</u>	<u>256,235</u>
TOTAL EXPENSES	<u>2,714,319</u>	<u>-</u>	<u>2,714,319</u>
CHANGES IN NET ASSETS	226,970	73,780	300,750
NET ASSETS - BEGINNING OF YEAR	<u>1,563,501</u>	<u>370,565</u>	<u>1,934,066</u>
NET ASSETS - END OF YEAR	<u>\$ 1,790,471</u>	<u>\$ 444,345</u>	<u>\$ 2,234,816</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CHATHAM OUTREACH ALLIANCE, INC.

EXHIBIT B

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

For the Years Ended June 30, 2022 and 2021

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	2021		
	Without Donor Restrictions	With Donor Restrictions	Totals
SUPPORT AND REVENUE:			
Gifts and grants	\$ 175,903	\$ 115,885	\$ 291,788
Individual contributions	1,396,086	-	1,396,086
In-kind donations	1,528,815	-	1,528,815
Special events, net	4,574	-	4,574
Investment income, net	9,733	-	9,733
Other income	4,033	-	4,033
	<u>3,119,144</u>	<u>115,885</u>	<u>3,235,029</u>
Net assets released from restrictions	<u>105,342</u>	<u>(105,342)</u>	<u>-</u>
TOTAL SUPPORT AND REVENUE	<u>3,224,486</u>	<u>10,543</u>	<u>3,235,029</u>
EXPENSES:			
PROGRAM:			
Program services	<u>2,247,134</u>	<u>-</u>	<u>2,247,134</u>
SUPPORTING SERVICES:			
Management and general	116,166	-	116,166
Fundraising	89,222	-	89,222
Total supporting services	<u>205,388</u>	<u>-</u>	<u>205,388</u>
TOTAL EXPENSES	<u>2,452,522</u>	<u>-</u>	<u>2,452,522</u>
CHANGES IN NET ASSETS	771,964	10,543	782,507
NET ASSETS - BEGINNING OF YEAR	<u>791,537</u>	<u>360,022</u>	<u>1,151,559</u>
NET ASSETS - END OF YEAR	<u>\$ 1,563,501</u>	<u>\$ 370,565</u>	<u>\$ 1,934,066</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CHATHAM OUTREACH ALLIANCE, INC.

EXHIBIT C

STATEMENTS OF CASH FLOWS

For the Years Ending June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Changes in net assets	\$ 300,750	\$ 782,507
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation expense	20,706	10,617
Realized and unrealized loss (gain) on investments	37,038	(9,733)
Changes in assets and liabilities:		
Inventory	55,151	(18,163)
Accounts receivable	(4,696)	6,953
Promises to give	40,000	(2,000)
Accounts payable	20,834	(45,755)
Accrued payroll liabilities	8,494	4,779
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>478,277</u>	<u>729,205</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(197,704)	(52,995)
Purchase of investments	(200,935)	(250,000)
NET CASH USED IN BY INVESTING ACTIVITIES	<u>(398,639)</u>	<u>(302,995)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	79,638	426,210
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,332,393</u>	<u>906,183</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,412,031</u></u>	<u><u>\$ 1,332,393</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Noncash transactions:		
Donated food	<u>\$ 1,312,602</u>	<u>\$ 1,504,815</u>
Donated space	<u>\$ 24,000</u>	<u>\$ 24,000</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CHATHAM OUTREACH ALLIANCE, INC.

STATEMENTS OF FUNCTIONAL EXPENSES

EXHIBIT D

For the Years Ending June 30, 2022 and 2021

	2022			
	Program Services	Management and General	Fundraising	Totals
Operations expense	\$ 1,991,470	\$ 18,302	\$ 7,839	\$ 2,017,611
Salaries and wages	312,047	41,606	62,409	416,062
Facilities and equipment	39,267	29,906	-	69,173
Employee benefits	35,293	4,706	7,058	47,057
Miscellaneous	10,465	35,957	138	46,560
Payroll taxes	30,929	4,124	6,186	41,239
Contract services	14,747	20,458	249	35,454
Depreciation	19,257	1,449	-	20,706
Appeals	-	157	12,334	12,491
Travel and meetings	4,609	2,354	1,003	7,966
Total expenses	<u>\$ 2,458,084</u>	<u>\$ 159,019</u>	<u>\$ 97,216</u>	<u>\$ 2,714,319</u>

	2021			
	Program Services	Management and General	Fundraising	Totals
Operations expense	\$ 1,842,452	\$ 20,301	\$ 11,429	\$ 1,874,182
Salaries and wages	270,237	36,031	54,047	360,315
Facilities and equipment	50,944	-	-	50,944
Employee benefits	24,731	3,222	4,834	32,787
Miscellaneous	2,860	29,295	-	32,155
Payroll taxes	20,492	2,807	4,212	27,511
Contract services	22,771	23,227	3,240	49,238
Depreciation	10,298	319	-	10,617
Appeals	-	92	11,398	11,490
Travel and meetings	2,349	872	62	3,283
Total expenses	<u>\$ 2,247,134</u>	<u>\$ 116,166</u>	<u>\$ 89,222</u>	<u>\$ 2,452,522</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

CHATHAM OUTREACH ALLIANCE, INC.**NOTES TO FINANCIAL STATEMENTS**

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ORGANIZATION

Chatham Outreach Alliance, Inc. (the "Organization") is a not-for profit organization that was incorporated in 1989 dedicated to acquiring and distributing food to Chatham County residents who have a need for community support to keep themselves and their families fed, creating a community without hunger.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Basis of Accounting.**

The Organization's financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"), which require the use of certain estimates made by the Organization's management. Accordingly, revenue and support are recognized when earned, and expenses are recognized when the obligation is incurred. Accordingly, revenues are recognized when earned, and expenses are recognized when the obligation is incurred.

The Organization reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions.

B. Cash and Cash Equivalents.

Cash and cash equivalents consist of monies on deposit at financial institutions, certificates of deposit, and other highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes. At times, the Organization places deposits with high-quality financial institutions that may be in excess of federally insured amounts. The Organization has not experienced any financial loss related to such deposits.

C. Investments.

Investments in marketable and debt securities are stated at fair value. Donated securities are recorded at fair value at the date of gift. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and changes in net assets and consists of interest and dividend income, realized and unrealized capital gains and losses, less external investment expenses.

D. Accounts Receivable.

Accounts receivable consists primarily of noninterest-bearing amounts and are recorded at net realizable value. The Organization provides an allowance for doubtful accounts equal to the estimated losses that are expected to be incurred in collection. The allowance is based on historical collection experience, an assessment of economic conditions, and a review by management of the current status of the existing receivables. As of June 30, 2022 and 2021, all receivables were deemed collectible by management.

CHATHAM OUTREACH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

E. Promises to Give.

Unconditional promises to give that are expected to be collected within one year, are recorded at net realizable value and are recognized as support and assets in the period received. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities and changes in net assets. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. The Organization provides an allowance for doubtful accounts equal to the estimated losses that are expected to be incurred in collection. The estimation is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. As of June 30, 2022 and 2021, all promises to give were deemed collectible by management.

F. Inventory.

The Organization's inventory consists of purchased and donated food. The Organization valued purchased food inventory at the lower of cost or market. Donated food is valued at a fair market value and is recorded as an in-kind contribution.

G. Property and Equipment.

Property and equipment are stated at cost for purchased assets and at fair value on the date of the gift for donated assets. Property and equipment are capitalized if the life is expected to be greater than one year and if the cost exceeds \$1,000. Depreciation is calculated using the straight-line method over estimated useful lives of 5 to 7 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities and changes in net assets. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying values exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2022 and 2021.

H. Compensated Absences.

Employees of the Organization vest in vacation pay earned but unused. The aggregate amount of vacation pay due has been accrued in the statements of financial position.

CHATHAM OUTREACH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

I. Revenue Recognition.

The Organization is primarily funded by individual and non-governmental organizational grants and contributions. These grants and contributions are recognized when cash, securities or other assets, an unconditional promise to give, a grant award letter, or notification of a beneficial interest is received. Conditional contributions, that is, those with a measurable performance or other barrier and a right of return, are not recognized until the conditions on which they depend have been substantially met. There are no conditional grants at June 30, 2022 and 2021.

Revenue from contracts which are deemed to be exchange transactions are recognized as revenue without donor restrictions as performance obligations are completed either over time or at a point in time. Deferred revenue from exchange transactions results when cash receipts exceed revenue recognized.

J. Net Assets.

Net assets, support and revenue, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets 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 (or certain grantor) restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) 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. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

K. Donated Materials, Facilities and Services.

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills, and would otherwise be purchased by the Organization.

The Organization receives the use of donated utilities, properties and buildings for its program operations and supporting services. The Organization recognizes in-kind contribution revenue and a corresponding expense in an amount approximating the estimated fair market value at the date of the donation. Fair value is estimated using the average price per square foot of rental listings in the Organization's surrounding areas. The use of donated utilities and facilities was valued at \$24,000 for the years ended June 30, 2022 and 2021, and is allocated among program and supporting services. The Organization also uses facilities donated by Chatham Trades, Inc., the value of which is not reasonably determinable, and accordingly, is not reflected in the financial statements. There are no donor-imposed restrictions associated with the donated facilities.

CHATHAM OUTREACH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

K. Donated Materials, Facilities and Services (Continued).

The Organization records in-kind contributions of inventory (food) at its fair market value at the date of the donation. Fair value is estimated using the average price per pound as determined by Feeding America, Inc. (a nationwide network of food banks). The donated food is utilized by the Organization's programs. Donated food for the years ended June 30, 2022 and 2021, was valued at \$1,312,602 and \$1,504,815, respectively. There are no donor-imposed restrictions associated with the donated food.

The Organization receives a substantial amount of services donated by volunteers interested in the Organization's programs. The Organization receives approximately 6,300 volunteer hours donated by approximately 275 volunteers interested in the Organization's programs. In addition, the Organization's officers and board of directors serve without compensation. No amounts have been reflected in the financial statements for volunteer hours since these services do not meet the requirements for recognition in the financial statements.

L. Estimates.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect 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. Accordingly, actual results could differ from those estimates, and could be material.

M. Income Tax Status.

The Organization is an exempt organization under Section 501(c)(3) of the Internal Revenue Code, and is classified as other than a private foundation. The entity is required to annually file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. If applicable, the Organization reports interest and penalties related to unrecognized tax positions as interest expense under management and general expenses.

N. Advertising.

The Organization expenses the cost of advertising as it is incurred. Advertising expense, included in contracted services, for the years ended June 30, 2022 and 2021, totaled \$9,133 and \$10,373, respectively. The expenses promote the Organization's programs.

O. Consideration of Future Accounting Principle Changes.

In February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update ("ASU") 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. This standard will be effective for the calendar year ending June 30, 2023. The Organization is currently in the process of evaluating the impact of adoption of this ASU's on the financial statements.

CHATHAM OUTREACH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

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LIQUIDITY AND AVAILABILITY

The following represents the Organization's financial assets at June 30:

	<u>2022</u>	<u>2021</u>
Cash and cash equivalents	\$ 1,412,031	\$ 1,332,393
Investments	422,803	258,906
Promises to give	38,000	78,000
Accounts receivable	<u>14,154</u>	<u>9,458</u>
Total liquid assets	1,886,988	1,678,757
Less amounts unavailable for general expenditures within one year, due to:		
Restrictions by donor for time or purpose	<u>(444,345)</u>	<u>(370,565)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><u>\$ 1,442,643</u></u>	<u><u>\$ 1,308,192</u></u>

The Organization is supported both by contributions with and without donor restrictions. Donors include individuals, corporations, and foundations. Because a donor's restriction requires resources to be used in a particular manner or in a future period, the Organization must maintain sufficient resources to meet those responsibilities to its donors.

Thus, financial assets may not be available for general expenditure within one year. As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Management believes the resources available are sufficient for general expenditures due within one year.

FAIR VALUE OF ASSETS

Fair value is defined as 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. U.S. GAAP establishes a fair value 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 those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumptions about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. Assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

CHATHAM OUTREACH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

FAIR VALUE OF ASSETS (CONTINUED)

The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets as of the reporting date.

Level 2 - Valuations based on inputs other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, are valued at prices for similar assets or liabilities in markets that are not active, or determined through the use of models or other valuation methodologies.

Level 3 - Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

All of the investment assets are classified within Level 1 because they comprise equities and open-end mutual funds with readily determinable fair values based on daily redemption values.

There were no changes to the Organization's valuation techniques used to measure asset values on a recurring basis, during the years ended June 30, 2022 or 2021. As required by U.S. GAAP, assets are classified in their entirety based on the lowest level of input that is significant to the fair value measurement.

The following tables summarize the assets of the Organization for which fair values are determined on a recurring basis at June 30, 2022 and 2021:

<u>2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Government securities	\$ 195,629	\$ -	\$ -	\$ 195,629
Mutual funds - equities	57,880	-	-	57,880
Exchange traded funds	169,294	-	-	169,294
	<u>\$ 422,803</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 422,803</u>
<u>2021</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds - equities	\$ 92,047	\$ -	\$ -	\$ 92,047
Exchange traded funds	166,859	-	-	166,859
	<u>\$ 258,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 258,906</u>

CHATHAM OUTREACH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

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PROMISES TO GIVE

Unconditional promises to give are recognized as support in the period received and as assets, decreases in liabilities, or expenses depending on the form of the benefits received. The amount of promises to give at June 30, 2022 and 2021, is 38,000 and 78,000, respectively. The amounts are expected to be collected in full within one year of the statements of financial position date.

NET ASSETS

Net assets with donor restrictions at June 30, 2022 and 2021 were as follow:

	<u>2022</u>	<u>2021</u>
	Purpose/Time Restricted	Purpose/Time Restricted
Time:		
United Way	\$ -	\$ 40,000
Purpose:		
Backpack	69,520	82,220
Delivery Truck and Building Expansion	335,482	173,364
Mobile Pantry	38,000	73,388
Friends of CORA Garden	1,343	1,593
	<u>444,345</u>	<u>370,565</u>
Total net assets with donor restrictions	<u>\$ 444,345</u>	<u>\$ 370,565</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors. The amounts released during the years ended June 30, 2022 and 2021, were \$388,539 and \$105,342, respectively.

LEASES

The Organization operates in premises leased from Chatham County. The agreement terminated October 31, 2015, and continues on a year to year basis. The use of donated facilities is valued at \$24,000 for the years ended June 30, 2022 and 2021. At June 30, 2022 and 2021, there were no commitments for future payments under this lease.

Subsequent to year end, the Organization entered into a six month agreement with Chatham County to lease and renovate an adjacent building. The Organization has agreed to pay for certain costs not to exceed \$300,000. Management expects to incur costs of \$150,000 with respect to this agreement. As of June 30, 2022, \$7,506 has been spent on renovations.

CHATHAM OUTREACH ALLIANCE, INC.

NOTES TO FINANCIAL STATEMENTS

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FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and changes in net assets and functional expenses. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates. Salaries and benefits, payroll taxes, and employee benefits are allocated based on time and effort.

REVENUE FROM CONTRACTS WITH CUSTOMERS*Performance Obligations*

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer and is the unit of account in the revenue standard. The contract transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The Organization's contracts have obligations that are fulfilled at a point in time.

Performance Obligations Satisfied at a Point in Time

The Organization receives revenue from special event related activities, such as event tickets and meals, for which the revenue is earned at the point in time of the event, or similar circumstances. At that point in time, the Organization has fulfilled their performance obligation. The Organization believes recognition at that point in time is appropriate for this type of revenue. However, if any funds are ever received prior to the Organization fulfilling the performance obligation, they would be deferred until the future period in which they are earned.

Total revenue recognized for performance obligations completed at a point in time at June 30, 2022 and 2021, totaled \$3,491, and \$4,574, respectively. The amounts consist of special events' tickets. There is no deferred revenue related to these contracts at June 30, 2022, nor is there any deferred revenue from the prior year included in current year revenue. There were no receivables related to these contracts for the years ending June 30, 2022 and 2021.

General

Revenue earned will vary depending on the economy. Revenue from special events will vary depending on how many attend and participate in events.

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CONCENTRATIONS

Approximately 19% and 12% of total operating revenue are from three sources for the years ended June 30, 2022 and 2021, respectively.

RECLASSIFICATIONS

Certain reclassifications have been made to the 2021 financial statements in order to conform to 2022 presentation. Such reclassifications had no effect on net assets.

SUBSEQUENT EVENTS

Management has evaluated subsequent events for recognition or disclosure through November 2, 2022, which is the date that the financial statements were available to be issued, and determined there were no additional events that require disclosure.