

NASHUA SOUP KITCHEN AND SHELTER, INC.

FINANCIAL STATEMENTS

JUNE 30, 2021

AND

INDEPENDENT AUDITORS' REPORT

NASHUA SOUP KITCHEN AND SHELTER, INC.

JUNE 30, 2021

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CERTIFIED
PUBLIC
ACCOUNTANT

William P. Connor, CPA, LLC

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Nashua Soup Kitchen and Shelter, Inc.:

We have audited the accompanying financial statements of Nashua Soup Kitchen and Shelter, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Nashua Soup Kitchen and Shelter, Inc. as of June 30, 2021, 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.

Report on Summarized Comparative Information

We have previously audited the Nashua Soup Kitchen and Shelter, Inc.'s 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 8, 2020. In our opinion, the summarized comparative information presents herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional support and revenue on page 16 is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Manchester, New Hampshire
February 9, 2022

NASHUA SOUP KITCHEN AND SHELTER, INC.

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2021

(with comparative totals for 2020)

ASSETS

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total 2021</u>	<u>Total 2020</u>
CURRENT ASSETS:				
Cash (Note 1)	\$1,427,470	\$ 457,729	\$1,885,199	\$ 730,577
Grants and accounts receivable (Note 1)	91,309	75,000	166,309	101,381
Prepaid expenses	<u>30,245</u>	<u>-</u>	<u>30,245</u>	<u>30,705</u>
Total current assets	<u>1,549,024</u>	<u>532,729</u>	<u>2,081,753</u>	<u>862,663</u>
INVESTMENTS (Note 2)	<u>906,342</u>	<u>-</u>	<u>906,342</u>	<u>722,208</u>
LAND, BUILDING AND EQUIPMENT, at cost (Notes 1 and 3):				
Land and buildings	2,557,472	-	2,557,472	2,557,472
Building improvements	537,008	-	537,008	350,910
Furniture, fixtures and equipment	<u>266,064</u>	<u>-</u>	<u>266,064</u>	<u>207,467</u>
	3,360,544	-	3,360,544	3,115,849
Less - Accumulated depreciation	<u>903,798</u>	<u>-</u>	<u>903,798</u>	<u>822,319</u>
	<u>2,456,746</u>	<u>-</u>	<u>2,456,746</u>	<u>2,293,530</u>
OTHER ASSETS:				
Notes receivable (Note 8)	<u>110,987</u>	<u>-</u>	<u>110,987</u>	<u>105,702</u>
	<u>\$5,023,099</u>	<u>\$ 532,729</u>	<u>\$5,555,828</u>	<u>\$3,984,103</u>
 <u>LIABILITIES AND NET ASSETS</u>				
CURRENT LIABILITIES:				
Accounts payable	\$ 26,222	\$ -	\$ 26,222	\$ 103,740
Accrued expenses	182,341	-	182,341	112,880
Fiscal agent payable	46,619	-	46,619	51,901
Security deposits	<u>1,500</u>	<u>-</u>	<u>1,500</u>	<u>1,500</u>
Total current liabilities	<u>256,682</u>	<u>-</u>	<u>256,682</u>	<u>270,021</u>
NET ASSETS (Note 1):				
Without donor restrictions	4,766,417	-	4,766,417	3,558,082
With donor restrictions	<u>-</u>	<u>532,729</u>	<u>532,729</u>	<u>156,000</u>
Total net assets	<u>4,766,417</u>	<u>532,729</u>	<u>5,299,146</u>	<u>3,714,082</u>
	<u>\$5,023,099</u>	<u>\$ 532,729</u>	<u>\$5,555,828</u>	<u>\$3,984,103</u>

The accompanying notes to financial statements
are an integral part of these statements.

NASHUA SOUP KITCHEN AND SHELTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for 2020)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u> <u>2021</u>	<u>Total</u> <u>2020</u>
SUPPORT AND REVENUE:				
Support				
Public contributions	\$1,700,582	\$ -	\$1,700,582	\$ 1,171,294
In-kind contributions (Note 4)	1,204,189	-	1,204,189	1,656,197
SMP Grant	776,418	-	776,418	-
State of New Hampshire				
Emergency Shelter Program Grant	393,387	-	393,387	168,324
Town grants, New Hampshire	54,500	-	54,500	53,297
Special events	245,945	-	245,945	325,635
Capital campaign & restrictive grants	172,028	457,729	629,757	198,225
Other grants	110,136	-	110,136	138,957
Rent- Transitional Housing	34,150	-	34,150	17,395
Net assets released from restrictions	<u>81,000</u>	<u>(81,000)</u>	<u>-</u>	<u>-</u>
Total support	<u>4,772,335</u>	<u>376,729</u>	<u>5,149,064</u>	<u>3,729,954</u>
Revenue				
Investment income	21,848	-	21,848	22,823
Investment return	<u>168,221</u>	<u>-</u>	<u>168,221</u>	<u>11,971</u>
Total revenue	<u>190,069</u>	<u>-</u>	<u>190,069</u>	<u>34,794</u>
OTHER INCOME - PPP ASSISTANCE (NOTE)	<u>-</u>	<u>-</u>	<u>-</u>	<u>171,696</u>
Total support and revenue	<u>\$4,962,404</u>	<u>\$ 376,729</u>	<u>\$5,339,133</u>	<u>\$3,936,444</u>

The accompanying notes to financial statements
are an integral part of these statements.

NASHUA SOUP KITCHEN AND SHELTER, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for 2020)

	<u>Without Donor</u> <u>Restrictions</u>	<u>With Donor</u> <u>Restrictions</u>	<u>Total</u> <u>2021</u>	<u>Total</u> <u>2020</u>
EXPENSES:				
Program Services				
Kitchen	\$1,865,061	\$ -	\$1,865,061	\$2,179,248
Housing, shelter & services	<u>1,611,877</u>	<u>-</u>	<u>1,611,877</u>	<u>988,447</u>
Total program services	<u>3,476,938</u>	<u>-</u>	<u>3,476,938</u>	<u>3,167,695</u>
Support Services				
Management and general	137,135	-	137,135	76,666
Fundraising	<u>139,996</u>	<u>-</u>	<u>139,996</u>	<u>223,719</u>
Total support services	<u>277,131</u>	<u>-</u>	<u>277,131</u>	<u>300,385</u>
Total program and support expenses	<u>3,754,069</u>	<u>-</u>	<u>3,754,069</u>	<u>3,468,080</u>
INCREASE IN NET ASSETS	1,208,335	376,729	1,585,064	468,364
NET ASSETS, beginning of year	<u>3,558,082</u>	<u>156,000</u>	<u>3,714,082</u>	<u>3,245,718</u>
NET ASSETS, end of year	<u>\$4,766,417</u>	<u>\$ 532,729</u>	<u>\$5,299,146</u>	<u>\$3,714,082</u>

The accompanying notes to financial statements
are an integral part of these statements.

NASHUA SOUP KITCHEN AND SHELTER, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for 2020)

	<u>Program Services</u>			<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2021</u>	<u>Total 2020</u>
	<u>Soup Kitchen</u>	<u>Client Services</u>					
SALARIES AND RELATED EXPENSES:							
Salaries	\$ 377,309	\$ 517,862		\$ 87,289	\$ 65,166	\$ 1,047,626	\$ 906,306
Payroll taxes	30,416	41,740		7,034	5,252	84,442	66,345
Employee benefits	65,174	89,438		15,072	11,255	180,939	161,258
	<u>472,899</u>	<u>649,040</u>		<u>109,395</u>	<u>81,673</u>	<u>1,313,007</u>	<u>1,133,909</u>
OTHER EXPENSES:							
In-kind food and services	1,119,272	77,999		3,459	3,459	1,204,189	1,656,197
Depreciation	53,925	15,987		6,516	5,052	81,480	76,867
Utilities	26,231	21,653		4,648	3,472	56,004	51,193
Food and supplies	97,447	11,313		-	-	108,760	128,441
Client assistance, training & education	95	53,242		-	-	53,337	36,391
Postage	1,378	1,378		268	200	3,224	1,825
Insurance	11,724	16,047		2,696	2,014	32,481	29,902
Office expense	2,865	3,215		590	441	7,111	6,235
Telephone	2,398	2,836		508	380	6,122	6,142
Newsletter	8,872	8,961		1,727	1,249	20,809	31,986
Repairs and maintenance	13,644	2,952		-	-	16,596	17,769
Professional fees	8,464	10,109		1,799	1,300	21,672	18,481
Miscellaneous	111	193		-	-	304	493
Travel	375	768		50	-	1,193	2,906
Extermination	995	1,447		-	-	2,442	1,775
Advertising and website	164	1,964		-	-	2,128	300
Training	1,274	1,274		-	-	2,548	886
Technology expense	8,723	10,241		967	-	19,931	(5,150)
Maintenance services	33,938	12,546		4,512	3,371	54,367	44,490
Fundraising	-	-		-	37,385	37,385	55,549
Spring Street preconstruction expense	-	613,651		-	-	613,651	147,943
Capital campaign expenses	267	95,061		-	-	95,328	23,550
	<u>1,392,162</u>	<u>962,837</u>		<u>27,740</u>	<u>58,323</u>	<u>2,441,062</u>	<u>2,334,171</u>
	<u>\$1,865,061</u>	<u>\$1,611,877</u>		<u>\$137,135</u>	<u>\$139,996</u>	<u>\$3,754,069</u>	<u>\$3,468,080</u>

The accompanying notes to financial statements are an integral part of these statements.

NASHUA SOUP KITCHEN AND SHELTER, INC.

STATEMENT OF CASH FLOW

FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for 2020)

	<u>Total</u> <u>2021</u>	<u>Total</u> <u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$1,585,064	\$ 468,364
Adjustment to reconcile change in net assets to net cash provided by operating activities -		
Depreciation	81,480	76,867
Unrealized (appreciation) depreciation of investments	(173,668)	(8,013)
(Increase) decrease in the following assets:		
Grants and accounts receivable	(64,928)	(60,384)
Prepaid expenses	460	2,768
Increase (decrease) in the following liabilities:		
Accounts payable	(77,518)	63,105
Accrued expenses	69,461	(15,347)
Fiscal sponsor payable	(5,282)	51,902
Security deposits	-	1,500
Net cash provided by operating activities	<u>1,415,069</u>	<u>580,762</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Capital expenditures	(244,696)	(24,297)
Net proceeds from sale of investments	11,382	55,000
Purchase of investments	(21,848)	(20,250)
Increase in note receivable	<u>(5,285)</u>	<u>(5,034)</u>
Net cash provided by (used in) investing activities	<u>(260,447)</u>	<u>5,419</u>
NET INCREASE (DECREASE) IN CASH	1,154,622	586,181
CASH, beginning of year	<u>730,577</u>	<u>144,396</u>
CASH, end of year	<u>\$1,885,199</u>	<u>\$ 730,577</u>

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

CASH PAID DURING THE YEAR FOR:

Interest	\$ -	\$ -
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The accompanying notes to financial statements
are an integral part of these statements.

NASHUA SOUP KITCHEN AND SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

1. Nature of operations:

The Organization provides meals, emergency shelter, transitional housing, food baskets and advocacy to poor and homeless men, women and families in the Greater Nashua, New Hampshire area. Additionally, the Organization owns a subsidiary that was setup to acquire rental properties in the Greater Nashua area to provide housing to low and moderate income individuals and families.

The Organization is dependent, to a significant extent, upon contributions from the general public for annual support of its operations and services. Contributions are obtained through year-round special events, direct mail programs, as well as, ongoing initiatives encompassing foundations, corporations, and related development programs.

2. Summary of significant accounting policies:

Basis of accounting and presentation - The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The accrual method of accounting recognizes revenue when it is earned and expenses when incurred. Certain comparative amounts in the statements of activities and functional expenses have been reclassified to conform with the current years presentation.

Net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

Net assets without donor restrictions - Net assets without donor restrictions are assets that have been acquired from donors (or certain grantors) without restrictions that may be expended for any purpose in performing the primary objectives of the Organization. The governing Board has designated, from net assets without donor restrictions, net assets for an operating reserve.

Net assets with donor restrictions - Net assets subject to donor or (or certain grantor) imposed restrictions are assets subject to stipulations imposed by the donor. 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.

NASHUA SOUP KITCHEN AND SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

2. Summary of significant accounting policies (cont't):

Support and revenue recognition - Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor restricted support if they are received with donor stipulations that limit the use of the donated assets or designate them for future periods.

Grants and contributions received are considered to be available for use unless specifically restricted by the grantor or donor. 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 released from restrictions. Donor restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restricted support.

Functional expenses - Direct expenses are charged to their specific program as incurred. Any expenditures not directly chargeable are allocated to a program based on the proportion of time spent on each program by the staff.

Income tax status - The Organization is exempt from income taxes under Internal Revenue Code, Section 501(c)(3). The Organization can be taxed on activities considered by the Internal Revenue Service to be outside of the Organization's exempt purpose.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2021, 2020 and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Land, building and equipment - Land, building and equipment purchased are recorded at cost. The Organization follows the policy of charging to expenses annual amounts of depreciation which allocates the cost of buildings and equipment over their estimated useful lives. The Organization employs the straight-line method for determining the annual charge for depreciation. The ranges of the estimated useful lives used are as follows:

	<u>Years</u>
Buildings	27.5 - 40
Building improvements	27.5
Kitchen equipment	10
Furniture, fixtures and equipment	5 - 10

Expenditures for repairs and maintenance are expensed when incurred and betterments are capitalized. Assets sold or otherwise disposed of are removed from the accounts, along with the related accumulated depreciation, and any gain or loss is recognized.

NASHUA SOUP KITCHEN AND SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

2. Summary of significant accounting policies (cont'd):

Use of estimates - The preparation of financial statements in conformity with Generally Accepted Accounting Principles 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 highly liquid investments with a maturity of one year or less are considered to be cash equivalents. At June 30, 2021, the carrying amount of the Organization's cash was \$1,885,199 and the institution balance was \$1,879,143. Of this amount, \$767,138 was covered by federal depositor's insurance and \$1,112,275 was uninsured.

Grants and accounts receivable - Grants and accounts receivable consists principally of the grants receivable from governmental agencies and rent receivable from tenants. Grants and accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to trade accounts receivable. Changes in the valuation allowance have not been material to the financial statements. The accounts receivable in the accompanying financial statements have been reduced by an allowance for doubtful accounts of \$ 0.

Advertising costs - The Company expenses all advertising costs as incurred. Advertising and marketing expenses for the year ended June 30, 2021 amounted to \$2,128.

New accounting pronouncement - On August 18, 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, *Not-for-profit Entities (Topic 958) - Presentation of Financial Statements for Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Nashua Soup Kitchen and Shelter, Inc. has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented. The implementation had no impact on previously reported net assets.

NASHUA SOUP KITCHEN AND SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

3. Investments:

The Organization records its investments in accordance with the fair value guidance established by the Financial Accounting Standards Board ("FASB"). Under these standards, fair value is defined as the price the Organization would receive from the sale of an asset, or pay to transfer a liability, in a timely transaction with an independent buyer in a principal market. The standards established a three-tier hierarchy to distinguish between various types of inputs used in determining the value of the Organization's investments. The inputs are summarized as outlined below:

Level 1 Inputs - Quoted prices (unadjusted) in active markets for the identical assets and liabilities. Level 1 assets include fixed income mutual funds, equity mutual funds and money market funds. Valuations of these instruments do not require a high degree of judgement as the valuations are based on quoted prices in active markets that are readily available.

Level 2 Inputs - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets and liabilities that are not active; and inputs other than quoted prices that are observable, such as models or other valuation methodologies. Valuations in this category are inherently less reliable than quoted market prices due to the degree of subjectivity involved in determining appropriate methodologies and the applicable underlying assumptions.

Level 3 Inputs - Unobservable inputs for the valuation of the asset or liability. Level 3 assets include investments for which there is little, if any, market activity. These inputs require significant management judgement and estimation. These financial instruments have inputs that cannot be validated by readily determinable market data and generally involve considerable judgement by management.

The Organization does not have Level 2 or 3 assets or liabilities.

The fair value and unrealized depreciation of investments at December 31, 2021 are summarized as follows:

	<u>Book Value</u>	<u>Market Value</u>	<u>Unrealized Appreciation (Depreciation)</u>
Mutual & ETF funds	\$ 890,382	\$735,154	\$155,228
Money markets and cash equivalents	<u>15,961</u>	<u>15,961</u>	<u>-</u>
	<u>\$906,343</u>	<u>\$751,115</u>	<u>\$155,228</u>

NASHUA SOUP KITCHEN AND SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

3. Investments cont'd):

The Organization recognized net investment return on their investment portfolio of \$168,221 which included recognized realized gains or losses, unrealized appreciation (depreciation) and is net of charged management fees of \$5,447 for the year ended June 30, 2021. The Organization's investments are not insured by the FDIC and are not collateralized and therefore are subject to market risks.

4. In-kind contributions:

Donated materials and equipment are reflected as contributions in the accompanying financial statements at fair market value at the date of the donation. Donated professional services have been reflected in the statements at the fair market value for those services. These transactions have been allocated as follows:

	<u>Kitchen</u>	<u>Client Services</u>	<u>Management and Fundraising</u>	<u>Total</u>
Donated food	\$1,100,870	\$ -	\$ -	\$1,100,870
Donated equipment and materials				
services	<u>18,402</u>	<u>77,999</u>	<u>6,918</u>	<u>103,319</u>
	<u>\$1,119,272</u>	<u>\$ 77,999</u>	<u>\$ 6,918</u>	<u>\$1,204,189</u>

5. Retirement plan:

The Organization offers a defined contribution retirement plan under the Internal Revenue Code 403(b) voluntary tax deferred annuity program. Full-time employees are eligible for this benefit after one year of continuous employment. The Organization matches each dollar contributed by employees up to a maximum of 6% of regular salary. For employees hired prior to July 1, 2017 once the employee has reached five years of continuous employment, the Organization will match up to 12% of the employee's regular salary at a ratio of 1 to 1, not to exceed limits allowed under tax law. Total Organizational contributions for the year ended June 30, 2021 were \$58,085.

6. Endowment funds:

Interpretation of relevant law - The Board of the Organization follows the Uniform Prudent Management of Institutional Funds Acts (the Act) and has interpreted the Act as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

NASHUA SOUP KITCHEN AND SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

6. Endowment funds (cont'd):

The remaining portion of a donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by the Act.

In accordance with the Act, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

Return objections and risk parameters - The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets.

Strategies employed for achieving objectives - To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that places a greater emphasis on investments in equity-based investments to achieve its long-term return objectives within prudent risk constraints.

As of June 30, 2021, the Organization had no endowment funds.

NASHUA SOUP KITCHEN AND SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

7. Notes receivable:

Note receivable represents unsecured loans made to the NH Community Loan Fund, a non-profit agency, at an interest rate as indicated below. Interest is paid annually at June 30. The note matures as follows:

<u>Note Value</u>	<u>Interest</u>	<u>Maturity</u>
\$ 41,175	5%	11/30/2023
41,175	5%	11/30/2023
<u>28,637</u>	5%	6/30/2029
<u>\$110,987</u>		

Based on interest rates at June 30, 2021 for similar loans by independent established lending institutions, the fair value of these notes approximate the amount recorded in the financial statements at that date.

8. Liquidity and availability of funds:

Nashua Soup Kitchen and Shelter, Inc. (NSK) financial assets available within one year of the statement of financial position for general expenditures are as follows:

Cash and cash equivalents	\$1,885,199
Grants and accounts receivable	166,309
Investments	<u>906,342</u>
	<u>\$2,957,850</u>

As part of NSK'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. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

9. Commitments and contingencies:

During the prior year, the Organization (NSK) began negotiations with a local church to potentially lease and renovate a building that would allow NSK to combined its shelter programs and to expand potential client services. NSK signed a forty year lease that expires September 1, 2063 contingent on development costs, city approval and financing. The lease calls for annual payments of \$1 and monthly utility costs.

The organization began feasibility and planning studies and began a capital campaign to help finance these expenses. The organization was able to obtain a grant and contributions specific for these costs and as of June 30, 2021 and there were remaining unspent funds of \$532,729 that is shown in donor restricted assets.

NSK anticipates that the necessary studies and financing will be completed in the next fiscal year and if successful to begin renovations shortly thereafter.

NASHUA SOUP KITCHEN AND SHELTER, INC.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

9. Commitments and contingencies (cont'd):

Covid-19 - In March 2020, the Covid-19 corona virus pandemic emerged in the United States triggering widespread government mandated and voluntary business closures, which in turn have led to substantial interruptions in financial markets, employment and the economy as a whole. Though the potential financial effects cannot be reasonably estimated at this time, these circumstances may have adverse effects on the Organization its operations and future financial statements. As of the date of this report, there has not been a significant negative financial impact to the Organization. However, management continues to monitor these events closely as future operating results could be significantly impacted because of the disease's severity and the duration of the outbreak.

10. Evaluation of subsequent events:

The Organization has evaluated events through February 9, 2022, the date which the financial statements were available to be issued.

NASHUA SOUP KITCHEN AND SHELTER, INC.

SCHEDULE OF FUNCTIONAL SUPPORT AND REVENUE

FOR THE YEAR ENDED JUNE 30, 2021
(with comparative totals for 2020)

	<u>Program Services</u>		<u>Management and General</u>	<u>Fundraising</u>	<u>Total 2021</u>	<u>Total 2020</u>
	<u>Soup Kitchen</u>	<u>Client Services</u>				
SUPPORT AND REVENUE:						
Support						
Public contributions	\$ 806,429	\$752,459	\$141,694	\$ -	\$1,700,582	\$1,171,294
In-kind contributions	1,119,272	77,999	3,459	3,459	1,204,189	1,656,197
SMP grant	-	776,418	-	-	776,418	-
State of New Hampshire						
Emergency Shelter Program Grant	-	393,387	-	-	393,387	168,324
Town Grants	-	54,500	-	-	54,500	53,927
Special events	-	-	-	245,945	245,945	325,635
Capital campaign	-	629,757	-	-	629,757	198,225
Other grants	80,384	29,752	-	-	110,136	138,957
Rent	-	34,150	-	-	34,150	17,395
Total support	<u>2,006,085</u>	<u>2,748,422</u>	<u>145,153</u>	<u>249,404</u>	<u>5,149,064</u>	<u>3,729,954</u>
Revenue						
Interest and dividend income	8,442	11,586	1,820	-	21,848	22,823
Unrealized appreciation (depreciation)						
on investments	64,998	89,210	14,013	-	168,221	11,971
Total revenue	<u>73,440</u>	<u>100,796</u>	<u>15,833</u>	<u>-</u>	<u>190,069</u>	<u>34,794</u>
Other income - PPP grant	-	-	-	-	-	171,696
Total support and revenue	<u>\$2,079,525</u>	<u>\$2,849,218</u>	<u>\$160,986</u>	<u>\$249,404</u>	<u>\$5,339,133</u>	<u>\$3,936,444</u>