



JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2022 and 2021

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Independent Auditor's Report

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

Opinion

We have audited the accompanying financial statements of Just Food of Douglas County, Kansas, Inc., (a nonprofit organization), which comprise the statements of financial position as of December 31, 2022 and 2021, 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 Just Food of Douglas County, Kansas, Inc. as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Just Food of Douglas County 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 Just Food of Douglas County, Kansas, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

SSC CPAs, P.A.

SSC CPAs, P.A.
Lawrence, Kansas

October 25, 2023

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

December 31,	2022	2021
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,045,773	\$ 1,838,632
Inventory	125,827	57,624
Total current assets	1,171,600	1,896,256
Other assets		
Property and equipment, net	586,759	611,535
Operating lease right of use asset	113,405	-
Beneficial interest in assets held by others	995,288	150,527
Total other assets	1,695,452	762,062
TOTAL ASSETS	\$ 2,867,052	\$ 2,658,318
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 31,467	\$ 6,661
Accrued payroll tax liabilities	10,944	17,357
Operating lease payable, current	82,211	-
Refundable advances	98,500	4,240
Total current liabilities	223,122	28,258
Long-term liabilities		
Operating lease payable, non-current	31,378	-
Total long-term liabilities	31,378	-
TOTAL LIABILITIES	254,500	28,258
Net assets		
Without donor restrictions		
Undesignated	2,600,992	2,605,060
Total net assets without donor restrictions	2,600,992	2,605,060
With donor restrictions		
Purpose restrictions	11,560	25,000
Total net assets with donor restrictions	11,560	25,000
Total net assets	2,612,552	2,630,060
TOTAL LIABILITIES AND NET ASSETS	\$ 2,867,052	\$ 2,658,318

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

For the year ended December 31,

2022

	Foodbank and Education	Contributed Food	Total Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue					
Contributions of cash and other financial assets	\$ 1,431,882	\$ -	\$ 1,431,882	\$ 50,000	\$ 1,481,882
Contributed food received	-	2,305,467	2,305,467	-	2,305,467
Contributions of non financial assets other than food	60,269	-	60,269	-	60,269
Change in beneficial interest on assets held by Douglas County Community Foundation	9,761	-	9,761	-	9,761
Amounts released from restrictions - purpose restriction met	63,440	-	63,440	(63,440)	-
Total support and revenue	1,565,352	2,305,467	3,870,819	(13,440)	3,857,379
Expenses					
Foodbank and education	1,149,202	-	1,149,202	-	1,149,202
Contributed food distributed	-	2,237,264	2,237,264	-	2,237,264
Management and general	177,884	-	177,884	-	177,884
Fundraising	310,712	-	310,712	-	310,712
Total expenses	1,637,798	2,237,264	3,875,062	-	3,875,062
Other income					
Gain on sale of assets	175	-	175	-	175
Total other income	175	-	175	-	175
CHANGE IN NET ASSETS	(72,271)	68,203	(4,068)	(13,440)	(17,508)
Net assets, beginning of year	2,547,436	57,624	2,605,060	25,000	2,630,060
Net assets, end of year	\$ 2,475,165	\$ 125,827	\$ 2,600,992	\$ 11,560	\$ 2,612,552

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

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

For the year ended December 31,

2021

	Foodbank and Education	Contributed Food	Total Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue					
Contributions of cash and other financial assets	\$ 1,777,814	\$ -	\$ 1,777,814	\$ 62,500	\$ 1,840,314
Contributed food received	-	1,846,158	1,846,158	-	1,846,158
Contributions of non financial assets other than food	65,091	-	65,091	-	65,091
Change in beneficial interest on assets held by Douglas County Community Foundation	44,637	-	44,637	-	44,637
Amounts released from restriction - purpose restriction met	41,898	-	41,898	(41,898)	-
Total support and revenue	1,929,440	1,846,158	3,775,598	20,602	3,796,200
Expenses					
Foodbank and education	1,056,842	-	1,056,842	-	1,056,842
Contributed food distributed	-	1,918,683	1,918,683	-	1,918,683
Management and general	158,492	-	158,492	-	158,492
Fundraising	247,037	-	247,037	-	247,037
Total expenses	1,462,371	1,918,683	3,381,054	-	3,381,054
Other income					
Gain on sale of assets	3,000	-	3,000	-	3,000
Total other income	3,000	-	3,000	-	3,000
CHANGE IN NET ASSETS	470,069	(72,525)	397,544	20,602	418,146
Net assets, beginning of year	2,077,367	130,149	2,207,516	4,398	2,211,914
Net assets, end of year	\$ 2,547,436	\$ 57,624	\$ 2,605,060	\$ 25,000	\$ 2,630,060

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

For the years ended December 31,	2022				2021			
	Foodbank and Education	Management and general	Fundraising	Total	Foodbank and Education	Management and general	Fundraising	Total
Compensation	\$ 467,464	\$ 140,239	\$ 60,104	\$ 667,807	\$ 403,681	\$ 121,104	\$ 51,903	\$ 576,688
Food purchased	427,676	-	-	427,676	352,903	-	-	352,903
Insurance	6,849	2,055	880	9,784	7,394	2,218	951	10,563
Office supplies, printing and postage	8,801	838	42,250	51,889	12,699	1,209	46,563	60,471
Marketing	-	-	91,474	91,474	-	-	21,407	21,407
Services and staff support	56,193	-	-	56,193	45,682	-	-	45,682
Professional fees	-	21,445	-	21,445	-	22,639	-	22,639
Rent	67,457	7,936	3,969	79,362	49,229	5,792	2,896	57,917
Utilities and telephone	37,817	4,449	2,224	44,490	29,023	3,415	1,707	34,145
Equipment	10,541	-	-	10,541	97,960	-	-	97,960
Vehicle cost and freight	33,752	-	-	33,752	30,875	-	-	30,875
Special events	-	-	109,811	109,811	-	-	121,610	121,610
Bank fees	-	922	-	922	-	2,115	-	2,115
Total expenses before depreciation and contributed food distributed	1,116,550	177,884	310,712	1,605,146	1,029,446	158,492	247,037	1,434,975
Depreciation	32,652	-	-	32,652	27,396	-	-	27,396
Contributed food distributed	2,237,264	-	-	2,237,264	1,918,683	-	-	1,918,683
TOTAL EXPENSES	\$ 3,386,466	\$ 177,884	\$ 310,712	\$ 3,875,062	\$ 2,975,525	\$ 158,492	\$ 247,037	\$ 3,381,054

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

For the years ended December 31,	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (17,508)	\$ 418,146
Adjustments to reconcile change in net assets to net cash flows from operating activities:		
Net contributed food activity	(68,203)	72,525
Depreciation	32,652	27,396
Change in beneficial interest	(9,761)	(44,637)
Contributions restricted for building remodel	-	(6,000)
Amortization of operating lease right-of-use asset	70,856	-
Cash paid on operating leases	(70,672)	
(Increase) decrease in operating assets:		
Accounts receivable	-	24,947
Increase (decrease) in operating liabilities:		
Accounts payable	24,806	(130,115)
Accrued payroll tax liabilities	(6,413)	(2,579)
Refundable advances	94,260	(62,153)
NET CASH FLOWS PROVIDED BY OPERATING ACTIVITIES	50,017	297,530
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of property and equipment	(7,876)	(92,900)
Transfer to beneficial interest in assets held by others	(835,000)	-
NET CASH FLOWS USED IN INVESTING ACTIVITIES	(842,876)	(92,900)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from restricted contributions for building remodel	-	6,000
NET CASH FLOWS PROVIDED BY FINANCING ACTIVITIES	-	6,000
Net increase (decrease) in cash and cash equivalents	(792,859)	210,630
Cash and cash equivalents, beginning of year	1,838,632	1,628,002
Cash and cash equivalents, end of year	\$ 1,045,773	\$ 1,838,632

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

1. DESCRIPTION OF BUSINESS AND OWNERSHIP

Organization and nature of operations

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP).

Net assets

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.

Revenue recognition

Contributions are recognized when cash, or other assets, or an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met or the donor has explicitly released the restriction.

The Organization receives funding from local, county, and federal grants and contracts. A portion of this

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

funding is derived from cost-reimbursable grants and contracts, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualified expenditures or meeting certain requirements are recorded as refundable advances in the Statements of Financial position. Refundable advances totaled \$98,500 and \$4,240 at December 31, 2022 and 2021, respectively. In addition, the Organization has elected the simultaneous release option for contributions and grants that are also subject to purpose restrictions. Under this option, net assets without donor restrictions will include the revenues from these transactions in the same reporting period as the revenue recognized.

Revenue with and without donor restrictions

Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. Contributions of property and equipment are reported as net assets with donor restrictions if the donor restricted the use of the property or equipment to a particular program, as are contributions of cash restricted to the purchase of property and equipment unless they are spent within the same reporting period. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets with donor restrictions and reported in the Statement of Activities as net assets released from restriction.

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.

Property and equipment

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

	Life
Computers and software	5 years
Equipment	5-7 years
Leasehold improvements	7-39 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.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

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.

Beneficial interest in assets held by others

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

Income taxes

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

The Organization has adopted the provisions of FASB ASC 740-10, *Accounting for Income Taxes*. This standard clarifies the accounting for uncertainty in income taxes recognized in an organization's financial statements. The standard prescribes recognition and the measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Organization has not identified any uncertain tax positions for the years ended December 31, 2022 and 2021. The Organization's income tax returns are subject to review and examination by federal authorities. The Organization is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

Recently adopted accounting pronouncements

In September 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842), which superseded existing guidance for accounting for leases under Topic 840, *Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify Topic 842: ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; ASU 2018-20, *Narrow scope Improvements for Lessors*; and ASU 2019-01 *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the balance sheet. The company elected to adopt these ASUs effective January 1, 2022 and utilized all of the available practical expedients.

As a result of adopting the new standard effective January 1, 2022, the Organization recorded right-of-use assets and lease liabilities of \$140,889. Adoption of the new standard did not have any impact on the Organization's net income or cash flows.

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard provides additional guidance on how to record in-kind contributions and includes expanded disclosure requirements. ASU 2020-07 is effective for annual reporting periods in fiscal years that begin after June 15, 2021. The Organization adopted and retrospectively applied ASU 2020-07 as of January 1, 2022. Other than the expanded disclosure requirements, no changes were necessary for the adoption of ASU 2020-07.

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 statement of financial position date, comprise the following as of December 31:

	2022	2021
Cash available within one year of the statement of financial position for general expenditures	\$ 1,045,773	\$ 1,838,632
Less those generally unavailable for expenditure due to:		
Refundable advances	(98,500)	(4,240)
Donor-imposed purpose restrictions	(11,560)	(25,000)
Financial assets available to meet cash needs for general expenditures with one year	\$ 935,713	\$ 1,809,392

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

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

4. PROPERTY AND EQUIPMENT, NET

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

	2022	2021
Computers and software	\$ 4,400	\$ 4,400
Equipment	88,509	79,633
Leasehold improvements	544,951	544,951
Vehicles	56,974	56,974
Total cost	694,834	685,958
Less accumulated depreciation	(108,075)	(74,423)
Net property and equipment	\$ 586,759	\$ 611,535

Depreciation expense charged to operations is \$32,652 and \$27,396 for the years ended December 31, 2022 and 2021, respectively.

5. CONTRIBUTED NONFINANCIAL ASSETS

Contributed nonfinancial assets recognized within the Statements of Activities include the following for the years ended December 31:

	2022	2021
Food	\$ 2,305,467	\$ 1,846,158
Services	36,724	4,083
Rent	6,000	6,000
Auction items	17,545	55,008
Total	\$ 2,365,736	\$ 1,911,249

The Organization recognized contributed nonfinancial assets within support and revenue, including contributed food, rent, services and auction items. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

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. For the years ended December 31, 2022 and 2021, contributed food was valued at \$1.92 and \$1.79 per pound, respectively. Contributed food was used at the food distribution facility of the Organization.

Contributed services recognized comprise professional services utilized by the Organization in their fundraising activities. Contributed services are valued and are reported at the estimated fair value in the financial statements based on current rates for these services.

Contributed rent is related to the use of the warehouse for general operations. The value of the contributed rent was calculated based on the explicit terms in the lease agreement.

For the auction items, the Organization utilized the estimates of values that would be received for selling similar items in the United States utilizing various online and published resources. These items were used in

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

fundraising activities of the Organization.

6. NET ASSETS WITH DONOR RESTRICTIONS

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

	2022	2021
Subject to expenditures for specified purpose:		
Just Basics Program	\$ -	\$ 10,000
Forklift	-	15,000
Pots & Pan-try Program	11,560	-
Total	\$ 11,560	\$ 25,000

Net assets were released from donor restrictions by satisfying the restricted purpose or by occurrence of the passage of time or other evidence specified by the donors as follows during the years ended December 31:

	2022	2021
Satisfaction of purpose restrictions:		
Facility	\$ -	\$ 6,000
Truck	-	25,000
Forklift	15,000	5,000
Christmas Dinner	-	1,500
Just Basics	10,000	-
Pots & Pan-try Program	38,440	4,398
Total	\$ 63,440	\$ 41,898

7. FAIR VALUE DISCLOSURE

As discussed in Note 2, the Organization has a beneficial interest in the DCCF pooled investment fund and recorded it during 2022 and 2021. The investment policy governing the underlying investments is established by the Board of the Douglas County Community Foundation. These assets are measured at fair value on a recurring basis, and at December 31, 2022 and 2021 are classified as Level 3 in the fair value hierarchy.

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

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

The following is a reconciliation of the activity related to the Level 3 investments for the year ended December 31, 2022 and 2021:

	2022	2021
Beginning balance	\$ 150,527	\$ 105,890
Total dividend income and gains and losses	(26,954)	6,595
Contributions	103,192	39,185
Transfer in	835,000	-
Fees	(5,220)	(1,143)
Total grants approved	(61,257)	-
Ending balance	\$ 995,288	\$ 150,527

8. FUNCTIONAL ALLOCATION OF EXPENSES

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

9. OPERATING LEASES

During 2019, the Organization entered into an operating lease agreement for its office and warehouse space. The lease was renewed through December 31, 2023. During 2022, the Organization entered into an operating lease agreement for 805 Vermont Street, Lawrence, Kansas. The lease expires on July 31, 2024. In 2019, the Organization entered into an operating lease agreement for a truck. The lease expires in June 2025. The following summarizes the line items in the Statements of Financial Position which include amounts for operating leases as of December 31, 2022:

	2022
Operating lease	
Operating lease right-of-use-assets	\$ 113,405
Operating lease liabilities, current portion	82,211
Operating lease liabilities, noncurrent portion	31,378
Total operating lease liabilities	\$ 113,589

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

	2022
Weighted average remaining lease term	
Operating lease	1.57 years
Weighted average discount rate	
Operating lease	1.46%

JUST FOOD OF DOUGLAS COUNTY, KANSAS, INC.

NOTES TO THE FINANCIAL STATEMENTS

The maturity of the lease liability as of December 31, 2022 is as following:

	2022
2023	\$ 83,272
2024	25,272
2025	6,336
Total lease payments	114,880
Less: interest	(1,291)
Present value of lease liabilities	\$ 113,589

The following summarizes the line items in the Statements of Activities which include the components of lease expense for the year ended December 31, 2022:

	2022
Operating lease expense included in general and administrative expenses	\$ 79,361

The following summarizes cash flow information related to the operating lease for the year ended December 31, 2022:

	2022
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows paid for operating lease	\$ 70,672
Lease assets obtained in exchange for lease obligations:	
Operating lease	\$ 182,912

10. CONCENTRATIONS OF CREDIT AND MARKET RISKS

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

The Organization maintains cash and investments in bank and brokerage accounts which at times may exceed federally insured limits of \$250,000 set by the Federal Deposit Insurance Corporation (FDIC). There was \$202,764 in excess of this limit as of December 31, 2022. 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.

11. RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to current year presentation.

12. SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 25, 2023 the date which the financial statements were available to be issued.