SALT AND LIGHT NFP

Champaign, Illinois

Financial Statements

For the Years Ended

December 31, 2021 and 2020

C O N T E N T S

Martin | Hood

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INDEPENDENT AUDITOR'S REPORT

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

Qualified Opinion

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, 2021 and 2020, and 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, except for the effects of the matter discussed in the Basis for Qualified Opinion section of our report, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Salt and Light NFP as of December 31, 2021 and 2020, 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 Qualified Opinion

The Organization did not complete substantiable inventory counts as of December 31, 2021 and 2020. As a result, these balances were unable to be sufficiently audited due to the inability to perform adequate test counts, and we were unable to obtain sufficient appropriate audit evidence for inventory quantities by means of other auditing procedures. Accordingly, sufficient appropriate audit evidence about the existence, completeness, and accuracy of the balances as of December 31, 2021 and 2020 was unable to be obtained. The effects on the accompanying financial statements of the failure to complete substantiable inventory counts have not been determined.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Salt and Light NFP 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 qualified audit opinion.

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

The accompanying financial statements have been prepared assuming that the Organization will continue as a going concern. As discussed 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 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.

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 Salt and Light NFP's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and 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 Salt and Light NFP'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 Salt and Light NFP'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 audits, significant audit findings, and certain internal control related matters that we identified during the audits.

Martin Hood LLC

Champaign, Illinois
January 20, 2023

SALT AND LIGHT NFP
Statements of Financial Position
December 31, 2021 and 2020

ASSETS

	2021	2020
Current Assets		
Cash	$ 301,060	$ 217,098
Accounts Receivable	34,718	22,009
Other Receivables	50	16,971
Inventory	77,955	127,268
Prepaid Expenses	12,815	7,775
Total Current Assets	426,598	391,121
Property and Equipment, Net	468,464	500,133
Total Assets	$ 895,062	$ 891,254

LIABILITIES AND NET ASSETS

	2021	2020
Current Liabilities		
Accounts Payable	$ 609,279	$ 553,481
Accrued Payroll Liabilities	98,360	111,349
Accrued Expenses	85,339	64,567
Unearned Revenue	18,191	6,606
Note Payable	61,967	71,404
Capital Lease Obligations	3,294	7,477
Total Current Liabilities	876,430	814,884
Long-Term Liabilities		
Note Payable - Net of Current Portion	556,359	618,326
Capital Lease Obligations - Net of Current Portion	-	3,478
Total Long-Term Liabilities	556,359	621,804
Total Liabilities	1,432,789	1,436,688
Net Assets		
Without Donor Restrictions	(537,727)	(545,434)
With Donor Restrictions	-	-
Total Net Assets	(537,727)	(545,434)
Total Liabilities and Net Assets	$ 895,062	$ 891,254

See Accompanying Notes

Exhibit B

SALT AND LIGHT NFP
Statements of Activities
For the Years Ended December 31, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue						
Contributions	$ 483,008	$ 4,000	$ 487,008	$ 487,719	$ -	$ 487,719
Retail Sales Revenue	2,344,338	-	2,344,338	1,983,281	-	1,983,281
Salvage Revenue	421,132	-	421,132	292,548	-	292,548
PPP Loan Forgiveness	-	-	-	202,300	-	202,300
Miscellaneous	7,636	-	7,636	17,816	-	17,816
Total Support and Revenue	3,256,114	4,000	3,260,114	2,983,664	-	2,983,664
Net Assets Released from Restrictions	4,000	(4,000)	-	-	-	-
Expenses						
Program Services:						
Food Pantry	700,833	-	700,833	703,594	-	703,594
Thrift Store	1,775,775	-	1,775,775	1,563,992	-	1,563,992
Education	169,646	-	169,646	141,830	-	141,830
Total Program Services	2,646,254	-	2,646,254	2,409,416	-	2,409,416
Supporting Services:						
General and Administrative	494,429	-	494,429	186,708	-	186,708
Fundraising	111,724	-	111,724	192,899	-	192,899
Total Supporting Services	606,153	-	606,153	379,607	-	379,607
Total Expenses	3,252,407	-	3,252,407	2,789,023	-	2,789,023
Change in Net Assets	7,707	-	7,707	194,641	-	194,641
Net Assets, Beginning of Year	(545,434)	-	(545,434)	(740,075)	-	(740,075)
Net Assets, End of Year	$ (537,727)	$ -	$ (537,727)	$ (545,434)	$ -	$ (545,434)

See Accompanying Notes

SALT AND LIGHT NFP
Statement of Functional Expenses
For the Year Ended December 31, 2021

	Program Services			**Supporting Services**		
	Food Pantry	Thrift Store	Education	General and Administrative	Fundraising	Total Expenses
Salaries and Wages	$ 235,161	$ 595,854	$ 56,924	$ 165,903	$ 37,489	$ 1,091,331
Cost of Goods Sold	188,757	478,273	45,691	133,165	30,091	875,977
Utilities	53,315	135,091	12,906	37,613	8,499	247,424
Rent Expense	44,458	112,649	10,762	31,365	7,087	206,321
Interest and Penalties	25,170	63,775	6,093	17,756	4,013	116,807
Payroll Taxes	20,826	52,770	5,041	14,694	3,320	96,651
Real Estate Taxes	18,911	47,918	4,578	13,341	3,015	87,763
Repairs and Maintenance	18,616	47,168	4,506	13,133	2,968	86,391
Employee Benefits	18,575	47,065	4,496	13,104	2,961	86,201
Supplies and Materials	15,082	38,216	3,651	10,641	2,404	69,994
Depreciation and Amortization	12,023	30,463	2,910	8,482	1,917	55,795
Information Technology	11,428	28,956	2,766	8,063	1,822	53,035
Insurance	7,220	18,294	1,748	5,094	1,151	33,507
Other Employee Expenses	6,687	16,944	1,619	4,717	1,066	31,033
Transportation Expenses	5,918	14,994	1,432	4,176	943	27,463
Fixtures and Equipment	5,516	13,976	1,335	3,892	879	25,598
Bank Charges	5,462	13,839	1,322	3,852	871	25,346
Professional Services	4,098	10,384	992	2,892	653	19,019
Marketing and Advertising	277	701	67	195	44	1,284
Miscellaneous Expenses	3,333	8,445	807	2,351	531	15,467
Total Expenses	$ 700,833	$ 1,775,775	$ 169,646	$ 494,429	$ 111,724	$ 3,252,407

See Accompanying Notes

SALT AND LIGHT NFP
Statement of Functional Expenses
For the Year Ended December 31, 2020

	Program Services			Supporting Services		
	Food Pantry	Thrift Store	Education	General and Administrative	Fundraising	Total Expenses
Salaries and Wages	$ 255,866	$ 568,755	$ 51,578	$ 67,898	$ 70,148	$ 1,014,245
Cost of Goods Sold	176,794	392,990	35,638	46,915	48,470	700,807
Rent Expense	48,905	108,709	9,858	12,978	13,408	193,858
Utilities	39,811	88,495	8,025	10,564	10,915	157,810
Interest and Penalties	33,883	75,318	6,830	8,992	9,290	134,313
Payroll Taxes	19,936	44,314	4,019	5,289	5,466	79,024
Repairs and Maintenance	19,141	42,547	3,858	5,079	5,248	75,873
Depreciation and Amortization	18,876	41,959	3,805	5,009	5,175	74,824
Real Estate Taxes	18,396	40,892	3,708	4,882	5,043	72,921
Supplies and Materials	12,608	28,027	2,542	3,345	3,457	49,979
Professional Services	11,681	25,965	2,355	3,099	3,202	46,302
Information Technology	10,507	23,355	2,118	2,788	2,881	41,649
Employee Benefits	10,398	23,113	2,096	2,759	2,851	41,217
Insurance	7,555	16,793	1,523	2,005	2,071	29,947
Fixtures and Equipment	5,259	11,691	1,060	1,396	1,442	20,848
Transportation Expenses	4,966	11,038	1,001	1,318	1,361	19,684
Other Employee Expenses	3,925	8,725	791	1,042	1,076	15,559
Bank Charges	1,594	3,542	321	423	437	6,317
Marketing and Advertising	857	1,905	173	227	235	3,397
Miscellaneous Expenses	2,636	5,859	531	700	723	10,449
Total Expenses	$ 703,594	$ 1,563,992	$ 141,830	$ 186,708	$ 192,899	$ 2,789,023

See Accompanying Notes

SALT AND LIGHT NFP
Statements of Cash Flows
For the Years Ended December 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Change in Net Assets	$ 7,707	$ 194,641
Adjustments to Reconcile Change in Net Assets		
to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	55,795	74,824
(Increase) Decrease in Assets:		
Accounts Receivable	(12,709)	(10,135)
Other Receivables	16,921	(16,971)
Inventory	49,313	(50,819)
Prepaid Expenses	(5,040)	3,054
Increase (Decrease) in Liabilities:		
Accounts Payable	55,798	20,499
Accrued Payroll Liabilities	(12,989)	(86,959)
Accrued Expenses	20,772	27,060
Unearned Revenue	11,585	6,606
Total Adjustments	179,446	(32,841)
Net Cash Provided by Operating Activities	187,153	161,800
Cash Flows from Investing Activities		
Purchases of Property and Equipment	(24,126)	(13,013)
Net Cash Used in Investing Activities	(24,126)	(13,013)
Cash Flows from Financing Activities		
Principal Advances on Note Payable	-	24,859
Principal Payments on Note Payable	(71,404)	(33,985)
Payments on Capital Lease Obligations	(7,661)	(27,668)
Net Cash Used in Financing Activities	(79,065)	(36,794)
Net Change in Cash	83,962	111,993
Cash, Beginning of Year	217,098	105,105
Cash, End of Year	$ 301,060	$ 217,098
Supplementary Disclosure of Cash Flow Information		
Cash Paid for Interest and Penalties	$ 95,627	$ 110,230
Summary of Non-Cash Investing and Financing Activities		
Refinances of Lines of Credit to Note Payable	$ -	$ 400,000

See Accompanying Notes

SALT AND LIGHT NFP
Notes to the Financial Statements
December 31, 2021 and 2020

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 also open to the community. The volunteer aspect of the program also aims to create meaningful employment and training opportunities.

- *Financial Counseling* – Through the nine week Financial Peace University program, and the twelve week Faith and Finance program, the Organization provides individuals the opportunity to learn tools that will help them 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, 2021 and 2020. The balance of accounts receivable at January 1, 2020 was $11,874.

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, 2021 and 2020. The balance of promises to give at January 1, 2020 was $0.

e. Inventories consist of food items sold in the Organization's grocery store and are valued at the lower 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. Unearned revenue consists of gift cards purchased by customers which have not yet been redeemed (exchanged for goods).

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. Revenue Recognition:

The Organization derives its revenues primarily from retail sales, salvage, and contributions. Costs incurred to obtain these will be expense as incurred when the amortization period is less than a year.

- Performance Obligations:

  A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services. Performance obligations may be satisfied at either a point in time or over time.

  Retail and salvage sales, including those associated with the redemption of gift cards, are recognized at a point in time as control of the goods transfers to the customer, the point at which the performance obligations are satisfied.

  Gift card breakage revenue (revenue for the amount of gift cards expected to go unredeemed) is to be recognized on a proportional basis over the redemption period based on a historical breakage rate determined based on historical redemption patterns. Revenue on any remaining unredeemed gift cards is to be recognized based on a determination that the likelihood of the gift card being redeemed is remote and there being no legal obligation to remit the unredeemed gift cards to relevant jurisdictions. Given the Organization's gift card program began in 2020, management does not believe they have sufficient reliable data to determine a breakage rate, and does not consider the likelihood of the redemption of remaining unredeemed gift cards to be remote as of the date of these financial statements. However, management anticipates any such revenue for the periods covered by these financial statements to be immaterial to the financial statements.

  Contributions are recognized when received. All contributions are available for unrestricted use unless they are received with donor stipulations that limit the use of the donated asset.

  The Organization does not allocate any of its transaction price to obligations for returns or refunds as the amounts incurred for these items are historically not significant.

- Contract Assets and Contract Liabilities:

  Contract assets include unbilled amounts, if any, typically resulting from sales under long term contracts when revenue recognized exceeds the amount billed to the customer. Contract assets are generally classified as current. As of December 31, 2021 and 2020, and January 1, 2020, there were no outstanding contract assets.

  Contract liabilities consist of advance payments, if any, and billings in excess of revenue recognized. It is unusual for the Organization to have advanced payments and billings in excess of revenue recognized with a term greater than one year; therefore, contract liabilities are generally classified as current. These are presented on the statements of financial position as unearned revenue. The balance of unearned revenue at January 1, 2020 was $0.

j. 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 2021 and 2020, the Organization recorded in-kind contributions of $2,156 and $7,336, respectively, which is included in contributions on the statements of activities. These amounts consist of donated supplies, equipment, services, and gift cards for food purchases.

   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.

k. 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.

l. 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 position and continuing operations footnotes below.

m. The Organization has evaluated subsequent events through January 20, 2023, the date which the financial statements were available to be issued.

n. *Adopted Accounting Standards Update*

   In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (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 Organization adopted the new standard effective January 1, 2020 using the modified retrospective approach. Revenues subject to ASU 2014-09 and Accounting Standard Codification (ASC) 606 includes retail sales and salvage revenue, primarily as it relates to the recognition of gift card breakage revenue (un-redeemed gift cards) as discussed above. The gift card program began during fiscal year 2020, thus there were no contracts not completed at the initial date of application for which to apply the standard. The adoption of this standard had no impact on beginning net assets as of January 1, 2020, and had no impact on revenue recognized during the years ended December 31, 2021 and 2020 as discussed above.

o. *Upcoming Accounting Standards Updates*

   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, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* (Topic 958). 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:

	2021	2020
Financial Assets Held at Year-End:		
Cash	$ 301,060	$ 217,098
Accounts Receivable	34,718	22,009
Other Receivables	50	16,971
Inventory	77,955	127,268
	413,783	383,346
Unavailable for General Expenditure Within One Year Due To Donor-Imposed Restrictions	-	-
Financial Assets Available for General Expenditure Within One Year	$ 413,783	$ 383,346

The Organization's goal is generally to maintain financial assets sufficient to meet operating expenses. The Organization does not maintain an operating line of credit.

4. Collateralization of Deposits

At December 31, 2021 and 2020, the Organization had deposits at financial institutions that totaled $251,426 and $150,323, adjusted for outstanding items to book balances of $301,060 and $217,098, respectively. Of these deposits, at December 31, 2021 and 2020, $247,456 and $149,042 were covered by federal deposit insurance (FDIC), and $3,970 and $1,281 were uninsured and uncollateralized, respectively.

5. Property and Equipment, Net

Property and equipment consists of the following at December 31:

	2021	2020
Computer Hardware and Software	$ 78,392	$ 78,392
Leasehold Improvements	648,853	648,853
Furniture, Fixtures, and Equipment	126,602	104,091
Office Equipment	24,929	23,314
Total Property and Equipment	878,776	854,650
Less: Accumulated Depreciation and Amortization	(410,312)	(354,517)
Total Property and Equipment, Net	$ 468,464	$ 500,133

Depreciation and amortization expense for the years ended December 31, 2021 and 2020 was $55,795 and $74,824, respectively.

6. Accrued Payroll Liabilities

Accrued payroll liabilities consists of the following at December 31:

	2021	2020
Accrued Compensated Absences	$ 46,640	$ 69,078
Accrued Wages	43,256	31,647
Accrued Payroll Taxes	5,881	7,250
Other Accrued Payroll Liabilities	2,583	3,374
Total Accrued Payroll Liabilities	$ 98,360	$ 111,349

7. Accrued Expenses

Accrued expenses consists of the following at December 31:

	2021	2020
Accrued Interest and Penalties	$ 73,526	$ 52,346
Accrued Sales Tax Liabilities	11,405	11,813
Other Accrued Expenses	408	408
Total Accrued Expenses	$ 85,339	$ 64,567

8. Lines of Credit

The Organization had two lines of credit with a financial institution as of January 1, 2020; 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 January 1, 2020. The lines of credit were collateralized by substantially all of the assets of the Organization. In January 2020, the total principal balance on these lines of credit of $400,000, plus accrued, unpaid, interest of $15,728, was consolidated into a new promissory note established as part of the forbearance agreement discussed in the note payable footnote below, and as shown on the statement of cash flows.

9. Note Payable

The Organization had a note payable with a financial institution as of January 1, 2020, which 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. In January 2020, the total principal balance on this note of $298,856, plus accrued, unpaid, interest of $9,130, was consolidated into a new promissory note established as part of the forbearance agreement discussed below.

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 as discussed above. The promissory note had an original principal balance of $723,714, the outstanding balances of principal and accrued but 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 accrued but unpaid interest balance of $2,529, this note was amended to extend the maturity to January 2023.

Scheduled maturities for the note payable are as follows:

2022	$	61,967
2023		556,359
Total	$	618,326

10. 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:

		2021		2020
Leased Equipment	$	113,558	$	113,558
Less: Accumulated Depreciation and Amortization		(110,383)		(103,328)
Total Equipment Under Capital Lease, Net	$	3,175	$	10,230

Future minimum lease payments for the capital leases as of December 31, 2021 for the remaining terms of the leases are as follows:

2022	$	3,624
Less: Amount Representing Interest		(330)
Net Future Minimum Capital Lease Payments	$	3,294

11. Operating Leases

The Organization leases its store and office space in Champaign, Illinois. The lease expired in December 2017. No formal updated lease agreement has been signed, but the lease has continued as month-to-month. 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, 2021 and 2020 was $37,200 each year, which is included in rent expense on the statements of functional expenses.

The Organization leased 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 met the definition and criteria of a capital lease and thus reverted to an operating lease upon execution of the amendment. 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 required 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, 2021 and 2020 was $170,900 each year, which is included in rent expense on the statements of functional expenses.

The Organization leases trucks under various lease agreements with maturities ranging from April 2022 to October 2028 requiring monthly payments ranging from $968 to $1,357, plus variable expenses. Vehicle lease expense related to these leases for the years ended December 31, 2021 and 2020 was $15,544 and $13,432, 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, 2021, are as follows:

2022	$ 25,169
2023	19,635
2024	16,284
2025	16,284
2026	16,284
Thereafter	28,497
Total	$ 122,153

12. Related-Party Activities

During 2021 and 2020, the Organization received contributions from members of the Board of Directors, employees, and closely affiliated organizations totaling of $76,643 and $45,448, respectively.

13. Uncertain Tax Position

The Organization did not file timely form 990 informational tax returns for fiscal years 2017 through 2021, and as of January 20, 2023, the date of the independent auditor's report, the filings for 2020 and 2021 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 9, 2021, this could result in taxability of activities that were previously considered tax-exempt, and accordingly could result in tax liabilities for the Organization.

Additionally, the Organization has received various notices from both federal and state agencies, including a notice from the Internal Revenue Service dated August 15, 2022 currently imposing a penalty of $53,000 for the late filing of the 2019 form 990 informational tax return. The Organization does not believe they will ultimately be liable for this penalty; however, as of January 20, 2023, the date of the independent auditor's report, the Organization has not received notification of resolution from the Internal Revenue Service abating the penalty discussed above.

The delinquent filings and corresponding potential tax liabilities creates an overall uncertain tax position for the Organization; however, an amount of the total potential liability, if any, is not reasonably estimable given the broad nature and uncertainty of the matter. Given this, given the Organization was in good standing as of the date of these financial statements, and given the penalty imposed above was subsequent to the date of these financial statements, no accrual for potential liabilities has been included in these financial statements.

14. 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 significant increase in operational costs. This has resulted in a negative working capital position, a net asset deficit, and has caused the Organization to become delinquent on many of its obligations in recent years.

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 9, 2021, and the Organization has received various notices from federal and state agencies regarding delinquent filings. 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 profitably through 2018 and much of 2019, and 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 existing debt (however see additional financing obtained discussed in the subsequent event footnote below) as a result of paying down obligations over the past several 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 d) a forgiveness of past due rent and real estate tax obligations, including accrued but unpaid interest on the past due obligations, totaling approximately $564,000 as part of the building and land purchase noted above and further discussed 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 and sustain 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, d) continue to increase the donor base through both normal ongoing development processes, and clear and intentional development plan initiatives, and e) apply for a property tax exemption which would result in anticipated annual savings of approximately $90,000 in property taxes.

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, 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 current and subsequent financial performance trends and other mitigating events, allow the Organization to continue as a going concern within a one-year period after the date of this report.

15. Uncertainty

Beginning in March 2020, local, U.S., and world governments 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. Accordingly, while management cannot quantify the financial and other impacts to the Organization as of January 20, 2023, the date of the independent auditor's report, management believes that a material impact on the Organization's financial position and results of future operations is reasonably possible.

Management has taken measures to respond to and prepare for the impacts of the uncertainty. 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 loan was recorded as revenue on the statement of activities for the year ended December 31, 2020, as the Organization received notification in November 2020 that the loan, in its entirety, was forgiven by the SBA.

16. Subsequent Event

In June 2022, the Organization purchased the building and land of its Urbana, Illinois store location discussed 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 beginning in July 2022 through June 2029 and an estimated balloon payment of $1,317,073 at maturity in June 2029, and carries a fixed interest rate of three 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, including accrued but unpaid interest on the past due 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 is currently (as of January 20, 2023, the date of the independent auditor's report) pursuing alternatives to retaining these lessees including obtaining a property tax exemption as management has determined this to be of greater benefit to the Organization.