

LIFE'S KITCHEN, INC.
FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2022 AND 2021



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**LIFE'S KITCHEN, INC.
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Life's Kitchen, Inc.
Boise, Idaho

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Life's Kitchen, Inc. (the Organization), which comprise the statements of financial position as of June 30, 2022 and 2021, 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 Life's Kitchen, Inc. as of June 30, 2022 and 2021, and the related change in net assets and 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 (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Life's Kitchen, 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 Life's Kitchen, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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



CliftonLarsonAllen LLP

Boise, Idaho
April 13, 2023

LIFE'S KITCHEN, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2022 AND 2021

	2022	2021
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 465,475	\$ 622,371
Accounts Receivable	32,576	30,078
Grants Receivable	21,000	20,000
Pledges Receivable, Current Portion	51,667	59,725
Inventory	8,530	7,895
Prepaid Expenses	4,109	9,871
Total Current Assets	583,357	749,940
PLEDGES RECEIVABLE, NONCURRENT PORTION	220,504	222,463
PROPERTY AND EQUIPMENT		
Land	375,000	375,000
Buildings and Improvements	2,335,940	2,325,320
Kitchen Equipment	225,979	225,979
Vehicles	37,834	37,834
Office Equipment and Furniture	86,198	82,967
Total Property and Equipment	3,060,951	3,047,100
Less: Accumulated Depreciation	(188,788)	(71,434)
Total Property and Equipment, Net	2,872,163	2,975,666
Total Assets	\$ 3,676,024	\$ 3,948,069
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 16,486	\$ 37,526
Accrued Expenses	20,119	28,717
Current Portion of Long-Term Debt	48,243	46,703
Deferred Revenue	8,501	4,973
PPP Loans	-	121,702
Total Current Liabilities	93,349	239,621
NONCURRENT LIABILITIES		
Long-Term Debt	1,352,950	1,702,622
Total Liabilities	1,446,299	1,942,243
NET ASSETS		
Without Donor Restrictions:		
Board Designated	350,000	350,000
Undesignated	1,821,845	1,596,629
Total Without Donor Restrictions	2,171,845	1,946,629
With Donor Restrictions	57,880	59,197
Total Net Assets	2,229,725	2,005,826
Total Liabilities and Net Assets	\$ 3,676,024	\$ 3,948,069

See accompanying Notes to Financial Statements.

**LIFE'S KITCHEN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
SUPPORT AND REVENUE			
Contributions	\$ 399,257	\$ 11,850	\$ 411,107
Grants	190,726	39,000	229,726
Catering Services	217,870	-	217,870
Café	85,336	-	85,336
Contract Food Services	276,364	-	276,364
Fundraising	86,026	-	86,026
In-Kind Contributions	5,963	-	5,963
Gain on Extinguishment of Debt	121,702	-	121,702
Other Income	274	-	274
Net Assets Released from Restrictions	52,167	(52,167)	-
Total Support and Revenue	<u>1,435,685</u>	<u>(1,317)</u>	<u>1,434,368</u>
EXPENSES			
Program Services	949,558	-	949,558
Management and General	128,819	-	128,819
Fundraising	132,092	-	132,092
Total Expenses	<u>1,210,469</u>	<u>-</u>	<u>1,210,469</u>
NET INCREASE (DECREASE) IN NET ASSETS	225,216	(1,317)	223,899
Net Assets - Beginning of Year	<u>1,946,629</u>	<u>59,197</u>	<u>2,005,826</u>
NET ASSETS - END OF YEAR	<u>\$ 2,171,845</u>	<u>\$ 57,880</u>	<u>\$ 2,229,725</u>

See accompanying Notes to Financial Statements.

**LIFE'S KITCHEN, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Contributions	\$ 340,501	\$ 627,904	\$ 968,405
Grants	119,149	227,800	346,949
Catering Services	126,964	-	126,964
Café	17,890	-	17,890
Contract Food Services	172,553	-	172,553
Fundraising	55,338	-	55,338
In-Kind Contributions	32,058	-	32,058
Gain on Extinguishment of Debt	83,700	-	83,700
Loss on Disposal of Property and Equipment	(29,816)	-	(29,816)
Net Assets Released from Restrictions	899,851	(899,851)	-
Total Support and Revenue	1,818,188	(44,147)	1,774,041
EXPENSES			
Program Services	671,081	-	671,081
Management and General	120,281	-	120,281
Fundraising	106,775	-	106,775
Total Expenses	898,138	-	898,138
NET INCREASE (DECREASE) IN NET ASSETS	920,050	(44,147)	875,903
Net Assets - Beginning of Year	1,026,579	103,344	1,129,923
NET ASSETS - END OF YEAR	\$ 1,946,629	\$ 59,197	\$ 2,005,826

See accompanying Notes to Financial Statements.

LIFE'S KITCHEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 343,214	\$ 76,839	\$ 92,207	\$ 512,260
Cost of Food Services	240,558	4,960	2,480	247,998
Payroll Taxes	30,152	6,750	8,101	45,003
Employee Benefits	21,468	4,806	5,768	32,042
Depreciation	107,966	5,867	3,521	117,354
Contract Labor	1,300	-	-	1,300
Advertising and Marketing	172	-	8,440	8,612
Kitchen Supplies	22,393	-	-	22,393
Professional Fees	6,598	8,907	990	16,495
Insurance	11,025	2,199	107	13,331
Dues and Subscriptions	5,348	1,632	1,563	8,543
Educational Expense	6,635	-	-	6,635
Bank Service Charges	8,731	72	3,223	12,026
Student Support	18,295	-	-	18,295
Office Expense	2,141	2,085	787	5,013
Linen Service	2,753	-	-	2,753
Printing	7,517	574	233	8,324
Telephone	2,969	664	798	4,431
Computer Expense	464	8,535	278	9,277
Automotive	6,355	-	-	6,355
Repairs and Maintenance	16,022	-	-	16,022
Postage and Delivery	40	410	897	1,347
Licenses and Permits	1,354	-	-	1,354
Miscellaneous	1,983	43	14	2,040
Use Tax	200	-	-	200
Capital Campaign Expenses	1,556	-	-	1,556
Utilities	31,996	1,739	1,043	34,778
Interest Expense	50,353	2,737	1,642	54,732
Total Functional Expenses	\$ 949,558	\$ 128,819	\$ 132,092	\$ 1,210,469

See accompanying Notes to Financial Statements.

LIFE'S KITCHEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total
Salaries and Wages	\$ 260,785	\$ 58,385	\$ 70,062	\$ 389,232
Cost of Food Services	139,504	2,876	1,438	143,819
Lease Expense	51,672	2,808	1,685	56,165
Payroll Taxes	22,067	4,940	5,928	32,936
Employee Benefits	18,690	4,184	5,021	27,895
Depreciation	19,455	1,057	634	21,146
Contract Labor	600	-	-	600
Advertising and Marketing	204	-	10,014	10,218
Kitchen Supplies	21,544	-	-	21,544
Professional Fees	7,285	9,834	1,093	18,212
Insurance	9,293	1,854	90	11,237
Dues and Subscriptions	3,550	1,083	1,038	5,671
Educational Expense	3,461	-	-	3,461
Bank Service Charges	3,637	30	1,343	5,010
Student Support	5,082	-	-	5,082
Office Expense	11,159	10,871	4,103	26,133
Linen Service	1,885	-	-	1,885
Printing	4,192	320	130	4,642
Telephone	2,487	557	668	3,712
Computer Expense	953	17,527	572	19,051
Automotive	8,809	-	-	8,809
Repairs and Maintenance	7,420	-	-	7,420
Postage and Delivery	36	368	807	1,212
Licenses and Permits	2,009	-	-	2,009
Miscellaneous	188	4	1	193
Use Tax	961	-	-	961
Capital Campaign Expenses	(1,748)	-	-	(1,748)
Utilities	12,022	653	392	13,067
Interest Expense	53,879	2,928	1,757	58,564
Total Functional Expenses	\$ 671,081	\$ 120,281	\$ 106,775	\$ 898,138

See accompanying Notes to Financial Statements.

LIFE'S KITCHEN, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Increase in Net Assets	\$ 223,899	\$ 875,903
Adjustments to Reconcile Net Increase in Net Assets to Net Cash Provided by Operating Activities:		
Gain on Extinguishment of Debt	(121,702)	(83,700)
Loss on Disposal of Property and Equipment	-	29,816
Depreciation	117,354	21,146
(Increase) Decrease in Assets:		
Accounts Receivable	(2,498)	2,601
Grants Receivable	(1,000)	(3,500)
Pledges Receivable	10,017	(282,188)
Inventory	(635)	(1,921)
Prepaid Expenses	5,762	524
Increase (Decrease) in Liabilities:		
Accounts Payable	(21,040)	31,296
Accrued Expenses	(8,598)	3,458
Deferred Revenue	3,528	(2,205)
Net Cash Provided by Operating Activities	<u>205,087</u>	<u>591,230</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(13,851)	(2,115,242)
Net Cash Used by Investing Activities	<u>(13,851)</u>	<u>(2,115,242)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Long-Term Debt	-	1,871,027
Payments on Long-Term Debt	(348,132)	(545,093)
Net Cash Provided (Used) by Financing Activities	<u>(348,132)</u>	<u>1,325,934</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(156,896)	(198,078)
Cash and Cash Equivalents - Beginning of Year	<u>622,371</u>	<u>820,449</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 465,475</u>	<u>\$ 622,371</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash Paid for Interest	<u>\$ 54,732</u>	<u>\$ 35,561</u>

See accompanying Notes to Financial Statements.

LIFE'S KITCHEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Life's Kitchen, Inc. (the Organization) is a nonprofit organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). The Organization was incorporated in December of 2001. The Organization is dedicated to transforming the lives of young adults by building self-sufficiency and independence through comprehensive food service and life skills training, placement in the food service industry, and continuing education. This is accomplished through an extensive 16-week program. Students receive hands-on training working in the custom catering, lunch cafe and contract food service businesses operated by the Organization. Life skills classes are taught by the Organization's staff and community volunteers.

Basis of Presentation

All financial statements are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. The Organization follows financial statement presentation requirements issued by the Financial Accounting Standards Board (FASB) for nonprofit entities. Under these provisions, net assets, revenues, gains, and losses are classified based on donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Included within net assets without donor restriction as of June 30, 2022 and 2021, is \$250,000 each year of net assets designated by the board of directors for major capital expenditures. Also included within net assets without donor restrictions as of June 30, 2022 and 2021, is \$100,000 each year of net assets designated by the board of directors for operating expenses. Donor restricted contributions or grants whose restrictions are met in the same reporting period are reported as support without donor restrictions.

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

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

LIFE'S KITCHEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash and Cash Equivalents

For the purpose of presenting the statements of cash flows, the Organization considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for uncollectible amounts through a charge to earnings in the period in which they are determined to be uncollectible. Management determines whether accounts will be collected by regularly evaluating individual receivables. Recoveries of receivables previously written-off are recorded when received. Management determined that an allowance for doubtful accounts was not necessary as of June 30, 2022 and 2021.

Inventory

Inventory, consisting principally of food purchased by the Organization or donated to the Organization, is carried at the lower of cost or net realizable value.

Property and Equipment

Property and equipment are recorded at original cost. Donated assets are recorded at fair market value at the date of donation. Generally, according to the Organization's capitalization policy, furniture, fixtures, equipment, buildings, and improvements over \$600, are capitalized, while replacements, maintenance, and repairs, which do not improve or extend the life of the respective assets are expensed as incurred. Depreciation is provided on a straight-line basis over the estimated useful lives of the property and equipment and ranges from three to seven years.

Depreciation expense for the years ended June 30, 2022 and 2021, was \$117,354 and \$21,146, respectively.

Compensated Absences

Organization employees accrue flexible time off at a rate determined by the number of years of service with the Organization. Employees may accrue up to and carryover a maximum of 160 hours. Under most circumstances, flexible time off is payable upon termination of the employee. The amount of compensated absences included in accrued expenses is \$10,596 and \$19,861 at June 30, 2022 and 2021, respectively.

LIFE'S KITCHEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions and grants are considered to be available for general expenditures unless specifically restricted by the donor. Contributions with donor restrictions are segregated for accounting purposes in order to ensure compliance with the donor's wishes. The Organization reports support with donor restrictions if the assets were received with donor purpose or timing restrictions placed on them. When the applicable restrictions are met, 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. The Organization reports gifts of property and equipment as support without donor restrictions unless explicit donor restrictions are placed on the donated assets.

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of benefits received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

To determine revenue recognition for the arrangements that the Organization determine are within the scope of Topic 606, The Organization performs the following five steps (1) identify the contracts(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligation in the contract, and (5) recognize revenue when (or as) the Organization satisfied a performance obligation.

The Organization recognizes revenue from catering services, café and contract food services at a point in time when the customer obtains control of promised goods and services in an amount that reflects the consideration which the Organization expects to receive in exchange for those goods and services. Revenue is recognized when control of the goods has transferred to the customer or services have been performed.

The Organization's contract assets and liabilities consist of the following at June 30:

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Accounts Receivable	<u>\$ 32,576</u>	<u>\$ 30,078</u>	<u>\$ 32,679</u>
Deferred Revenue	<u>\$ 8,501</u>	<u>\$ 4,973</u>	<u>\$ 7,178</u>

The following table provides information about significant changes in the contract liabilities for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Deferred Revenue, Beginning of Year	\$ 4,973	\$ 7,178
Revenue Recognized That Was Included in Deferred Revenue at the Beginning of the Year	(4,973)	(7,178)
Increase in Deferred Revenue Due to Cash Received During the Period	<u>8,501</u>	<u>4,973</u>
Total	<u>\$ 8,501</u>	<u>\$ 4,973</u>

**LIFE'S KITCHEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

The following table provides information about revenue recognized at a point in time:

	<u>2022</u>	<u>2021</u>
Catering Services	\$ 217,870	\$ 126,964
Café	85,336	17,890
Contract Food Services	276,364	172,553
Total	<u>\$ 579,570</u>	<u>\$ 317,407</u>

Functional Expenses

The costs of providing the various programs have been summarized on a functional basis in the statements of activities. The Organization's policy is to allocate and record expenses to various cost centers based on the direct association of the expense to the particular cost center. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated are compensation and benefits, which are allocated on the basis of estimates of time and effort; and occupancy costs and depreciation, which are allocated on a square footage basis.

Advertising

Advertising costs are expensed as incurred. Advertising expense totaled \$8,612 and \$10,218 for the years ended June 30, 2022 and 2021, respectively.

Sales Taxes

The Organization collects sales tax on catering, contract food service, and café sales. Revenues of the Organization are reported net of sales tax.

Income Taxes

The Organization is a tax-exempt organization under Section 501(c)(3) of the IRC and is subject to federal income tax only on net unrelated business income. The Organization currently has no unrelated business income and is not considered a private foundation within the meaning of Section 509(a) of the IRC and all charitable contributions are considered tax deductible.

Accounting principles generally accepted in the United States of America require the Organization to evaluate tax positions taken and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would be sustained upon examination by the Internal Revenue Service (IRS).

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities as of the date of the financial statements, as well as the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

LIFE'S KITCHEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations of Credit Risk

The Organization maintains its cash deposits at various financial institutions which at times may exceed federally insured limits. At June 30, 2022, there was \$82,366 in deposits held at financial institutions that exceeded federal insurance limits. Additionally, the Organization is participating in a Bank Insured Deposit Program, which provides additional deposit insurance beyond the \$250,000 FDIC insurance limits.

Change in Accounting Principle

FASB issued Accounting Standards Update (ASU) 2020-07 *Presentation and Disclosure by Not-For-Profit Entities for Contributed and Nonfinancial Assets*. The ASU enhances the presentation and disclosure of contributed nonfinancial assets. This ASU is effective for annual periods beginning after June 15, 2021 and has been implemented retrospectively.

New Accounting Pronouncement Effective in Future Accounting Periods

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases*, which is a comprehensive lease accounting standard that requires entities that lease assets (lessees) to recognize the assets and related liabilities for the rights and obligations created by the leases on the balance sheet for leases with terms exceeding 12 months. The lessee in a lease will be required to initially measure the right-of-use (ROU) asset and the lease liability at the present value of the remaining lease payments, as well as capitalize initial direct costs as part of the ROU asset. The standard will be effective for the entity for annual periods beginning after December 15, 2021; however, early application is permitted. Management is currently evaluating the impact this guidance will have on its financial statements.

Reclassifications

Certain amounts in the 2021 financial statements have been reclassified to conform to the 2022 financial statement presentation with no effect on previously reported change in net assets or net asset amounts.

Subsequent Events

Subsequent events have been evaluated through April 13, 2023, which is the date the financial statements were available to be issued.

LIFE'S KITCHEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 2 LIQUIDITY AND AVAILABILITY

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

	2022	2021
Cash and Cash Equivalents	\$ 465,475	\$ 622,371
Accounts Receivable	32,576	30,078
Grants Receivable	21,000	20,000
Pledges Receivable, Current Portion	51,667	59,725
Less: Net Assets with Donor Restrictions	(57,880)	(59,197)
Total	\$ 512,838	\$ 672,977

As part of our liquidity plan, we invest cash in excess of daily requirements in money market funds. Occasionally, the Board designates a portion of any operating surplus to its operating and capital reserves, which was \$350,000 for year of the year ends June 30, 2022 and 2021.

NOTE 3 PLEDGES RECEIVABLE

Unconditional promises to give are recorded as receivables and revenue when received. Pledges are recorded after being discounted to the anticipated net present value of the future cash flows.

Included in pledges receivable are the following unconditional promises to give:

	2022	2021
Unconditional Promises to Give Before		
Unamortized Discount	\$ 298,003	\$ 314,725
Less: Unamortized Discount at 3.25%	(25,832)	(32,537)
Net Unconditional Promises to Give	\$ 272,171	\$ 282,188
Amounts Due in One Year or Less	\$ 51,667	\$ 59,725
Between One Year and Five Years	130,000	165,000
More than Five Years	116,336	90,000
Total	\$ 298,003	\$ 314,725

LIFE'S KITCHEN, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022 AND 2021

NOTE 4 RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions were available for the following purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Life Skills and Employability Training	\$ 38,483	\$ 42,483
Workforce Development	1,583	15,750
Food Service	964	-
Kitchen Equipment	5,000	964
Capital Campaign	11,850	-
Total Net Assets with Donor Restrictions	<u>\$ 57,880</u>	<u>\$ 59,197</u>

Net assets with donor restrictions were released for the following purposes as of June 30:

	<u>2022</u>	<u>2021</u>
Life Skills and Employability Training	\$ 38,000	\$ 24,734
Workforce Development	14,167	18,360
Food Service	-	12,000
Capital Campaign	-	844,757
Total	<u>\$ 52,167</u>	<u>\$ 899,851</u>

NOTE 5 NOTES PAYABLE

Long-term debt consists of the following as of June 30:

<u>Description</u>	<u>2022</u>	<u>2021</u>
Idaho First Bank Loan; monthly payments of \$8,572 including interest at 3.25%; maturing June 2026; collateralized by building.	\$ 1,401,193	\$ 1,749,325
Total	1,401,193	1,749,325
Less: Current Maturities	<u>48,243</u>	<u>46,703</u>
Long-Term Debt, Less Current Maturities	<u>\$ 1,352,950</u>	<u>\$ 1,702,622</u>

Schedules principal payments on long-term debt are as following as of June 30, 2022:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 48,243
2024	49,835
2025	51,479
2026	1,251,636
Total	<u>\$ 1,401,193</u>

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NOTE 6 PPP LOANS

On April 10, 2020 and January 28, 2021, the Organization received proceeds in the amount of \$83,700 and \$121,702, respectively, to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the "PPP Loan"). The PPP Loans may be forgiven by the U.S. Small Business Administration (SBA) subject to certain performance barriers, as outlined in the loan agreement and the CARES Act.

The Organization has classified these loans as PPP grants for accounting purposes. The Organization recognized \$121,702 and \$83,700, respectively, of grant income related to these agreements during the years ended June 30, 2022 and 2021, which represents the portion of the PPP Loan funds for which the performance barriers have been met. As of June 30, 2022, the Organization has satisfied the performance barriers attributable to the PPP Loan proceeds. The SBA has formally forgiven all of the Organization's obligation under these PPP Loans during the years ended June 30, 2022 and 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on the Organization's financial position.

NOTE 7 LEASING ACTIVITIES

The Organization leases its facility from the city of Boise at below market value under an operating lease expiring on April 30, 2015; however, the lease was extended on a month-to-month basis through December of 2021. The difference between the required annual payments and the fair market value is recorded as in-kind revenue in the year of receipt. The amount recognized in the years ended June 30, 2022 and 2021, for in-kind revenue and rental expense related to this lease was \$-0- and \$22,915, respectively. Total rent expense under this lease was \$-0- and \$56,165 for the years ended June 30, 2022 and 2021, respectively.

NOTE 8 RELATED PARTY TRANSACTIONS

During the years ended June 30, 2022 and 2021, contributions received from members of the board of directors and related entities totaled \$35,840 and \$42,759, respectively.

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NOTE 9 GIFTS IN-KIND

The Organization had the following gifts in-kind for the years ended June 30, 2022 and 2021:

Description	2022 Amount	2021 Amount	Usage in Program/Activities	Donor-Imposed Restrictions	Fair Value Techniques
Equipment	\$ 700	\$ 5,000	Used in all Program Activities	None	Value determined from prices included on new donations, or estimated prices of identical or similar products based on fair market value on the date of receipt
Supplies and Services	5,263	2,795	Used in all Program Activities	None	Value determined from prices included on new donations, or estimated prices of identical or similar products based on fair market value on the date of receipt
Rent and Rental Equipment	-	24,263	Used in all Program Activities	None	Lease at below market value - the difference between the required annual payments and the fair market value rent is recorded as in-kind rent revenue
	<u>\$ 5,963</u>	<u>\$ 32,058</u>			



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