SALT AND LIGHT NFP

Champaign, Illinois

Financial Statements

For the Years Ended

December 31, 2019 and 2018

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Salt and Light NFP
Champaign, Illinois

We have audited the accompanying financial statements of Salt and Light NFP, a nonprofit organization (the Organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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.

Basis for Qualified Opinion

The Organization did not complete inventory counts as of December 31, 2019 and 2018. As a result, these balances were unable to be audited due to the inability to perform test counts or other alternative sufficient and appropriate auditing procedures. Accordingly, sufficient appropriate audit evidence about existence, completeness, and accuracy of the balances as of December 31, 2019 and 2018 was unable to be obtained.

Opinion

In our opinion, except for the effects of the matter discussed in the Basis for Qualified Opinion section of our report, the financial statements referred to above present fairly, in all material respects, the financial position of Salt and Light NFP as of December 31, 2019 and 2018, 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.

Substantial Doubt about the Organization's Ability to Continue as a Going Concern

The accompanying financial statements have been prepared assuming that Salt and Light NFP will continue as a going concern. As described in the notes to the financial statements, several circumstances in recent years including negative working capital and debt and lease servicing requirements raise substantial doubt about the Organization's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding these matters also are described in Note 15 "Continuing Operations" of the notes to the financial statements. The financial statements do not include any adjustments that could result from the outcome of this uncertainty. Our opinion is not modified with respect to this matter.

Martin Hood LLC

Champaign, Illinois
June 14, 2022

SALT AND LIGHT NFP
Statements of Financial Position
December 31, 2019 and 2018

ASSETS

	2019	2018
Current Assets		
Cash	$ 105,105	$ 88,175
Accounts Receivable	11,874	311
Inventory	76,449	198,391
Prepaid Expenses	10,829	5,137
Total Current Assets	204,257	292,014
Property and Equipment, Net	561,944	616,980
Total Assets	$ 766,201	$ 908,994

LIABILITIES AND NET ASSETS

	2019	2018
Current Liabilities		
Accounts Payable	$ 532,982	$ 372,669
Accrued Payroll Liabilities	198,308	82,179
Accrued Expenses	37,507	37,787
Lines of Credit	400,000	400,000
Note Payable	29,634	43,661
Capital Lease Obligations	28,657	33,466
Total Current Liabilities	1,227,088	969,762
Long-Term Liabilities		
Note Payable - Net of Current Portion	269,222	298,856
Capital Lease Obligations - Net of Current Portion	9,966	39,146
Total Long-Term Liabilities	279,188	338,002
Total Liabilities	1,506,276	1,307,764
Net Assets		
Without Donor Restrictions	(740,075)	(398,770)
With Donor Restrictions	-	-
Total Net Assets	(740,075)	(398,770)
Total Liabilities and Net Assets	$ 766,201	$ 908,994

See Accompanying Notes

SALT AND LIGHT NFP
Statements of Activities
For the Years Ended December 31, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	$ 701,763	$ -	$ 701,763	$ 495,581	$ 6,700	$ 502,281
Retail Sales Revenue	1,586,704	-	1,586,704	1,262,484	-	1,262,484
Salvage Revenue	283,675	-	283,675	184,601	-	184,601
Miscellaneous	45	-	45	1,233	-	1,233
Total Support and Revenue	2,572,187	-	2,572,187	1,943,899	6,700	1,950,599
Net Assets Released from Restrictions	-	-	-	15,859	(15,859)	-
Expenses						
Program Services:						
Food Pantry	668,158	-	668,158	633,431	-	633,431
Thrift Store	1,667,080	-	1,667,080	1,332,770	-	1,332,770
Education	104,291	-	104,291	169,007	-	169,007
Total Program Services	2,439,529	-	2,439,529	2,135,208	-	2,135,208
Supporting Services:						
General and Administrative	269,313	-	269,313	212,204	-	212,204
Fundraising	204,650	-	204,650	184,106	-	184,106
Total Supporting Services	473,963	-	473,963	396,310	-	396,310
Total Expenses	2,913,492	-	2,913,492	2,531,518	-	2,531,518
Change in Net Assets	(341,305)	-	(341,305)	(571,760)	(9,159)	(580,919)
Net Assets, Beginning of Year	(398,770)	-	(398,770)	172,990	9,159	182,149
Net Assets, End of Year	$ (740,075)	$ -	$ (740,075)	$ (398,770)	$ -	$ (398,770)

See Accompanying Notes

SALT AND LIGHT NFP
Statement of Functional Expenses
For the Year Ended December 31, 2019

	Program Services			Supporting Services		
	Food Pantry	Thrift Store	Education	General and Administrative	Fundraising	Total Expenses
Salaries and Wages	$ 218,486	$ 545,129	$ 34,103	$ 88,065	$ 66,919	$ 952,702
Cost of Goods Sold	200,596	500,494	31,310	80,855	61,440	874,695
Rent Expense	50,990	127,222	7,959	20,553	15,618	222,342
Utilities	36,607	91,336	5,714	14,755	11,212	159,624
Payroll Taxes	23,976	59,821	3,742	9,664	7,344	104,547
Repairs and Maintenance	21,563	53,801	3,366	8,691	6,605	94,026
Real Estate Taxes	21,247	53,013	3,316	8,564	6,508	92,648
Depreciation and Amortization	18,643	46,516	2,910	7,515	5,710	81,294
Interest and Penalties	16,885	42,129	2,636	6,806	5,172	73,628
Information Technology	9,951	24,829	1,553	4,011	3,048	43,392
Employee Benefits	8,629	21,529	1,347	3,477	2,643	37,625
Supplies and Materials	8,458	21,102	1,320	3,409	2,590	36,879
Other Employee Expenses	7,963	19,867	1,243	3,209	2,439	34,721
Bank Charges	6,835	17,055	1,067	2,755	2,094	29,806
Insurance	6,715	16,754	1,048	2,707	2,057	29,281
Transportation Expenses	5,975	14,907	933	2,407	1,830	26,052
Fixtures and Equipment	1,913	4,774	299	771	586	8,343
Professional Services	1,003	2,502	156	404	307	4,372
Marketing and Advertising	170	425	27	68	52	742
Miscellaneous Expenses	1,553	3,875	242	627	476	6,773
Total Expenses	$ 668,158	$ 1,667,080	$ 104,291	$ 269,313	$ 204,650	$ 2,913,492

See Accompanying Notes

SALT AND LIGHT NFP
Statement of Functional Expenses
For the Year Ended December 31, 2018

	Program Services			Supporting Services		
	Food Pantry	Thrift Store	Education	General and Administrative	Fundraising	Total Expenses
Salaries and Wages	$ 236,433	$ 497,468	$ 63,083	$ 79,207	$ 68,719	$ 944,910
Cost of Goods Sold	128,644	270,673	34,323	43,096	37,390	514,126
Utilities	46,410	97,650	12,383	15,548	13,489	185,480
Rent Expense	45,556	95,853	12,155	15,262	13,241	182,067
Payroll Taxes	21,428	45,085	5,717	7,179	6,228	85,637
Depreciation and Amortization	21,264	44,740	5,673	7,124	6,180	84,981
Real Estate Taxes	20,804	43,773	5,551	6,969	6,047	83,144
Repairs and Maintenance	18,369	38,649	4,901	6,154	5,339	73,412
Employee Benefits	17,850	37,557	4,763	5,979	5,188	71,337
Professional Services	12,868	27,076	3,433	4,312	3,740	51,429
Interest and Penalties	12,590	26,489	3,359	4,218	3,659	50,315
Insurance	6,911	14,540	1,844	2,314	2,009	27,618
Bank Charges	6,854	14,421	1,829	2,296	1,992	27,392
Other Employee Expenses	6,706	14,109	1,789	2,246	1,949	26,799
Supplies and Materials	6,321	13,299	1,686	2,117	1,837	25,260
Transportation Expenses	6,135	12,908	1,637	2,055	1,783	24,518
Information Technology	5,800	12,204	1,548	1,943	1,686	23,181
Net Loss on Sales and Disposals	4,398	9,254	1,174	1,474	1,278	17,578
Fundraising Expenses	2,277	4,790	607	763	662	9,099
Fixtures and Equipment	2,064	4,343	551	692	600	8,250
Marketing and Advertising	1,330	2,799	355	445	387	5,316
Miscellaneous Expenses	2,419	5,090	646	811	703	9,669
Total Expenses	$ 633,431	$ 1,332,770	$ 169,007	$ 212,204	$ 184,106	$ 2,531,518

See Accompanying Notes

SALT AND LIGHT NFP
Statements of Cash Flows
For the Years Ended 2019 and 2018

	2019	2018
Cash Flows from Operating Activities		
Change in Net Assets	$ (341,305)	$ (580,919)
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by (Used in) Operating Activities:		
Net Realized Loss on Investments	-	1,298
Depreciation and Amortization	81,294	84,981
Gain on Disposal of Property and Equipment	-	(11,296)
(Increase) Decrease in Assets:		
Accounts Receivable	(11,563)	4,636
Promises to Give	-	235,000
Inventory	121,942	(38,547)
Prepaid Expenses	(5,692)	(1,592)
Increase (Decrease) in Liabilities:		
Accounts Payable	160,313	39,443
Accrued Payroll Liabilities	116,129	22,930
Accrued Expenses	(280)	28,717
Total Adjustments	462,143	365,570
Net Cash Provided by (Used in) Operating Activities	120,838	(215,349)
Cash Flows from Investing Activities		
Proceeds from Sale of Investments	-	6,848
Purchases of Property and Equipment	(26,258)	(1,451)
Net Cash Provided by (Used in) Investing Activities	(26,258)	5,397
Cash Flows from Financing Activities		
Principal Advances on Lines of Credit	-	250,000
Principal Payments on Note Payable	(43,661)	(7,483)
Payments on Capital Lease Obligations	(33,989)	(34,630)
Net Cash Provided by (Used in) Financing Activities	(77,650)	207,887
Net Change in Cash	16,930	(2,065)
Cash, Beginning of Year	88,175	90,240
Cash, End of Year	$ 105,105	$ 88,175

See Accompanying Notes

SALT AND LIGHT NFP
Statements of Cash Flows
For the Years Ended 2019 and 2018

	2019	2018
Supplementary Disclosure of Cash Flow Information		
Cash Paid for Interest and Penalties	$ 49,644	$ 55,106
Summary of Non-Cash Investing and Financing Activities		
Refinances of Lines of Credit to Note Payable	$ -	$ 350,000
Purchases of Property and Equipment Via Capital Lease	$ -	$ 18,186
Disposals of Property and Equipment Under Capital Lease	$ -	$ 1,978,890

See Accompanying Notes

SALT AND LIGHT NFP
Notes to the Financial Statements
December 31, 2019 and 2018

1. Description of Operations

Salt and Light NFP, a nonprofit organization (the Organization), is a non-denominational ministry established to serve the community of Champaign County in Illinois who are in need of assistance. Their mission is to share the love of God by providing opportunities for those living in poverty to equip themselves with the tools they need to create lasting change in their lives.

Salt and Light NFP provides the following services:

- *Grocery and Thrift Store* – A membership-based program that provides individuals the opportunity to use their skills, talents, gifts, and abilities to provide food and household items for themselves and their families. The store serves families and individuals struggling with chronic food security issues as well as other household needs.

  All areas of the store are open to the community. The volunteer aspect of the program also creates meaningful employment and training opportunities.

- *Financial Counseling* – Through the nine-week Financial Peace University, and the twelve-week Faith and Finance program, the Organization provides individuals the opportunity to learn tools that will help them to think beyond their short-term needs and put their financial house in order. These two comprehensive programs teach how to get out of debt, budget for expenses, plan for emergencies, and establish a financial future that includes giving to others in need. The two programs are on two different levels of education to accommodate any need.

- *Advocacy* – Program designed to pair trained volunteers with participants in peer supportive relationships that both empower and equip participants with the tools they need to create lasting change in their lives.

- *Jobs for Life* – Program designed to provide training courses for adults and incorporates biblical truths and stories to help men and women understand their dignity and God-given identity and gifts, develop character, and foster a supportive community that will equip them for work and life.

- *Computer Lab* – Program designed to teach basic computer skills and provide basic computer access for children and adults in the communities.

2. Summary of Significant Accounting Policies

Following is a summary of the significant accounting policies of the Organization:

a. The Organization considers all highly liquid investments of unrestricted funds with maturities of three months or less when purchased to be cash, unless the Organization has the intent to hold the items for investment purposes.

b. The Organization's investments, if any, are stated at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c. Accounts receivable, if any, consist of amounts receivable from outside sources for the value of recycled items unsellable in the Organization's thrift store. It is the Organization's policy to write-off uncollectible accounts receivable when management determines the receivable will not be collected. The Organization has determined that no allowance for doubtful accounts was necessary at December 31, 2019 and 2018.

d. Promises to give, if any, consist of unconditional promises to give to the Organization. Long-term promises to give are discounted to present value based on expected payment schedules and effective interest rates, if applicable. The carrying amount of promises to give may be reduced by a valuation allowance based on management's continual assessment of the collectability of specific contribution balances. The Organization has determined that no allowance for doubtful accounts was necessary at December 31, 2019 and 2018.

e. Inventories consist of food items sold in the Organization's Grocery Store and are valued at the low of cost or net realizable value.

f. The Organization capitalizes all property and equipment purchases in excess of $1,000. Property and equipment are recorded at cost or, if donated, at fair market value at the time of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the individual assets. Repairs, maintenance, and minor additions are charged to expense as incurred.

g. Contributed services are reported as contribution revenue and as assets or expense only if the benefit received (a) creates or enhances non-financial assets or (b) requires specialized skills provided by individuals possessing those skills and (c) would typically need to be purchased if not provided by donation.

   For 2019 and 2018, the Organization recorded in-kind contributions of $19,036 and $11,804, respectively, which is included in contributions on the statements of activities. These amounts consist of gift cards for food purchases, supplies and services, and debt forgiveness for services received.

The Organization does not report a value for the Thrift Store inventory because it is not practical to do so due to the nature of the items held in inventory. No Thrift Store inventory was purchased by the Organization as all items were received through donations. Some unusable clothing is sold through a recycling program.

h. Net assets, contributions, grants, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Net assets of the Organization and changes therein are classified and reported as follows:

   Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors.

   Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may be met, either by actions of the Organization and / or the passage of time. When a restriction expires, 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.

i. The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. The most significant estimates included in these financial statements are the useful lives of property and equipment, which is based on management's experience with other similar assets and industry standards, and the allocation of expenses between programs and supporting services, which is based on management's analysis of time and resources utilized for the related activities. Due to uncertainties inherent in the estimation process, it is at least reasonably possible that actual results could differ from management's estimates.

j. The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code; however, the Organization had its tax-exempt status revoked in 2020 before being subsequently reinstated in 2021 as further described in the uncertain tax positions and continuing operations footnotes below.

k. The Organization has evaluated subsequent events through June 14, 2022, the date which the financial statements were available to be issued.

l. *Adopted Accounting Standards Updates*

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) *Presentation of Financial Statements of Not-for-Profit Entities*. The provisions of ASU 2016-14 require the presentation of two classes of net assets, net assets with donor restrictions and net assets without donor restrictions, rather than the previously required three classes. The provisions also require enhanced disclosures in the notes to the financial statements primarily about liquidity and availability of resources, and allocation of expenses. This adoption had been applied as of January 1, 2018 and had no impact on net asset balances.

In June 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958) – *Clarifying the Scope and Accounting Guidance for Contributions Received and Made*. The provisions of ASU 2018-08 clarifies whether transactions should be accounted for as contributions (nonreciprocal transactions within the scope of Topic 958) or exchanges (reciprocal transactions) subject to other guidance such as Topic 606. Additionally, the ASU assists in determining whether a contribution is conditional. The Organization adopted the new standard effective January 1, 2019 using the modified prospective approach and had no impact on any component of the financial statements.

m. *Upcoming Accounting Standards Updates*

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*, and subsequently issued clarifying ASUs 2015-14, 2016-08, 2016-10, 2016-12, 2017-13, 2019-08, and 2020-05 hereafter referred to as "the clarifying ASUs". The provisions of ASU 2014-09 and the clarifying ASUs require an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The updated standard replaces most existing revenue recognition guidance in U.S. GAAP. The standard will be effective for fiscal year 2020.

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*, and subsequently issued clarifying ASUs 2018-01, 2018-10, 2018-11, 2018-20, 2019-01, 2019-10, 2020-02, 2020-05, 2021-05, and 2021-09, hereafter referred to as "the clarifying ASUs". The provisions of ASU 2016-02 and the clarifying ASUs require that lessees recognize a lease liability and a right-of-use asset for all leases greater than 12 months. The standard will be effective for fiscal year 2022.

In September 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The provisions of ASU 2020-07 require the presentation of contributed nonfinancial assets for not-for-profit entities to be on a separate line in the statement of activities and includes added disclosures regarding utilization of contributed nonfinancial assets. The standard will be effective for fiscal year 2022.

3. Liquidity and Availability

The following reflects the Organization's financial assets available to meet cash flow needs for general expenditures within one year of December 31:

	2019	2018
Financial Assets Held at Year-End:		
Cash	$ 105,105	$ 88,175
Accounts Receivable	11,874	311
Inventory	76,449	198,391
	193,428	286,877
Unavailable for General Expenditure Within One Year Due To Donor-Imposed Restrictions	-	-
Financial Assets Available for General Expenditure Within One Year	$ 193,428	$ 286,877

The Organization's goal is generally to maintain financial assets sufficient to meet operating expenses. The Organization maintains various operating lines of credit.

4. Collateralization of Deposits

At December 31, 2019, the Organization had deposits at financial institutions that totaled $52,800 adjusted for outstanding items to a book balance of $105,105. The full deposit balance of $52,800 was covered by the federal deposit insurance corporation (FDIC) and the remaining $52,305 was not held at financial institutions as it was not yet deposited and therefore uninsured and uncollateralized.

5. Promises to Give

At December 31, 2017, promises to give consisted of one donated house, which was received and sold by the Organization during 2018 at a selling price of $235,000 with selling expenses of $28,874, which is included in net loss on sales and disposals on the statement of functional expenses. There were no promises to give at December 31, 2019 and 2018.

6. Property and Equipment, Net

Property and equipment consists of the following at December 31:

	2019	2018
Computer Hardware and Software	$ 72,191	$ 72,191
Leasehold Improvements	648,853	623,853
Furniture, Fixtures, and Equipment	97,279	96,021
Office Equipment	23,315	23,315
Total Property and Equipment	841,638	815,380
Less: Accumulated Depreciation and Amortization	(279,694)	(198,400)
Total Property and Equipment, Net	$ 561,944	$ 616,980

Depreciation and amortization expense for the years ended December 31, 2019 and 2018 was $81,294 and $84,981, respectively.

7. Accrued Payroll Liabilities

Accrued payroll liabilities consists of the following at December 31:

	2019	2018
Accrued Payroll Taxes	$ 134,184	$ 20,744
Accrued Compensated Absences	63,748	61,348
Accrued Payroll Garnishments	376	87
Total Accrued Payroll Liabilities	$ 198,308	$ 82,179

8. Accrued Expenses

Accrued expenses consists of the following at December 31:

	2019	2018
Accrued Interest	$ 28,263	$ 4,279
Accrued Sales Tax Liabilities	8,836	27,179
Other Accrued Expenses	408	6,329
Total Accrued Expenses	$ 37,507	$ 37,787

9. Lines of Credit

The Organization had two lines of credit with a financial institution as of December 31, 2019 and 2018; one in the amount of $150,000 and the other in the amount of $250,000. The lines of credit were due in May 2019; however, they were not paid off at that time. Interest was payable monthly bearing interest at a variable rate, which was 1 percent above the U.S. prime interest rate resulting in a rate of 5.75 percent at December 31, 2019. The lines of credit were collateralized by substantially all of the assets of the Organization. The total balance on these lines of credit as of December 31, 2019 and 2018 was $400,000 each year.

10. Note Payable

The Organization had a note payable with a financial institution as of December 31, 2019 and 2018, which was established as part of a refinance upon maturity of a previously established line of credit in July 2018. The note required monthly payments of $3,902 and an estimated balloon payment of $205,255 at maturity in July 2023, and carried a fixed interest rate of 6 percent. The note was collateralized by substantially all of the assets of the Organization. The outstanding balance on this note as of December 31, 2019 and 2018 was $298,856 and $342,517, respectively.

Scheduled maturities for the note payable were as follows:

2020	$ 29,634
2021	31,462
2022	33,403
2023	204,357
Total	$ 298,856

In January 2020, the Organization entered into a forbearance agreement with the financial institution as a result of defaulting on the outstanding loan agreements. Pursuant to the forbearance agreement, the two outstanding lines of credit and one outstanding note payable were consolidated into one new promissory note. The promissory note had an original principal balance of $723,714, the outstanding balances of principal and unpaid interest on the loans that were consolidated at that time. The note required monthly payments of principal and interest of $5,500 and a balloon payment of the remaining unpaid principal and interest at original maturity in January 2021. The note carries a fixed interest rate of 4.75 percent. At maturity, at which time the note had an outstanding principal balance of $687,051, this note was amended to extend the maturity to January 2022 and increase required monthly payments to $7,500. At extended maturity, at which time the note had an outstanding principal balance of $618,326 and unpaid interest balance of $2,529, this note was amended to extend the maturity to January 2023.

11. Capital Leases

The Organization leases equipment under various capital leases, generally with bargain purchase options, requiring monthly payments between $37 and $1,158, with expirations ranging from September 2020 to October 2022. Equipment leased under capital lease obligations and included in property and equipment consists of the following as of December 31:

	2019	2018
Leased Equipment	$ 113,558	$ 113,558
Less: Accumulated Depreciation and Amortization	(77,472)	(44,582)
Total Equipment Under Capital Lease, Net	$ 36,086	$ 68,976

Future minimum lease payments for the capital leases as of December 31, 2019 for the remaining terms of the leases are as follows:

2020	$ 28,871
2021	7,507
2022	3,675
Total Future Mimimum Capital Lease Payments	40,053
Less: Amount Representing Interest	(1,430)
Net Future Minimum Capital Lease Payments	$ 38,623

Future maturities of capital lease obligations as of December 31, 2019 are as follows:

2020	$ 28,657
2021	6,416
2022	3,550
Total	$ 38,623

12. Operating Leases

The Organization leases its store and office space in Champaign, Illinois. The lease expired in December 2017. The lease required monthly rental payments of $3,100 plus an additional $500 for real estate taxes. Rent expense related to this lease for the years ended December 31, 2019 and 2018 was $37,200 each year, which is included in rent expense on the statements of functional expenses. No formal updated lease agreement has been signed, but the lease continues as month-to-month.

The Organization leases its store and office space in Urbana, Illinois. The building and land were previously leased under a capital lease; however, in August 2019, an amendment to the capital lease agreement was signed as a result of past due rent obligations. In exchange for the lessor foregoing immediate termination of the lease due to the past due rent, the Organization agreed to forfeit its rights to acquire the real estate as required by the capital lease. As a result of this amendment, the lease no longer meets the definition and criteria of a capital lease and thus reverted to an operating lease upon execution of the amendment. Accordingly, property and equipment and capital lease obligations totaling $1,978,890 were removed from the statements of financial position as shown on the statements of cash flows. The lease amendment states that, upon sale of the leased premises by the lessor, the Organization must vacate the premises, but the lease will continue as an operating lease on a month-to-month basis until that time. The lease payments began in November 2018 and requires monthly payments of $11,875 for the first twelve months, and $14,242 for the next 48 months, as well as monthly payments for the proportionate share of the real estate taxes paid by the lessor. Rent expense related to this lease for the years ended December 31, 2019 and 2018 was $144,867 and $170,900, respectively, which is included in rent expense on the statements of functional expenses.

The Organization leases trucks under multiple lease agreements with maturities ranging from April 2018 to October 2028 requiring monthly payments ranging from $916 to $1,357, plus variable expenses. Vehicle lease expense related to these leases for the years ended December 31, 2019 and 2018 was $13,545 and $11,650, respectively, which is included in transportation expenses on the statements of functional expenses.

Future minimum lease payments for leases that were determined to have long-term commitments, including leases signed subsequent to December 31, 2019, are as follows:

2020	$ 11,613
2021	11,613
2022	25,169
2023	19,635
2024	16,284
Thereafter	61,065
Total	$ 145,379

13. Related-Party Activities

During 2019 and 2018, the Organization received contributions from members of the Board of Directors, employees, and closely affiliated organizations totaling of $146,883 and $90,452, respectively.

14. Uncertain Tax Position

The Organization did not file timely form 990 informational tax returns for fiscal years 2017 through 2020, and as of June 14, 2022, the filings for 2018 through 2020 have not yet been completed. Accordingly, effective May 15, 2020, the Internal Revenue Service revoked the Organization's tax-exempt status for failure to file three consecutive years of form 990 informational tax returns (fiscal years 2017 through 2019). Although the Organization's tax-exempt status was reinstated effective March 09, 2021, this could result in taxability of activities that were previously considered tax-exempt, and accordingly could result in tax liabilities for the Organization. The delinquent filings and corresponding potential tax liabilities creates an overall uncertain tax position for the Organization; however, an amount of the potential liability, if any, is not reasonably estimable given the broad nature and uncertainty of the matter. Given this, and given the loss of status occurred subsequent to the period covered by these financial statements, no accrual for this potential liability has been included in these financial statements.

15. Continuing Operations

After opening its Urbana, Illinois location in November 2017, the Organization experienced financial struggles as a result of the debt and lease service requirements incurred during the buildout, a lack of anticipated capital due to a failed capital campaign, lower-than-expected initial sales, and an overall increase in operational costs. This has resulted in a negative working capital position and has caused the Organization to become delinquent on many of its obligations in recent years, including with federal and state agencies related to payroll and sales tax.

Additionally, as noted in the uncertain tax position footnote above, the Organization's tax-exempt status was revoked by the Internal Revenue Service effective May 15, 2020 for failure to file three consecutive years of form 990 informational tax returns (fiscal years 2017 through 2019), which was not reinstated until March 09, 2021. Furthermore, the Organization's corporate status was revoked by the Illinois Secretary of State effective November 12, 2021 for failure to file annual reports, which was not reinstated until April 6, 2022.

The Organization continued to slowly work towards operating in the black through 2018 and much of 2019. Since the fall of 2019, the Organization has experienced tremendous growth and a significant shift in its financial position as a result. The Organization has been able to achieve the following in order to improve the Organization's financial position: a) an overall increase in grocery and thrift sales, b) a reduction in debt as a result of paying down obligations over the past three years, c) purchasing the building and land of the Urbana, Illinois store location as described in the subsequent event footnote below resulting in anticipated annual savings of approximately $49,000 in base rent, and seeking a property tax exemption which would result in anticipated annual savings of approximately $80,000 in property taxes, and d) a forgiveness of past due rent obligations totaling approximately $564,000 as part of the building and land purchase noted above and further described in the subsequent event footnote below.

Additionally, management has identified the following courses of action to continue to improve the Organization's financial position: a) continue to grow thrift revenues through continued process improvements and increasing throughput, which are the primary limiting factors at this point in overall thrift sales, b) continue to grow grocery revenues through ongoing promotion to increase awareness within the community of the opportunity to shop in its store, c) continue process improvements in the management of loss within the grocery store to improve the overall base profit margin, and d) continue to increase the donor base through normal development processes.

The factors and circumstances described above raise substantial doubt about the Organization's ability to continue as a going concern.

Due to significant uncertainties in the ability of management to achieve these objectives in the current economic climate, which, as of the date of this report, was facing significant uncertainty in response to the coronavirus disease (COVID-19) pandemic as further described in the uncertainty footnote below, it is at least reasonably possible that management will change its plans, and/or be unable to achieve the objectives of its recovery plan. However, management believes that the plans above are feasible and they, along with the subsequent financial performance and other mitigating events, allow the Organization to continue as a going concern within a one-year period after the date of this report.

16. Uncertainty

Beginning in March 2020, local, U.S., and world government have encouraged self-isolation to curtail the spread of the global pandemic, coronavirus disease (COVID-19), by mandating temporary work stoppage in many sectors and imposing limitations on travel and size and duration of group meetings. Most industries are experiencing disruption to business operations and the impact of reduced consumer spending. There is unprecedented uncertainty surrounding the duration of the pandemic, its potential economic ramifications, and any government action to mitigate them. While the situation with COVID-19 is still unfolding as of June 14, 2022, management has taken measures to prepare for the impact.

During 2020, the Organization secured a Paycheck Protection Program (PPP) Loan for $202,300 from the U.S. Small Business Administration (SBA) through a local bank to fund certain operations during the initial months of the pandemic. During 2020, the entire amount of the loan was spent on eligible expenses and the Organization elected to treat the PPP Loan proceeds as, in substance, a government grant by analogy to International Accounting Standard 20, *Accounting for Government Grants and Disclosure of Government Assistance*. The Organization received notification on November 20, 2020 that the loan, in its entirety, was forgiven by the SBA.

17. Subsequent Event

In June 2022, the Organization purchased the building and land of its Urbana, Illinois store location described in the operating lease footnote above. The purchase price was $1,865,000, of which $1,826,151 was financed by a note payable to a donor. The note requires monthly payments of $10,128 and an estimated balloon payment of $1,317,073 at maturity in June 2029, and carries a fixed interest rate of 3 percent. The note is collateralized by the underlying assets. As part of the purchase agreement, the lease associated with this property described in the operating lease footnote above was terminated and the lessor (the seller of the property) agreed to forgive $564,263 in past due rent and real estate tax obligations owed by the Organization. Additionally, as part of the agreement, the Organization assumes lease agreements with lessees occupying parts of the property not occupied by the Organization; however, the Organization does not intend to retain these lessees and alternatively plans to pursue a property tax exemption as management has determined this to be of greater benefit to the Organization.