

**BREAD OF LIFE, INC.**  
CONSOLIDATED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITORS' REPORT  
DECEMBER 31, 2021 AND 2020



**Barrett & Scibelli, LLC**  
Certified Public Accountants

**BREAD OF LIFE, INC.**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**DECEMBER 31, 2021 AND 2020**  
**TABLE OF CONTENTS**

<b>INDEPENDENT AUDITORS' REPORT</b> .....	1 - 2
<b>FINANCIAL STATEMENTS</b>	
Consolidated Statements of Financial Position.....	3
Consolidated Statements of Activities .....	4
Consolidated Statements of Functional Expense .....	5 - 6
Consolidated Statements of Cash Flows.....	7
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b> .....	8 - 16



**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
**Bread of Life, Inc.**  
Malden, Massachusetts

We have audited the accompanying consolidated financial statements of Bread of Life, Inc., (a Massachusetts nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Bread of Life, Inc. as of December 31, 2021 and changes in its net assets and its cash flow 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 Financial Statements section of our report. We are required to be independent of the Bread of Life, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Bread of Life, 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 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, including omissions, 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 access 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 Bread of Life, 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 the Bread of Life, 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.

*Barnett & Scibelli, LLC*

Winchester, Massachusetts

July 7, 2022

**BREAD OF LIFE, INC.**  
**CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

**ASSETS**

	<b>2021</b>	<b>2020</b>
<b>Assets</b>		
Cash and cash equivalents	\$ 944,352	\$ 666,715
Cash - restricted	1,584,448	1,413,293
Contributions receivable	732,504	102,717
Prepaid insurance	11,924	10,982
Property and equipment		
Building	750,000	750,000
Equipment	13,791	13,791
Vehicles	120,180	71,834
	883,971	835,625
Total fixed assets	883,971	835,625
Less: accumulated depreciation	(183,832)	(198,350)
Property and equipment, net	700,139	637,275
Construction in Progress	317,392	-
	\$ 4,290,759	\$ 2,830,982
<b>Total assets</b>		

**LIABILITIES AND NET ASSETS**

<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 30,790	\$ 19,789
Mortgage notes	603,393	627,542
Note payable-other	100,000	100,000
	734,183	747,331
<b>Total liabilities</b>		
<b>Net assets</b>		
Without donor restrictions	1,260,090	670,358
With donor restrictions	2,296,486	1,413,293
	3,556,576	2,083,651
<b>Total net assets</b>		
<b>Total liabilities and net assets</b>	\$ 4,290,759	\$ 2,830,982

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

**BREAD OF LIFE, INC.**

**STATEMENTS OF ACTIVITIES**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>2021</b>			<b>2020</b>		
	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Revenue and support</b>						
Public support						
Government grants	\$ 156,462	\$ -	\$ 156,462	\$ 92,772	\$ -	\$ 92,772
Foundation and private grants	294,264	1,216,251	1,510,515	231,146	1,034,149	1,265,295
Fundraising events, gifts, & contributions	577,492	-	577,492	652,658	-	652,658
Total public support	<u>1,028,218</u>	<u>1,216,251</u>	<u>2,244,469</u>	<u>976,576</u>	<u>1,034,149</u>	<u>2,010,725</u>
Other revenue						
Interest income	-	-	-	476	-	476
Donated space, goods, and services	1,940,284	-	1,940,284	1,325,615	-	1,325,615
Net assets released from restrictions	333,058	(333,058)	-	113,009	(113,009)	-
Total other revenue	<u>2,273,342</u>	<u>(333,058)</u>	<u>1,940,284</u>	<u>1,439,100</u>	<u>(113,009)</u>	<u>1,326,091</u>
<b>Total support and revenue</b>	<u>3,301,560</u>	<u>883,193</u>	<u>4,184,753</u>	<u>2,415,676</u>	<u>921,140</u>	<u>3,336,816</u>
<b>Expenses</b>						
Program services						
Meals program - purchased	322,405	-	322,405	237,100	-	237,100
Meals program - donated	229,926	-	229,926	103,058	-	103,058
Food pantry - purchased	238,299	-	238,299	175,248	-	175,248
Food pantry - donated	1,686,960	-	1,686,960	1,182,341	-	1,182,341
Total program services	<u>2,477,589</u>	<u>-</u>	<u>2,477,589</u>	<u>1,697,747</u>	<u>-</u>	<u>1,697,747</u>
Supporting services						
Administrative - purchased	109,212	-	109,212	95,190	-	95,190
Administrative - donated	23,398	-	23,398	40,216	-	40,216
Fundraising - purchased	101,629	-	101,629	104,249	-	104,249
Total supporting services	<u>234,239</u>	<u>-</u>	<u>234,239</u>	<u>239,655</u>	<u>-</u>	<u>239,655</u>
<b>Total expenses</b>	<u>2,711,828</u>	<u>-</u>	<u>2,711,828</u>	<u>1,937,403</u>	<u>-</u>	<u>1,937,403</u>
<b>Change in net assets</b>	589,732	883,193	1,472,925	478,273	921,140	1,399,413
<b>Net assets, beginning of year</b>	<u>670,358</u>	<u>1,413,293</u>	<u>2,083,651</u>	<u>192,085</u>	<u>492,153</u>	<u>684,238</u>
<b>Net assets, end of year</b>	<u>\$ 1,260,090</u>	<u>\$ 2,296,486</u>	<u>\$ 3,556,576</u>	<u>\$ 670,358</u>	<u>\$ 1,413,293</u>	<u>\$ 2,083,651</u>

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

**BREAD OF LIFE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEAR ENDED DECEMBER 31, 2021**

	<b>Program Expenses</b>	<b>Administrative Expenses</b>	<b>Fundraising Expenses</b>	<b>Total</b>
Salaries and wages	\$ 264,750	\$ 39,236	\$ 22,977	\$ 326,963
Marketing	-	-	25,931	25,931
Employee benefits	58,317	8,748	5,832	72,896
Interest expense	-	26,187	-	26,187
Payroll taxes	2,614	3,921	26,142	32,678
Client food and personal items	39,695	5,954	3,970	49,619
Depreciation	28,353	-	-	28,353
Utilities	11,438	1,716	1,144	14,298
Van expenses	17,288	2,593	1,729	21,610
Dues, subscriptions and licenses	11,668	1,750	1,167	14,585
Rental space	86,748	13,012	8,675	108,435
Accounting services	14,400	2,160	1,440	18,000
Maintenance	4,901	735	490	6,126
Office and program supplies	5,376	926	618	6,920
Insurance	5,640	846	564	7,050
Postage and delivery	3,214	482	321	4,017
Telephone and Internet	4,819	723	482	6,024
Miscellaneous	316	47	32	395
Other professional fees	1,166	175	117	1,457
Subtotal	560,703	109,212	101,629	771,544
Donated goods and services				
Volunteer services	-	7,110	-	7,110
Client food and personal items	1,916,886	-	-	1,916,886
Space/facility usage and parking	16,288	-	-	16,288
Subtotal	1,933,174	7,110	-	1,940,284
<b>Total expenses</b>	<b>\$ 2,493,877</b>	<b>\$ 116,322</b>	<b>\$ 101,629</b>	<b>\$ 2,711,828</b>

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

**BREAD OF LIFE, INC.**

**STATEMENT OF FUNCTIONAL EXPENSES**

**FOR THE YEARS ENDED DECEMBER 31, 2020**

	<u>Program Expenses</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Salaries and wages	\$ 229,770	\$ 34,465	\$ 22,977	\$ 287,212
Marketing	-	-	64,920	64,920
Employee benefits	49,830	7,475	4,983	62,288
Interest expense	-	36,220	-	36,220
Client food and personal items	21,293	3,194	2,129	26,616
Depreciation	19,231	-	-	19,231
Payroll taxes	21,852	3,278	2,185	27,315
Van expenses	9,862	1,479	986	12,327
Utilities	10,768	1,615	1,077	13,460
Rental space	9,600	1,440	960	12,000
Accounting services	8,000	1,200	800	10,000
Maintenance	5,706	856	571	7,133
Insurance	4,112	617	411	5,140
Dues, subscriptions and licenses	9,828	1,474	983	12,285
Office and program supplies	4,402	660	440	5,503
Payroll Service	4,100	615	410	5,125
Telephone	3,554	536	373	4,463
Other professional fees	179	27	18	224
Miscellaneous	262	39	26	327
Subtotal	<u>412,349</u>	<u>95,190</u>	<u>104,249</u>	<u>611,788</u>
Donated goods and services				
Volunteer services	-	8,760	-	8,760
Client food and personal items	1,285,399	-	-	1,285,399
Space/facility usage and parking	31,456	-	-	31,456
Subtotal	<u>1,316,855</u>	<u>8,760</u>	<u>-</u>	<u>1,325,615</u>
<b>Total expenses</b>	<u><u>\$ 1,729,204</u></u>	<u><u>\$ 103,950</u></u>	<u><u>\$ 104,249</u></u>	<u><u>\$ 1,937,403</u></u>

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



**BREAD OF LIFE, INC.**

**STATEMENT OF CASH FLOWS**

**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>2021</u>	<u>2020</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 1,472,925	\$ 1,399,413
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	28,353	19,231
Changes in:		
Grants and contributions receivable	(629,787)	(76,533)
Prepaid expenses and other assets	(942)	(2,047)
Accounts payable and accrued expenses	11,001	967
<b>Net cash provided by operating activities</b>	<u>881,550</u>	<u>1,341,031</u>
<b>Cash flows from investing activities</b>		
Purchase of property and equipment	(91,217)	-
Constructon in Progress	(317,392)	-
<b>Net cash used by investing activities</b>	<u>(408,609)</u>	<u>-</u>
<b>Cash flow from financing activities</b>		
Note payment	(24,149)	(15,611)
<b>Net cash used by financing activities</b>	<u>(24,149)</u>	<u>(15,611)</u>
<b>Net increase in cash</b>	448,792	1,325,420
<b>Cash, beginning of year</b>	<u>2,080,008</u>	<u>754,588</u>
<b>Cash, end of year</b>	<u>\$ 2,528,800</u>	<u>\$ 2,080,008</u>

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

# BREAD OF LIFE, INC.

## NOTES TO FINANCIAL STATEMENTS

### NOTE A - ORGANIZATION

Bread of Life (the “Organization”) is a non-profit, non-denominational faith-based organization serving the communities north of Boston, with a mission to feed the body and to nurture the soul. Found in 1980 and incorporated as a non-profit in 1992, Bread of Life brings together over 500 volunteers from 45 partner organizations from the faith community, businesses, civic organizations, schools, healthcare, government, and social service agencies from Malden, Everett, Medford, Melrose, Wakefield, Reading, and Peabody to offer free food to hungry, homeless, and isolated people. Bread of Life distributes the equivalent of one million free meals per year. Services provided include evening meals held four nights a week in Malden, food pantries in Malden and Everett, grocery delivery to senior citizens in public housing in Malden, Everett, Melrose, and Medford, and food delivery to at-risk teens and homeless families sheltered in local motels.

#### **Principles of Consolidation**

The consolidated financial statements include the accounts of the Organization and its wholly owned subsidiary, 54 Eastern Ave Malden, LLC. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as “Bread of Life.”

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of Presentation**

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

#### **Use of Estimates**

The presentation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Cash and Cash Equivalents**

All cash and 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, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

#### **Restricted Cash**

Restricted cash represents amounts received from donors to be utilized for the building project.

# BREAD OF LIFE, INC.

## NOTES TO FINANCIAL STATEMENTS - CONTINUED

### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

#### **Contributions Receivable**

The Organization records contributions receivable that are expected to be collected within one year at net realizable value. Contribution's receivable 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. The allowance for uncollectible promises to give is based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectible.

#### **Property and Equipment**

Property and equipment is recorded at cost if purchased or at estimated fair value at the date of gift if donated, net of accumulated depreciation. The Organization's policy is to capitalize property and equipment costs of \$1,000 or more. Major additions and improvements are capitalized while maintenance and repairs, which do not extend the lives of the respective assets, are expensed in the year incurred.

Property and equipment are depreciated using straight-line methods over the estimated useful lives of the assets as follows:

Building	39 years
Equipment	3-5 years
Vehicles	5 years

#### **Net Assets**

The Organization reports information regarding its financial position and activities according to the following classes of net assets based on the existence or absence of donor-imposed restrictions:

Without donor restrictions - net assets that are not restricted by donors and may include net assets whose use is limited by internally imposed restrictions.

With donor restrictions – net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. Upon fulfillment of all donor limitations, the donor restricted net assets are released from restriction.

#### **Revenue and Support**

The Organization receives revenues and support from contributions, grants, fundraising events and government contracts.

Contributions received are recorded as without donor restriction or with donor restriction support depending on the existence and or the nature of any donor restrictions. Unrestricted contributions, including unconditional promises to give, are recognized as support in the period received or unconditionally pledged.

## BREAD OF LIFE, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### **Revenue and Support - Continued**

Conditional promises to give are recognized as contributions when substantially all conditions are met. Contributions of noncash assets are reported at their estimated fair value. All other donor-restricted contributions 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 and reported in the statements of activities as net assets released from restrictions. Contributions restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions are satisfied or expire in the same year in which the contributions are recognized. Fundraising event revenue is recognized when the event has taken place.

Contributions of donated services that create or enhance nonfinancial assets or require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair value in the period in which the services are provided.

##### **Income Taxes**

The Organization is exempt from federal income taxes as provided under Internal Revenue Code (IRC) Section 501(c)(3) and is generally exempt from Federal income taxes under Section 501(a).

The Organization was incorporated in 1992 under the provisions of Massachusetts General laws Chapter 180 and qualifies as a tax-exempt, not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code. Bread of Life, Inc. has been classified as an organization which is not a private foundation under Section 509(a); accordingly, contributions made to this Organization qualify for the maximum charitable deduction for federal income tax purposes.

Accounting principles generally accepted in the United States of America prescribe the threshold a tax position is required to meet before being recognized in the financial statements. A liability for uncertain tax positions is recognized and recorded as a component of current income tax expense for differences between financial and income tax reporting positions which do not meet this threshold. Any interest and penalties related to uncertain tax positions are recorded as a component of income tax expense. The Organization has reviewed its tax positions that remain subject to examination by tax authorities and has not identified any material uncertain tax positions and thus has not recorded any liability at December 31, 2021 and 2020.

The Organization's federal and state tax returns are subject to possible examination by taxing authorities until the expiration of the related returns statutes. In general, the federal and state tax returns have a three-year statute of limitation from the date the tax returns were due or filed, whichever is later. The Organization is no longer subject to examinations by tax authorities for years prior to 2017, and has no open examinations as of the date of these financial statements.

## BREAD OF LIFE, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

##### **Income Taxes - continued**

54 Eastern Ave Malden, LLC was required to file partnership tax returns from 2014 – 2016, however, tax returns for those years were not filed and the ramifications are uncertain. If there is a penalty assessed for not filing, it is believed that it will not be material in amount and, therefore, has not been recorded in the financial statements.

##### **Functional Allocation of Expenses**

The costs for providing for various programs and supporting services have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Accordingly, certain costs have been allocated by management among the programs and supporting services benefited.

##### **Compensated Absences**

Employees of the Organization are entitled to paid vacations, paid sick days off, depending on the job classification, length of services, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to employees.

##### **Advertising**

The Organization expenses advertising costs as they are incurred. Advertising/marketing costs were \$64,920 and \$81,164 for the years ended December 31, 2021 and 2020, respectively.

##### **Adoption of New Accounting Standard**

The Organization adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)*. The purpose of this pronouncement is to provide guidance in determining whether transactions are non-exchange or exchange and determining whether contributions are conditional. The adoption of this pronouncement did not have a material effect on these financial statements.

FASB issued ASU 2016-18, *Restricted Cash (Topic 230)*. The purpose of this pronouncement is to provide guidance on the classification of restricted cash in the statement of cash flows. The Organization adopted the provisions of ASU 2016-18 on a retrospective basis and did not necessitate an adjustment to net assets in the prior period.

##### **New Accounting Pronouncements**

The Financial Accounting Standards Board issued Accounting Standards Update No. 2016-02 – *Leases*, and additional Accounting Standards Updates containing modifications to this standard. The standard is effective for periods beginning after December 15, 2021, for non-public entities.

## BREAD OF LIFE, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

##### New Accounting Pronouncements – Continued

Implementation of this standard will require lessees to recognize a right to use asset and a lease liability, for all leases with terms longer than 12 months, on their statement of financial position. Management does not believe that this standard will have a material effect on the financial statements.

##### Adoption of New Accounting Standard

The Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2014-09 *Revenue from Contracts with Customers (Topic 606)* and additional ASUs containing modifications to ASU 2014-09 (collectively referred to as Accounting Standards Codification 606, *Revenue from Contracts with Customers* or the “new revenue recognition standard”). Under the new revenue recognition standard, revenue is recognized when a customer obtains control of promised goods or services and in an amount that reflects the consideration the entity expects to receive in exchange for those goods or services.

The principles in the standard should be applied using a five-step model that includes 1) identifying the contract(s) with a customer, 2) identifying the performance obligations in the contract, 3) determining the transaction price, 4) allocating the transaction price to the performance obligations in the contract, and 5) recognizing revenue when (or as) the performance obligations are satisfied.

On December 1, 2020, the organization adopted the new revenue recognition standard using the modified retrospective approach applied to contracts not completed as of the date of adoption. The adoption of this pronouncement did not have a material effect on these financial statements. The comparative financial statements have not been restated. The prior year is under the former revenue recognition standard, which is similar to the new revenue recognition policy.

#### NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets of the consolidated statement of financial position date:

	<u>2021</u>	<u>2020</u>
Financial assets at year-end:		
Cash	\$ 2,528,800	\$ 2,080,008
Grants and contributions receivable	<u>732,504</u>	<u>102,717</u>
Total cash and receivables	3,261,304	2,182,725
Less restricted support greater than one year	<u>(2,296,486)</u>	<u>(1,413,293)</u>
Financial assets available to meet general operating expenses within one year:	\$ <u>964,818</u>	\$ <u>769,432</u>

**BREAD OF LIFE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS – CONTINUED**

The Organization reviews its cash position on a regular basis to ensure that adequate funds are available to meet operating expenses. Management believes grants and contributions receivables will provide funds for operating expenses. For the year ended December 31, 2021, management believes the Organization has no liquidity issues.

**NOTE D – GRANTS, CONTRIBUTIONS AND PLEDGES RECEIVABLE**

Grants and contributions receivable are due as follows as of December 31:

	<u>2021</u>	<u>2020</u>
Due in one year	\$ <u>732,564</u>	\$ <u>102,717</u>

**NOTE E – MORTGAGE AND NOTES PAYABLE**

Mortgage and notes payable consist of the following at December 31:

	<u>2021</u>	<u>2020</u>
5.80% mortgage payable, secured by building	\$ 603,393	\$ 627,542
Tri-CAP note, unsecured	<u>100,000</u>	<u>100,000</u>
	<u>\$ 703,393</u>	<u>\$ 727,542</u>

The Tri-CAP Note will be paid upon closing of the Project (see Note J) affordable housing financing sources to the extent qualified as costs of the affordable housing portion of the Project. If the Project does not proceed because of the termination or lapse of the Special Permit granted to the Project by the City of Malden (or any successor permit for an affordable housing Project), then, for the 180 day period following such termination or lapse, the LLC shall not make any distributions of cash or return capital proceeds to its members and shall have the option (but not the obligation) to pay the balance then due and owing under the Tri-CAP note.

At the end of the 180 day period if the Tri-CAP Note is outstanding, to the extent the Tri-CAP Note is not paid from Project financing sources, whether or not the Project is modified or abandoned by the Organization or the LLC as permitted, then the Tri-CAP Note will be paid of any distributions of excess cash or capital proceeds of the LLC to the members of the LLC, pari passu with the existing Organization expenses and any other capital contributions to the LLC. The Organization's capital contributions as of December 31, 2021 are \$50,000.

**BREAD OF LIFE, INC.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**NOTE E – MORTGAGE AND NOTES PAYABLE - CONTINUED**

Principal payments due on the above debt are as follows:

2022	\$ 17,968
2023	18,901
2024	19,882
2025	20,913
Thereafter	<u>625,729</u>
Total	\$ <u>703,393</u>

**NOTE F – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions as of December 31, 2021 and 2020 consist of the following:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Building Fund (Capital Campaign)	\$ <u>2,296,486</u>	\$ <u>1,413,293</u>

During the years ended December 31, 2021 and 2019, net assets with donor restrictions were released from restrictions by incurring expenses satisfying the purpose and/or time restriction specified by donors as follows:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Building Fund (Capital Campaign)	\$ <u>333,058</u>	\$ <u>113,069</u>

**NOTE G – DONATED GOODS AND SERVICES**

The value of donated goods and services are reported in the accompanying financial statements as donated goods and services revenue with offsetting expenses included in program expenses. For the years ended December 31, 2021 and 2020, donated goods and services are as follows:

	<u><b>2021</b></u>	<u><b>2020</b></u>
Rent	\$ 8,800	\$ 8,800
Parking	7,488	24,356
Pantry/meals	1,676,862	1,152,759
Professional services	7,110	8,760
Restaurant meals	229,926	103,058
Program supplies	841	4,380
Clothing	<u>9,257</u>	<u>25,202</u>
	\$ <u>1,940,284</u>	\$ <u>1,327,315</u>



## BREAD OF LIFE, INC.

### NOTES TO FINANCIAL STATEMENTS - CONTINUED

#### NOTE H – RETIREMENT PLAN

The Organization maintains a SIMPLE-IRA retirement plan for eligible employees. The Organization makes a matching contribution to the account of each eligible employee who is employed at the company at year end up to 3% of the employee's salary earned during the year. Expenses related to the plan for the years ended December 31, 2021 and 2020 was \$7,944 and \$3,120, respectively.

#### NOTE I – LEASE COMMITMENTS

During 2021, the organization signed an eighteen-month existing lease for approximately 4,900 square feet of warehouse space on Canal Street in Malden, Massachusetts beginning June 1, 2021. Monthly rent is \$7,145.83 and term expires on November 30, 2022.

Extension of lease is available beginning December 1, 2022, terms to be mutually agreed upon.

During 2021, the organization signed another eighteen-month existing lease for approximately 1,047 square feet of office space on Commercial Street in Malden, Massachusetts. The lease began May 1, 2021 and expires October 31, 2022. Monthly rent is \$1,519.58

The Organization also leases space at a church in Malden on a tenant at-will basis for \$1,000 per month.

Rent expense was \$108,435 and \$12,000 for the years ended December 2021 and 2020 respectively.

Future minimum lease payments for the years ending December 31 are as follows:

2022	\$ <u>62,144</u>
	\$ <u>62,144</u>

#### NOTE J – ACQUISITION OF 54 EASTERN AVE MALDEN LLC

On August 14, 2013, the Organization and Tri-City Community Action Program, Inc. (Tri-CAP) created a limited liability company to purchase a building at 54 Eastern Avenue in Malden, Massachusetts with a purchase price of \$750,000. The limited liability company formed was 54 Eastern Ave Malden, LLC. The Organization's initial interest in the jointly created LLC was 46.7% of the LLC.

On April 23, 2015, Tri-CAP filed for Chapter 11 bankruptcy in the US Bankruptcy court for the District of Massachusetts. On August 27, 2015, the Organization and Tri-CAP entered into an agreement in which Tri-CAP redeemed its remaining interest in the LLC for a promissory note in the agreed-upon amount of \$100,000 payable on certain conditions. The Bankruptcy Court approved the agreement on September 17, 2015. As a result of the acquisition, the Organization is expected to

## **BREAD OF LIFE, INC.**

### **NOTES TO FINANCIAL STATEMENTS - CONTINUED**

#### **NOTE J – ACQUISITION OF 54 EASTERN AVE MALDEN LLC - CONTINUED**

continue the project of developing affordable apartments, administrative offices, a food pantry, dining room, and kitchen on the property (the Project) (See Note E).

The Organization maintains its cash in accounts that are federally insured. At times, the balances in the insured accounts may exceed federal limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risks.

#### **NOTE K - CONTINGENCIES**

Periodically, the Organization may be involved in various claims and legal actions arising in the normal course of operations. In the opinion of Management, based upon current facts and circumstances and on consultation with legal counsel, losses, if any, from those matters, are covered by insurance or are immaterial to the financial position of the Organization.

#### **NOTE L - SUBSEQUENT EVENTS**

The Organization is conducting a capital campaign in conjunction with the construction of a new facility to be located at the current address. As of June 2021, the Organization moved to temporary locations while the new facility is under construction.

The facility construction is in collaboration with Metro North Housing (MNHC), which will provide 14 low-income studio units. The expected cost of the facility is \$11,390,523. The Organization portion is \$5,916,798. The Organization has a financing commitment of \$1,600,000 with Eastern Bank. Construction is expected to commence in July 2022.

Management has evaluated subsequent events through July 7, 2022, the date the financial statements were approved and authorized for issuance by management, and determined that, other than as disclosed herein, there are no subsequent events that would require recognition or disclosure in the notes to the financial statements.

The impact of the COVID-19 pandemic continues to evolve as of the date of these financial statements. Management cannot reasonably estimate the duration or the financial impact of the outbreak. Management is taking steps to mitigate the negative effects of COVID-19 on its operations.