



PROJECT BREAD - THE WALK FOR HUNGER, INC.

**FINANCIAL STATEMENTS
SEPTEMBER 30, 2024 AND 2023**

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Contents
September 30, 2024 and 2023

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Independent Auditor's Report

To the Board of Directors of
Project Bread - The Walk for Hunger, Inc.:

Opinion

We have audited the financial statements of Project Bread - The Walk for Hunger, Inc. (a Massachusetts nonprofit corporation) (Project Bread), which comprise the statements of financial position as of September 30, 2024 and 2023, and the related statements of activities and changes in net assets, cash flows, and functional expenses for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Project Bread - The Walk for Hunger, Inc. as of September 30, 2024 and 2023, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Project Bread 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, which raise substantial doubt about Project Bread'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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (Continued)

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 Project Bread'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, which raise substantial doubt about Project Bread'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.

AAFCPA, Inc.

Boston, Massachusetts
January 27, 2025

PROJECT BREAD - THE WALK FOR HUNGER, INC.Statements of Financial Position
September 30, 2024 and 2023

Assets	2024	2023
Current Assets:		
Cash and cash equivalents	\$ 1,631,619	\$ 2,091,527
Current portion of grants and contributions receivable	3,413,194	2,623,240
Short-term investments	3,210,073	3,056,109
Prepaid expenses and other	573,529	1,250,860
Total current assets	8,828,415	9,021,736
Restricted Cash	283,723	271,027
Grants and Contributions Receivable, net	47,651	311,949
Investments	2,368,965	2,024,920
Property and Equipment, net	1,828,924	1,926,164
Total assets	<u>\$ 13,357,678</u>	<u>\$ 13,555,796</u>
Liabilities and Net Assets		
Current Liabilities:		
Current portion of mortgage note payable	\$ 25,951	\$ 24,940
Accounts payable, accrued expenses and other	1,424,434	1,751,537
Total current liabilities	1,450,385	1,776,477
Mortgage Note Payable, net	1,074,031	1,097,785
Total liabilities	<u>2,524,416</u>	<u>2,874,262</u>
Net Assets:		
Without donor restrictions:		
Operating	2,585,557	2,031,292
Board designated reserve	6,659,532	6,894,853
Property and equipment	728,942	803,439
Total without donor restrictions	9,974,031	9,729,584
With donor restrictions	859,231	951,950
Total net assets	<u>10,833,262</u>	<u>10,681,534</u>
Total liabilities and net assets	<u>\$ 13,357,678</u>	<u>\$ 13,555,796</u>

The accompanying notes are an integral part of these statements.

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PROJECT BREAD - THE WALK FOR HUNGER, INC.

Statements of Activities and Changes in Net Assets
For the Years Ended September 30, 2024 and 2023

	2024			2023		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Operating Revenue and Support:						
Contributions	\$ 7,840,634	\$ -	\$ 7,840,634	\$ 7,985,874	\$ -	\$ 7,985,874
Foundation grants	6,285,230	410,702	6,695,932	6,553,714	901,949	7,455,663
Government grants	2,417,437	-	2,417,437	2,553,914	-	2,553,914
In-kind donations	428,679	-	428,679	820,927	-	820,927
Interest and other income	281,161	-	281,161	240,505	-	240,505
Net assets released from time restrictions	405,000	(405,000)	-	25,000	(25,000)	-
Net assets released from purpose restrictions	98,421	(98,421)	-	50,000	(50,000)	-
Total operating revenue and support	17,756,562	(92,719)	17,663,843	18,229,934	826,949	19,056,883
Expenses:						
Program expenses:						
Direct Service	8,691,588	-	8,691,588	8,283,654	-	8,283,654
Feeding Kids	1,589,396	-	1,589,396	1,675,928	-	1,675,928
Food Resource Outreach and Awareness	2,558,810	-	2,558,810	3,123,191	-	3,123,191
Community Education and Engagement	1,207,461	-	1,207,461	1,232,255	-	1,232,255
Advocacy and Research	1,329,264	-	1,329,264	1,600,656	-	1,600,656
Total program expenses	15,376,519	-	15,376,519	15,915,684	-	15,915,684
Supporting services:						
General and administrative	906,575	-	906,575	765,222	-	765,222
Fundraising and development	1,910,035	-	1,910,035	2,072,557	-	2,072,557
Total supporting services	2,816,610	-	2,816,610	2,837,779	-	2,837,779
Total expenses	18,193,129	-	18,193,129	18,753,463	-	18,753,463
Changes in net assets from operations	(436,567)	(92,719)	(529,286)	(523,529)	826,949	303,420
Non-Operating Revenues:						
Capital grant	350,000	-	350,000	-	-	-
Investment return, net	331,014	-	331,014	139,417	-	139,417
Total non-operating revenues	681,014	-	681,014	139,417	-	139,417
Changes in net assets	244,447	(92,719)	151,728	(384,112)	826,949	442,837
Net Assets:						
Beginning of year	9,729,584	951,950	10,681,534	10,113,696	125,001	10,238,697
End of year	\$ 9,974,031	\$ 859,231	\$ 10,833,262	\$ 9,729,584	\$ 951,950	\$ 10,681,534

The accompanying notes are an integral part of these statements.

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Statements of Cash Flows

For the Years Ended September 30, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Cash Flows from Operating Activities:		
Changes in net assets	\$ 151,728	\$ 442,837
Adjustments to reconcile changes in net assets to net cash used in operating activities:		
Depreciation	176,441	139,925
Change in discount on grants and contributions receivable	(10,702)	13,051
Interest - amortization	2,197	2,198
Capital grant	(350,000)	-
Realized and unrealized gains on investments	(271,930)	(90,660)
Changes in operating assets and liabilities:		
Grants and contributions receivable	(514,954)	(1,185,382)
Prepaid expenses and other	677,331	(564,041)
Accounts payable, accrued expenses and other	(105,057)	964,481
Net cash used in operating activities	<u>(244,946)</u>	<u>(277,591)</u>
Cash Flows from Investing Activities:		
Purchase of investments	(226,079)	(3,084,743)
Purchase of property and equipment	(301,247)	(190,518)
Net cash used in investing activities	<u>(527,326)</u>	<u>(3,275,261)</u>
Cash Flows from Financing Activities:		
Principal payments on mortgage note payable	(24,940)	(24,179)
Capital grant	350,000	-
Net cash provided by (used in) financing activities	<u>325,060</u>	<u>(24,179)</u>
Net Change in Cash, Cash Equivalents and Restricted Cash	(447,212)	(3,577,031)
Cash, Cash Equivalents and Restricted Cash:		
Beginning of year	<u>2,362,554</u>	<u>5,939,585</u>
End of year	<u><u>\$ 1,915,342</u></u>	<u><u>\$ 2,362,554</u></u>
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	<u><u>\$ 40,123</u></u>	<u><u>\$ 40,884</u></u>
Supplemental Disclosure of Cash, Cash Equivalents and Restricted Cash:		
Cash	\$ 1,631,619	\$ 2,091,527
Restricted cash	<u>283,723</u>	<u>271,027</u>
	<u><u>\$ 1,915,342</u></u>	<u><u>\$ 2,362,554</u></u>
Supplemental Disclosure of Cash Flow Information:		
Property and equipment financed through accounts payable and accrued expenses	<u><u>\$ -</u></u>	<u><u>\$ 222,046</u></u>

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2024
(With Summarized Comparative Totals for the Year Ended September 30, 2023)

	2024									2023
	Programs					Supporting Services				
	Direct Service	Feeding Kids	Food Resource Outreach and Awareness	Community Education and Engagement	Advocacy and Research	Total Programs	General and Administrative	Fundraising and Development	Total Supporting Services	Total Expenses
Personnel and Related:										
Salaries	\$ 2,519,865	\$ 714,585	\$ 993,833	\$ 310,739	\$ 804,646	\$ 5,343,668	\$ 426,549	\$ 977,046	\$ 1,403,595	\$ 6,747,263
Payroll taxes and fringe benefits	593,893	168,299	239,327	74,226	189,362	1,265,107	104,184	230,762	334,946	1,600,053
Total personnel and related	3,113,758	882,884	1,233,160	384,965	994,008	6,608,775	530,733	1,207,808	1,738,541	8,347,316
Grants	4,962,273	274,141	-	208,728	-	5,445,142	-	-	-	5,445,142
Other:										
Advertising	7,222	68,137	680,697	262,230	2,258	1,020,544	2,996	108,842	111,838	1,132,382
Professional fees	94,204	5,434	186,495	109,208	200,798	596,139	242,944	23,019	265,963	862,102
Printing and postage	24,168	239,314	258,887	28,109	1,017	551,495	2,715	148,729	151,444	702,939
Materials and supplies	11,429	20,708	9,819	146,520	30,977	219,453	6,294	181,197	187,491	406,944
Communications	160,510	9,045	35,568	3,115	7,138	215,376	4,745	66,480	71,225	286,601
Office	92,478	5,819	8,583	17,771	7,086	131,737	14,828	84,647	99,475	231,212
Computer and office equipment	65,495	18,575	25,833	8,077	21,362	139,342	27,747	25,397	53,144	192,486
Depreciation	58,734	17,278	24,030	7,513	19,455	127,010	25,807	23,624	49,431	176,441
Conferences and meetings	26,551	11,775	69,908	16,588	12,640	137,462	16,554	15,610	32,164	169,626
Facilities	47,869	13,574	18,879	9,063	15,286	104,671	20,276	18,560	38,836	143,507
Travel and transportation	13,962	19,044	1,849	3,979	13,108	51,942	1,062	1,107	2,169	54,111
Interest	12,935	3,668	5,102	1,595	4,131	27,431	7,677	5,015	12,692	40,123
Interest - amortization	-	-	-	-	-	-	2,197	-	2,197	2,197
Total other	615,557	432,371	1,325,650	613,768	335,256	3,322,602	375,842	702,227	1,078,069	4,400,671
Total expenses	\$ 8,691,588	\$ 1,589,396	\$ 2,558,810	\$ 1,207,461	\$ 1,329,264	\$ 15,376,519	\$ 906,575	\$ 1,910,035	\$ 2,816,610	\$ 18,193,129
										\$ 18,753,463

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Statement of Functional Expenses
For the Year Ended September 30, 2023

	Programs					Supporting Services				
	Direct Service	Feeding Kids	Food Resource Outreach and Awareness	Community Education and Engagement	Advocacy and Research	Total Programs	General and Adminis- trative	Fundraising and Development	Total Supporting Services	Total Expenses
Personnel and Related:										
Salaries	\$ 1,883,999	\$ 706,922	\$ 856,349	\$ 34,561	\$ 996,994	\$ 4,478,825	\$ 359,530	\$ 1,091,109	\$ 1,450,639	\$ 5,929,464
Payroll taxes and fringe benefits	445,461	167,293	202,530	10,157	233,699	1,059,140	16,457	257,369	273,826	1,332,966
Total personnel and related	2,329,460	874,215	1,058,879	44,718	1,230,693	5,537,965	375,987	1,348,478	1,724,465	7,262,430
Grants	5,325,933	341,638	-	238,660	-	5,906,231	-	-	-	5,906,231
Other:										
Advertising	2,605	2,872	1,472,601	683,132	2,111	2,163,321	1,341	106,735	108,076	2,271,397
Professional fees	178,323	10,971	208,858	81,009	202,323	681,484	262,915	28,774	291,689	973,173
Printing and postage	31,113	326,847	265,522	14,649	2,389	640,520	4,970	190,118	195,088	835,608
Materials and supplies	39,407	19,949	10,406	132,448	45,935	248,145	13,523	134,552	148,075	396,220
Communications	138,596	7,910	16,242	1,500	8,306	172,554	3,898	59,543	63,441	235,995
Office	72,965	6,040	7,817	3,463	7,408	97,693	4,434	102,790	107,224	204,917
Computer and office equipment	42,096	15,796	19,134	6,049	22,277	105,352	28,643	24,380	53,023	158,375
Depreciation	37,316	14,827	17,961	5,681	20,911	96,696	20,344	22,885	43,229	139,925
Conferences and meetings	23,594	12,677	18,145	6,584	18,657	79,657	16,839	19,551	36,390	116,047
Facilities	45,351	17,018	20,615	10,867	24,001	117,852	23,352	26,593	49,945	167,797
Travel and transportation	5,529	20,903	1,844	1,860	9,629	39,765	926	1,575	2,501	42,266
Interest	11,366	4,265	5,167	1,635	6,016	28,449	5,852	6,583	12,435	40,884
Interest - amortization	-	-	-	-	-	-	2,198	-	2,198	2,198
Total other	628,261	460,075	2,064,312	948,877	369,963	4,471,488	389,235	724,079	1,113,314	5,584,802
Total expenses	\$ 8,283,654	\$ 1,675,928	\$ 3,123,191	\$ 1,232,255	\$ 1,600,656	\$ 15,915,684	\$ 765,222	\$ 2,072,557	\$ 2,837,779	\$ 18,753,463

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Notes to Financial Statements
September 30, 2024 and 2023

1. OPERATIONS AND NONPROFIT STATUS

Operations

Project Bread - The Walk for Hunger, Inc. (Project Bread) was organized as a not-for-profit corporation in 1986, in Boston, Massachusetts. The organization works throughout Massachusetts to ensure people and communities have reliable sources of food and advocates for policies that make food more accessible – so that no one goes hungry.

Project Bread advances the vision of a Massachusetts where hunger has been permanently solved with a comprehensive strategy built on prevention, partnership, and policy. Project Bread provides one-on-one support to tens of thousands of people experiencing food insecurity in Massachusetts. This work, combined with research and evaluation, community engagement, and policy and advocacy effectively support those struggling today and achieve large scale systems change so that fewer people struggle without enough to eat in the future. Project Bread's efforts recognize and address the deeply rooted intersection of food insecurity, poverty, discrimination, and marginalization. Project Bread advocates for effective, data-driven solutions that address inequities and stigma, preserve autonomy and dignity, and ensure vulnerable and marginalized communities have access to compassionate, quality resources.

Project Bread is funded by diverse revenue streams, including government contracts, individual donors, corporate support and foundation grants, and their annual hunger awareness event, the Walk for Hunger. These sources provide funds to sustain a variety of programs and initiatives, including direct services, awareness campaigns, community investments, advocacy, research, and various emergency vouchers.

Nonprofit Status

Project Bread is exempt from Federal income taxes as an organization (not a private foundation) formed for charitable purposes under Section 501(c)(3) of the Internal Revenue Code (IRC). Project Bread is also exempt from state income taxes. Donors may deduct contributions made to Project Bread within IRC requirements.

2. SIGNIFICANT ACCOUNTING POLICIES

Project Bread prepares its financial statements in accordance with generally accepted accounting standards and principles (U.S. GAAP) established by the Financial Accounting Standards Board (FASB). References to U.S. GAAP in these notes are to the FASB Accounting Standards Codification (ASC).

Cash, Cash Equivalents and Restricted Cash

Project Bread considers all highly liquid investments originated with a maturity of three months or less to be cash and cash equivalents for the purposes of the statements of cash flows, other than amounts included in the investment portfolio.

Restricted cash at September 30, 2024 and 2023, represents amounts held in a certificate of deposit (CD) which serves as collateral on Project Bread's credit card limit. The CD bears interest as of September 30, 2024 and 2023, at 4.35% and 4.75% annually, respectively, and matures in July 2025.

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Notes to Financial Statements
September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and Contributions Receivable and Allowance for Uncollectible Accounts

Grants and contributions receivable are recorded at the stated unpaid balances and do not bear interest. An allowance for uncollectible receivables is recorded based on management's analysis of specific accounts and collection history. As of September 30, 2024 and 2023, there was no allowance for uncollectible accounts.

Property and Equipment and Depreciation

Property and equipment with a value of \$2,500 or more and a useful life of greater than one year are recorded at cost, if purchased, or at fair value at the time of donation. Renewals and betterments are capitalized, while repairs and maintenance are expensed as they are incurred. Depreciation is computed using the straight-line method over the following estimated useful lives:

Condominium building and improvements	20 - 40 years
Computer and office equipment	3 - 5 years
Website	5 years
Furniture and fixtures	3 - 10 years

Unamortized Debt Issuance Costs

Unamortized debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method.

Net Assets

Net assets without donor restrictions are those net resources that bear no external restrictions and are generally available for use by Project Bread. Project Bread has grouped its net assets without donor restrictions into the following categories:

Operating - represents funds available to carry on the operations of Project Bread.

Board-designated reserve - represents a reserve established by the Board of Directors which may be used for the short-term and long-term stability of Project Bread and strategic initiatives in support of Project Bread's mission.

Property and equipment - reflect the net book value of Project Bread's property and equipment, net of related debt.

Net assets with donor restrictions represent amounts received or committed by donors with purpose and/or time restrictions that have not yet been met. Net assets with donor restrictions consist of the following as of September 30:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specific purpose:		
Other programs	\$ 250,000	\$ 45,000
Community Partnerships	<u>111,579</u>	<u>210,000</u>
Total	<u>361,579</u>	<u>255,000</u>
Subject to time restriction	<u>497,652</u>	<u>696,950</u>
	<u>\$ 859,231</u>	<u>\$ 951,950</u>

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Notes to Financial Statements
September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Contributions, Government Grants and Foundation Grants

In accordance with ASC Subtopic 958-605, *Revenue Recognition*, Project Bread must determine whether a contribution (or a promise) is conditional or unconditional for transactions deemed to be a contribution. A contribution is considered to be a conditional contribution if an agreement includes a barrier that must be overcome and either a right of return of assets or a right of release of a promise to transfer assets exists. Indicators of a barrier include a measurable performance-related barrier or another measurable barrier, a stipulation that limits discretion by the recipient on the conduct of an activity, and stipulations that are related to the purpose of the agreement. Topic 958 prescribes that Project Bread should not consider probability of compliance with the barrier when determining if such awards are conditional and should be reported as conditional grant advance liabilities until such conditions are met. See Note 10 for disclosure of Project Bread's conditional grants at September 30, 2024 and 2023.

Contributions, government grants and foundation grants without donor restrictions are recognized as revenue when unconditionally committed or received. Donor restricted contributions, government grants and foundation grants are recorded as revenues and net assets with donor restrictions when received or unconditionally pledged. Transfers are made to net assets without donor restrictions as costs are incurred or time restrictions lapse. Contributions, government grants and foundation grants received with donor-imposed conditions and restrictions that are satisfied in the same period are included in net assets without donor restrictions.

Other Revenues

Interest and all other income are recorded when earned.

In-Kind Donations

Project Bread received in-kind services from various individuals and organizations for use in supporting its mission and programs. In-kind advertising and legal services are valued at the estimated cost of services as provided by the vendor or using similar contracts from like vendors. Project Bread requires general legal services for operations and advertising to help support the Walk for Hunger event and awareness campaign.

The value of these goods and services is as follows for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Advertising	\$ 388,345	\$ 734,489
Legal services	<u>40,334</u>	<u>86,438</u>
	<u>\$ 428,679</u>	<u>\$ 820,927</u>

A substantial number of individual volunteers have donated significant amounts of time to Project Bread's program services and to its fundraising campaigns. No amounts have been recognized in the accompanying financial statements since these services performed by Project Bread's volunteers do not fall into the criteria established by U.S. GAAP.

All donated services were utilized by Project Bread's programs and supporting services. There were no donor-imposed restrictions associated with the donated services.

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Notes to Financial Statements
September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimates

The preparation of the financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Expense Allocation

Expenses related directly to a program or function are distributed to that program or function, while other expenses are allocated to programs or functions based upon management's estimate of the percentage attributable to each program or function.

Certain categories of expenses are attributable to more than one program or function and are allocated on a basis that is consistently applied. The expenses that are allocated are personnel and related, which are allocated on the basis of estimates of time and effort; printing and postage, communications, facilities, depreciation, office, and computer and office equipment, which are allocated based on the labor costs related to each program.

Advertising

Project Bread expenses advertising costs as they are incurred.

Grant Expense

Grants are recorded when awarded by Project Bread and all conditions of the grant are met by the grantee. Grants are generally paid in the year awarded.

Project Bread awarded the following grants for the years ended September 30:

	<u>2024</u>	<u>2023</u>
Health Partnership grants	\$ 4,962,273	\$ 5,325,933
Summer grants	226,000	195,781
Annual grants	130,911	101,143
Partnership grants	77,817	137,517
School Breakfast grants	<u>48,141</u>	<u>145,857</u>
	<u>\$ 5,445,142</u>	<u>\$ 5,906,231</u>

Fair Value Measurements

Project Bread follows the accounting and disclosure standards pertaining to ASC Topic, *Fair Value Measurements*, for qualifying assets and liabilities. Fair value is defined as the price that Project Bread would receive upon selling an asset or pay to settle a liability in an orderly transaction between market participants.

Project Bread uses a framework for measuring fair value that includes a hierarchy that categorizes and prioritizes the sources used to measure and disclose fair value. This hierarchy is broken down into three levels based on inputs that market participants would use in valuing the financial instruments based on market data obtained from sources independent of Project Bread. Inputs refer broadly to the assumptions that market participants would use in pricing the financial instrument, including assumptions about risk.

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Notes to Financial Statements
September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurements (Continued)

Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the financial instrument developed based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset developed based on the best information available.

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

Level 1 - Inputs that reflect unadjusted quoted prices in active markets for identical assets at the measurement date.

Level 2 - Inputs other than quoted prices that are observable for the asset either directly or indirectly, including inputs in markets that are not considered to be active.

Level 3 - Inputs that are unobservable and which require significant judgment or estimation.

An asset or liability's level within the framework is based upon the lowest level of any input that is significant to the fair value measurement. All of Project Bread's qualifying assets and liabilities are valued using Level 1 inputs.

Investments

Investments are recorded in the accompanying financial statements at fair value. If an investment is directly held by Project Bread and an active market with quoted prices exists, the market price of an identical security is used to report fair value. Investments are not insured and are subject to market fluctuations.

Investment return consists of interest, capital gain distributions, dividends, and realized and unrealized gains and losses on investments. Interest income is recorded as earned and dividend income is recorded on the ex-dividend date. Realized gains and losses on investment transactions are recorded using the first-in, first-out method.

In accordance with Project Bread's investment policy, investments held as short-term assets are intended to be utilized on an as needed basis for operational needs. Whereas investments reflected as long-term assets are intended for long-term growth.

Project Bread has a formal spending policy in which up to 4% of the average long-term investment portfolio's market value, excluding specific amounts with donor restrictions, using a rolling annual average for the preceding three years, is applied to operations. There was no draw on long-term investments during fiscal years 2024 and 2023 in accordance with the formal spending policy.

Long-term investments are to be generally allocated between the following asset classes below:

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>
Equities	40%	75%
Fixed Income	20%	60%
Cash	0%	20%

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Notes to Financial Statements
September 30, 2024 and 2023

2. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

Project Bread accounts for uncertainty in income taxes in accordance with ASC Topic, *Income Taxes*. This standard clarifies the accounting for uncertainty in tax positions and prescribes a recognition threshold and measurement attribute for the financial statements regarding a tax position taken or expected to be taken in a tax return. Project Bread has determined that there are no uncertain tax positions which qualify for either recognition or disclosure in the financial statements at September 30, 2024 and 2023. Project Bread's information returns are subject to examination by the Federal and state jurisdictions.

Statements of Activities and Changes in Net Assets

Transactions deemed by management to be ongoing, major, or central to the provision of program services are reported as operating revenue and support and expenses in the accompanying statements of activities and changes in net assets. Non-operating revenue consists of investment activity and capital grants.

Subsequent Events

Subsequent events have been evaluated through January 27, 2025, which is the date the financial statements were available to be issued. There were no events that met the criteria for recognition or disclosure in the accompanying financial statements.

3. GRANTS AND CONTRIBUTION RECEIVABLE

Grants and contributions receivable are expected to be collected as follows as of September 30:

	<u>2024</u>	<u>2023</u>
Due within one year	\$ 3,413,194	\$ 2,623,240
Due in one to five years	<u>50,000</u>	<u>325,000</u>
	3,463,194	2,948,240
Less - current portion	3,413,194	2,623,240
Less - discount	<u>2,349</u>	<u>13,051</u>
Long-term grants and contributions receivable	<u>\$ 47,651</u>	<u>\$ 311,949</u>

These grants and contributions receivable have been discounted to present value using a discount rate of approximately 4.93% and 4.19% as of September 30, 2024 and 2023, respectively.

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of September 30:

	<u>2024</u>	<u>2023</u>
Land	\$ 100,000	\$ 100,000
Condominium building and improvements	3,547,456	3,475,061
Computer and office equipment	39,288	35,482
Website	153,645	153,645
Furniture and fixtures	<u>234,702</u>	<u>231,702</u>
	4,075,091	3,995,890
Less - accumulated depreciation	<u>2,246,167</u>	<u>2,069,726</u>
	<u>\$ 1,828,924</u>	<u>\$ 1,926,164</u>

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Notes to Financial Statements
September 30, 2024 and 2023

4. PROPERTY AND EQUIPMENT (Continued)

Project Bread review the value of property and equipment for impairment whenever changes in circumstances indicate that the carrying value of such property may not be recoverable in accordance with the requirements pertaining to ASC Topic, *Property, Plant and Equipment*, under U.S. GAAP. There were no impairment adjustments during fiscal years 2024 and 2023.

5. INVESTMENTS

The following is a summary of investments at fair value as of September 30:

	<u>2024</u>	<u>2023</u>
Cash:		
Money market	\$ 1,256,536	\$ 1,046,710
Treasury bills	<u>149,688</u>	<u>741,626</u>
Total cash	<u>1,406,224</u>	<u>1,788,336</u>
Equities:		
Information technology	329,908	186,156
Exchange traded funds	267,179	-
Industrial	215,959	74,618
Health care	203,623	102,463
Other	96,996	463,880
Financial	77,282	88,546
Foreign	<u>75,946</u>	<u>112,462</u>
Total equities	<u>1,266,893</u>	<u>1,028,125</u>
Fixed income - bonds:		
Government	2,201,134	1,192,215
Corporate	704,787	427,320
Certificate of deposits	-	448,254
Foreign	<u>-</u>	<u>196,779</u>
Total fixed income - bonds	<u>2,905,921</u>	<u>2,264,568</u>
Total investments	<u>\$ 5,579,038</u>	<u>\$ 5,081,029</u>

6. MORTGAGE NOTE PAYABLE

Project Bread has a mortgage note payable with a bank with an original amount of \$1,200,000. The note is payable in monthly principal and interest installments of \$5,422 based on a thirty-year amortization schedule, with all outstanding principal and accrued and unpaid interest due in February 2031, the note's maturity. The balloon payment of the note is approximately \$930,000. The interest rate is fixed at 3.50%. The note is secured by a first mortgage on the premises and all business assets.

There was \$1,114,084 and \$1,139,024 outstanding under the above mortgage note payable as of September 30, 2024 and 2023, respectively. The mortgage contains various covenants. Project Bread was in compliance with these covenants as of September 30, 2024 and 2023. Interest expense was \$40,123 and \$40,884 for the years ended September 30, 2024 and 2023, respectively.

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Notes to Financial Statements
September 30, 2024 and 2023

6. MORTGAGE NOTE PAYABLE (Continued)

Future minimum note payments for the next five fiscal years are as follows:

2025	\$ 25,951
2026	\$ 26,887
2027	\$ 27,856
2028	\$ 28,760
2029	\$ 29,899
Thereafter	\$ 974,731

Debt issuance costs related to the mortgage note payable totaled \$21,977 and are shown net of accumulated interest - amortization of \$7,875 and \$5,678 as of September 30, 2024 and 2023, respectively. Net debt issuance costs are reported on the statements of financial position as a direct reduction of the face amount of the related mortgage note payable. Amortization of debt issuance costs for the next five years is expected to be \$2,196 annually.

7. LINE OF CREDIT

Project Bread maintains a line of credit agreement with a bank. The agreement allows for borrowings of up to \$500,000. Borrowings are payable on demand, bear interest at the bank's base lending rate (8.00% and 8.50% at September 30, 2024 and 2023, respectively), plus 1.00%, and are secured by a second mortgage on Project Bread's condominium. There was no outstanding balance under this line of credit at September 30, 2024 and 2023. This line of credit is renewable annually in February.

8. EMPLOYMENT BENEFIT PLANS

Project Bread has a retirement plan under IRC Section 401(k) for all employees. As of October 1, 2022, the plan is a safe harbor 401(k) plan. Upon hire, new employees may make voluntary salary deferrals into this plan within IRC guidelines. Following one year of service, in which the employee works 1000 hours, Project Bread contributes an amount equal to the sum of 100% of the participant's elective deferrals that do not exceed 5% of the participant's compensation. Project Bread contributed \$205,416 and \$148,041 to this plan for the years ended September 30, 2024 and 2023, respectively. These amounts are included in payroll taxes and fringe benefits in the accompanying statements of functional expenses.

9. CONCENTRATIONS

Credit Risk

Project Bread maintains its cash balances in banks that are insured within the limits of the Federal Deposit Insurance Corporation (FDIC). At certain times during the year, cash balances exceeded the insured amounts. Project Bread has not experienced any losses in such accounts. Project Bread's management believes Project Bread is not exposed to any significant credit risk on its cash.

Funding

Project Bread receives a significant portion of its funding from the Commonwealth of Massachusetts under cost reimbursement contracts. Payments to Project Bread are subject to audit by the appropriate government agency. In the opinion of management, the results of such audits, if any, will not have a material effect on the financial position of Project Bread as of September 30, 2024 and 2023, or on its changes in net assets for the years then ended.

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Notes to Financial Statements
September 30, 2024 and 2023

9. CONCENTRATIONS (Continued)

Funding (Continued)

Approximately 13% and 14% of Project Bread's operating support and revenue without donor restrictions was derived from contracts with the Commonwealth of Massachusetts for the years ended September 30, 2024 and 2023, respectively.

Approximately 11% and 14% of grants and contributions receivable are due from the Commonwealth of Massachusetts at September 30, 2024 and 2023, respectively.

Approximately 56% and 39% of grants and contributions receivable are due from two agencies at September 30, 2024 and 2023, respectively.

10. CONDITIONAL GRANTS AND COMMITMENTS

During fiscal years 2024 and 2023, Project Bread was awarded four and three conditional grants totaling \$4,029,021 and \$7,482,453, respectively, by three and two organizations, respectively. The remaining installments under these awards totaling \$1,192,388 and \$455,972 are conditional upon Project Bread meeting certain milestones and thus are not included in the accompanying financial statements at September 30, 2024 and 2023, respectively.

During fiscal years 2024 and 2023, Project Bread was awarded government contracts totaling \$1,489,250 and \$4,855,188, respectively, that contained funder-imposed conditions that represent a barrier that must be overcome, as well as a right of return of assets or release from obligations. Project Bread recognizes related revenue from these government contracts when funder-imposed conditions are substantially met. The funder-imposed conditions for this contract revenue include the requirement for Project Bread to incur qualifying expenses. The remaining balances of these contracts totaling \$1,094,541 and \$1,449,874 at September 30, 2024 and 2023, respectively, are not included in the accompanying financial statements.

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

Project Bread's financial assets available within one year from the statements of financial position date for general operating expenses are as follows as of September 30:

	<u>2024</u>	<u>2023</u>
Cash	\$ 1,631,619	\$ 2,091,527
Grants and contributions receivable	3,413,194	2,623,240
Short-term investments	<u>3,210,073</u>	<u>3,056,109</u>
	8,254,886	7,770,876
Less - net assets with purpose restrictions	<u>361,579</u>	<u>255,000</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,893,307</u>	<u>\$ 7,515,876</u>

Project Bread's financial assets are available for use to cover its obligations as they become due. As of September 30, 2024 and 2023, Project Bread has financial assets equal to approximately five months, of operating expenses (excluding depreciation, interest - amortization, and in-kind expenses). Project Bread has approximately \$4,291,000 and \$4,870,000 of Board-designated reserves as of September 30, 2024 and 2023, respectively, which are included in the financial assets above and in long-term investments (see Note 5). The reserves are established as six months of unrestricted reserves to be utilized to cover operating costs for the short and long-term for Project Bread.

PROJECT BREAD - THE WALK FOR HUNGER, INC.

Notes to Financial Statements
September 30, 2024 and 2023

11. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS (Continued)

In addition, Project Bread has a line of credit agreement (see Note 7) which allows for additional borrowings up to \$500,000. Project Bread also has \$2,368,965 and \$2,024,920 held in investment accounts as of September 30, 2024 and 2023, respectively, that can be drawn at any time to fund operating expenditures, but its intention is to be held for long-term purposes (see Note 5).

12. RECLASSIFICATIONS

Certain amounts in the September 30, 2023 financial statements have been reclassified to conform with the September 30, 2024 presentation.