

412 Food Rescue, Inc.

Financial Statements

Years Ended December 31, 2022 and 2021
with Independent Auditor's Report

MaherDuessel

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412 FOOD RESCUE, INC.

YEARS ENDED DECEMBER 31, 2022 AND 2021

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Independent Auditor's Report

Board of Directors
412 Food Rescue, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of 412 Food Rescue, Inc. (412 Food Rescue), which comprise the statements of financial position as of December 31, 2022 and 2021, 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, the financial statements referred to above present fairly, in all material respects, the financial position of 412 Food Rescue as of December 31, 2022 and 2021, 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 412 Food Rescue 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.

Change in Accounting Principle

As described in Note 2 to the financial statements, 412 Food Rescue adopted ASU 2016-02, "*Leases (Topic 842)*," which requires lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months and (ASU) 2020-07, "*Not-For-Profit Entities (Subtopic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets.*" 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 412 Food Rescue'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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of 412 Food Rescue'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 412 Food Rescue's ability to continue as a going concern for a reasonable period of time.

Board of Directors
412 Food Rescue, Inc.
Independent Auditor's Report
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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.

Maier Duessel

Pittsburgh, Pennsylvania
September 20, 2023

412 FOOD RESCUE, INC.

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
Assets		
Cash and cash equivalents	\$ 5,595,461	\$ 3,857,164
Accounts receivable	190,302	25,048
Grants receivable	771,500	2,178,158
Prepaid expenses	8,551	7,650
Operating lease right-of-use asset	78,861	121,657
Financing lease right-of-use assets	112,051	38,774
Fixed assets, net	218,652	256,427
Total Assets	<u>\$ 6,975,378</u>	<u>\$ 6,484,878</u>
Liabilities and Net Assets		
Liabilities:		
Accounts payable	\$ 95,312	\$ 93,096
Loans payable	91,193	100,000
Operating lease liability	79,190	121,657
Financing lease liabilities	141,809	56,421
Deferred revenue	1,500	-
Total Liabilities	<u>409,004</u>	<u>371,174</u>
Net Assets:		
Without donor restrictions	5,554,173	6,016,315
With donor restrictions	1,012,201	97,389
Total Net Assets	<u>6,566,374</u>	<u>6,113,704</u>
Total Liabilities and Net Assets	<u>\$ 6,975,378</u>	<u>\$ 6,484,878</u>

See accompanying notes to financial statements.

412 FOOD RESCUE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Contributed nonfinancial assets	\$ 12,538,121	\$ -	\$ 12,538,121
Contributions	1,741,340	2,059,700	3,801,040
Gain on sale of fixed assets	17,000	-	17,000
Special events	75,490	-	75,490
Software licensing	145,250	-	145,250
Other income	145,915	-	145,915
Total revenues and support	14,663,116	2,059,700	16,722,816
Net assets released from restrictions	1,144,888	(1,144,888)	-
	15,808,004	914,812	16,722,816
Expenses:			
Program services	15,217,478	-	15,217,478
General and administrative	741,081	-	741,081
Fundraising	311,587	-	311,587
Total expenses	16,270,146	-	16,270,146
Change in Net Assets	(462,142)	914,812	452,670
Net Assets:			
Beginning of year	6,016,315	97,389	6,113,704
End of year	\$ 5,554,173	\$ 1,012,201	\$ 6,566,374

See accompanying notes to financial statements.

412 FOOD RESCUE, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and Support:			
Contributed nonfinancial assets	\$ 13,326,700	\$ -	\$ 13,326,700
Contributions	3,587,471	588,201	4,175,672
Gain on sale of fixed assets	-	-	-
Special events	50,599	-	50,599
Software licensing	223,987	-	223,987
Other income	115,515	-	115,515
Total revenues and support	17,304,272	588,201	17,892,473
Net assets released from restrictions	1,765,639	(1,765,639)	-
	19,069,911	(1,177,438)	17,892,473
Expenses:			
Program services	16,847,878	-	16,847,878
General and administrative	521,478	-	521,478
Fundraising	213,928	-	213,928
Total expenses	17,583,284	-	17,583,284
Change in Net Assets	1,486,627	(1,177,438)	309,189
Net Assets:			
Beginning of year	4,529,688	1,274,827	5,804,515
End of year	\$ 6,016,315	\$ 97,389	\$ 6,113,704

See accompanying notes to financial statements.

412 FOOD RESCUE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2022

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Food distributed	\$ 12,538,121	\$ -	\$ -	\$ 12,538,121
Purchased food	-	-	-	-
Salaries and wages	1,925,343	307,238	217,418	2,449,999
Contracted services	349,898	260,622	31,068	641,588
Facilities	28,624	43,235	-	71,859
Office equipment	2,986	2,551	477	6,014
Catering and hospitality	13	262	3,137	3,412
Telephone	10,573	3,529	-	14,102
Postage and printing	7,724	4,780	8,278	20,782
Office supplies	13,003	6,015	968	19,986
Advertising and marketing	73,600	6,895	6,313	86,808
Program supplies	91,129	327	7,750	99,206
Software development	6,734	23,269	14,340	44,343
Website	-	-	-	-
Travel and meetings	15,207	18,019	20,156	53,382
Vehicle	49,075	30	20	49,125
Professional development	2,687	7,900	-	10,587
Bank and registration fees	-	11,022	1,278	12,300
Loan interest	7,881	-	-	7,881
Membership dues	12,087	2,629	384	15,100
Depreciation	82,793	-	-	82,793
Insurance	-	42,758	-	42,758
Total expenses	<u>\$ 15,217,478</u>	<u>\$ 741,081</u>	<u>\$ 311,587</u>	<u>\$ 16,270,146</u>

See accompanying notes to financial statements.

412 FOOD RESCUE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2021

	<u>Program</u>	<u>General and Administrative</u>	<u>Fundraising</u>	<u>Total</u>
Food distributed	\$ 13,326,700	\$ -	\$ -	\$ 13,326,700
Purchased food	1,094,500	-	-	1,094,500
Salaries and wages	1,523,294	200,589	150,447	1,874,330
Contracted services	578,082	171,544	26,327	775,953
Facilities	44,025	19,096	-	63,121
Office equipment	4,714	12,652	1,351	18,717
Catering and hospitality	51,528	12,568	2,946	67,042
Telephone	6,528	3,213	-	9,741
Postage and printing	260	2,552	13,468	16,280
Office supplies	-	15,923	-	15,923
Advertising and marketing	15,000	9,165	16,506	40,671
Program supplies	18,072	1,349	156	19,577
Software development	25,198	-	-	25,198
Website	19,497	9,736	39	29,272
Travel and meetings	14,865	7,388	1,051	23,304
Vehicle	62,226	6,745	-	68,971
Professional development	1,983	1,482	138	3,603
Bank and registration fees	30	17,711	-	17,741
Loan interest	7,548	-	-	7,548
Membership dues	1,000	1,937	1,499	4,436
Depreciation	52,828	-	-	52,828
Insurance	-	27,828	-	27,828
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total expenses	<u>\$ 16,847,878</u>	<u>\$ 521,478</u>	<u>\$ 213,928</u>	<u>\$ 17,583,284</u>

See accompanying notes to financial statements.

412 FOOD RESCUE, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2022 AND 2021

	2022	2021
Cash Flows From Operating Activities:		
Change in net assets	\$ 452,670	\$ 309,189
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Gain on the sale of equipment	(17,000)	-
Depreciation	82,793	52,828
Change in:		
Accounts receivable	(165,254)	-
Grants receivable	1,406,658	(1,887,612)
Prepaid expense	(901)	-
Operating lease right-of-use asset	42,796	42,642
Accounts payable	2,216	(11,890)
Operating lease liabilities	(42,467)	(42,642)
Deferred revenue	1,500	(1,297)
Total adjustments	1,310,341	(1,847,971)
Net cash provided by (used in) operating activities	1,763,011	(1,538,782)
Cash Flows From Investing Activities:		
Sale of fixed assets	17,000	-
Purchase of fixed assets	-	(139,583)
Net cash provided by (used in) investing activities	17,000	(139,583)
Cash Flows From Financing Activities:		
Payments on note payable	(8,807)	-
Payments on finance lease liabilities	(32,907)	(13,352)
Net cash provided by (used in) financing activities	76,581	(13,352)
Net Increase (Decrease) in Cash and Cash Equivalents	1,738,297	(1,691,717)
Cash and Cash Equivalents:		
Beginning of year	3,857,164	5,548,881
End of year	\$ 5,595,461	\$ 3,857,164
Supplemental Disclosures:		
Interest paid - financing leases	\$ 3,588	\$ 2,548
Cash paid during the year for interest	\$ 4,293	\$ 5,000
Addition of right-of-use asset for financing leases	\$ 118,295	\$ -

See accompanying notes to financial statements.

412 FOOD RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

1. Organization and Purpose

412 Food Rescue, Inc. (412 Food Rescue), incorporated on March 17, 2015, is a non-profit corporation founded to directly impact hunger and sustainability by saving fresh, healthy food from going to waste, and to develop an innovative technology-based reverse logistics model that aims to fight hunger and promote sustainability.

412 Food Rescue works with food retailers, wholesalers, restaurants, caterers, universities, and other food providers to rescue un-sellable but perfectly good food. These providers often do not have the operations resources to consistently redirect food to community organizations. 412 Food Rescue only rescues fresh, perishable food - healthy food - and directly distributes it to organizations. It does not store or bank the food.

Food is delivered to agencies that serve low-income, homeless, and other needy people in Allegheny County, Pennsylvania and surrounding areas. Agencies currently include soup kitchens, public school backpack programs, community organizations, governmental agencies, and other nonprofits that serve those who are food insecure. 412 Food Rescue will accept beneficiary applications from organizations that can redistribute food directly to those who are hungry.

2. Summary of Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded as earned and expenses are recorded at the time liabilities are incurred.

Estimates

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. These estimates and assumptions 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.

412 FOOD RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Cash and Cash Equivalents

412 Food Rescue considers all highly liquid investments with original maturities of less than three months as cash equivalents. Account balances at December 31, 2022 and 2021 exceeded the Federal Deposit Insurance Corporation limit. 412 Food Rescue believes it has placed its cash and cash equivalents with high credit quality financial institutions and does not believe it is exposed to any significant credit risk on its cash and cash equivalents.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual accounts. There were no allowances for doubtful accounts deemed necessary by management at December 31, 2022 and 2021. Opening and closing accounts receivables are \$25,048 and \$190,302, respectively, for the year ended December 31, 2022 and \$0 and \$25,048, respectively, for the year ended December 31, 2021.

Grants Receivable

Grants receivable represent amounts awarded by donors that have not been received. Management has determined that no allowance was considered necessary at December 31, 2022 and 2021; all receivables are considered to be collectible. The effect of a present valuation of the donations and grants receivable has been deemed by management as immaterial.

Unconditional grants receivable consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Amounts due in one year	\$ 671,500	\$ 2,003,158
Amounts due in one to five years	<u>100,000</u>	<u>175,000</u>
	<u>\$ 771,500</u>	<u>\$ 2,178,158</u>

412 FOOD RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Fixed Assets

Fixed assets are recorded at cost when purchased and fair value at the date of the gift when received as a contribution. Depreciation of fixed assets is provided by the straight-line method over the estimated useful lives of the assets.

Maintenance and repairs which are not considered to extend the useful lives of assets are charged to operations as incurred. Expenditures for additions and improvements are capitalized.

Leases

412 Food Rescue determines if an arrangement is a lease at inception. Leases are included as operating and finance lease right-of-use (ROU) assets and operating and finance lease liabilities, respectively, on the statements of financial position.

ROU assets represent 412 Food Rescue's right to use an underlying asset for the lease term and lease liabilities represent 412 Food Rescue's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. In determining the discount rate used to measure the right-of-use asset and lease liability, 412 Food Rescue uses rates implicit in the lease, or if not readily available, the risk-free Treasury rate is used in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. 412 Food Rescue's lease terms may include options to extend or terminate the lease when it is reasonably certain that they will exercise that option. Lease expense for operating lease payments is recognized on a straight-line basis over the lease term.

412 Food Rescue's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Software Development Costs

Costs for the continuing maintenance and enhancements of 412 Food Rescue application are expensed as incurred.

412 FOOD RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Net Assets

The assets, liabilities, and net assets of 412 Food Rescue are reported in net asset classes as follows:

Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations.

With Donor Restrictions – Net assets subject to donor-imposed or other legal restrictions that the principal be maintained permanently by 412 Food Rescue. Some donor restrictions are temporary in nature; those restrictions will be met by actions of 412 Food Rescue or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Revenue Recognition

Contributions received, including unconditional promises to give, are recorded as support with or without donor restrictions, depending on the existence or nature of any donor restrictions.

Donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Conditional promises to give are recognized when the conditions on which they depend are substantially met. As of December 31, 2022 and 2021, there are no conditional promises to give.

Software licensing fees are recognized over the term of the agreement.

Contributed Nonfinancial Assets

412 Food Rescue recognizes contributed services and materials in accordance with accounting principles generally accepted in the United States of America if the services create or enhance non-financial assets, require specialized skills, and are performed by individuals with those skills, or if the services and goods would otherwise be purchased by 412 Food Rescue.

412 FOOD RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

In addition, many individuals volunteer their time and perform a variety of tasks that assist 412 Food Rescue, but these services do not meet the criteria for recognition as contributed services. 412 Food Rescue benefited from 30,324 and 36,179 volunteer hours for the years ended December 31, 2022 and 2021, respectively, representing a dollar value of approximately \$964,303 (\$31.80/hr) and \$1,083,000 (\$29.95/hr), respectively, in volunteer services based on the Bureau of Labor Statistics Dollar Value of a Volunteer Hour.

Liquidity and Availability

The primary source of liquid resources for 412 Food Rescue is the collection of grants and contributions. 412 Food Rescue manages its liquid resources by focusing on fundraising efforts to ensure 412 Food Rescue has adequate grants and contributions to cover the programs that are being conducted.

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

	<u>2022</u>	<u>2021</u>
Financial assets, at year-end (cash, cash equivalents, and receivables)	\$ 6,557,263	\$ 6,060,370
Less: those unavailable for general expenditures within one year due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	<u>(1,012,201)</u>	<u>(97,389)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,545,062</u>	<u>\$ 5,962,981</u>

Expense Allocation

The costs of providing programs are presented on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the programs and support services benefited. Management's functional expense allocation method is primarily based on a combination of direct cost allocation and an analysis of payroll expenses per employee.

412 FOOD RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

Income Tax Status

412 Food Rescue is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code and has been classified as an organization that is not a private foundation under Section 509(a)(1). Further, 412 Food Rescue annually files a Form 990.

Adopted Accounting Standards

The provisions of these Standards Updates have been adopted and incorporated into these financial statements:

ASU 2016-02, *“Leases (Topic 842).”* These amendments and related amendments require lessees to recognize assets and liabilities on the statement of financial position for the rights and obligations created by all leases with terms of more than twelve months. Disclosures are required by lessees to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The adoption of this standard resulted in the presentation of right to use lease assets and related lease liabilities on the statements of financial position, and additional footnote disclosure. The adoption did not result in a significant effect on amounts reported in the statement of activities for the year ended December 31, 2021.

ASU 2020-07, *“Not-For-Profit Entities (Subtopic 958): Presentation and Disclosures by Not-For-Profit Entities for Contributed Nonfinancial Assets.”* The amendments in this update expand upon the presentation and disclosure of contributed nonfinancial assets to provide the reader of the financial statements a clearer understanding of the types of nonfinancial assets received and how they are utilized and recognized by the not-for-profit organization.

Reclassification

Certain items for 2021 have been reclassified to conform to the 2022 presentation. The reclassification had no effect on the change in net assets.

Subsequent Events

Subsequent events have been evaluated through the Independent Auditor’s Report date, which is the date the financial statements were available to be issued.

412 FOOD RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

3. Fixed Assets

A summary of fixed assets at December 31 is as follows:

	<u>2022</u>	<u>2021</u>
Equipment	\$ 295,195	\$ 318,615
Leasehold improvements	40,270	40,270
Less: accumulated depreciation	<u>(116,813)</u>	<u>(102,458)</u>
Net fixed assets	<u>\$ 218,652</u>	<u>\$ 256,427</u>

4. Loan Payable

412 Food Rescue received a loan in the amount of \$100,000, secured by the Millvale Kitchen project assets, payable in quarterly installments of interest-only at a rate of 4% from October 2018 through April 2020, followed by quarterly installments of interest and principal based on revenue performance of the Millvale Kitchen through maturity as follows; 10% of quarterly gross sales less than or equal to \$20,000, 8% of quarterly gross sales greater than \$20,000, in 32 quarterly installments which matures on July 30, 2028. At December 31, 2022 and 2021, \$91,193 and \$100,000 was outstanding, respectively.

5. Leases

412 Food Rescue has operating and finance leases for office space and equipment, respectively. The leases have remaining lease terms of two to six years, some of which may include options to extend the leases for up to one year. As of December 31, 2022, assets recorded under finance leases were \$112,051 (\$215,231 net of accumulated amortization associated with the leases of \$103,180). As of December 31, 2021, assets recorded under finance leases were \$38,774 (\$96,936 net of accumulated amortization associated with the leases of \$58,162).

The office space operating lease provides for a renewal option for two additional three year terms at the then fair rental value negotiated in good faith. Since 412 Food Rescue is not reasonably certain as of December 31, 2022 that the renewal options will be exercised, the periods after October 2024 are excluded in the right-of-use asset and lease liability on the statements of net position.

412 FOOD RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

412 Food Rescue's office space lease includes variable rental payments. For the year ended December 31, 2022, 412 Food Rescue recognized lease cost in the amount of \$43,185 for the operating lease and \$37,152 for the finance leases. For the year ended December 31, 2021, 412 Food Rescue recognized lease cost in the amount of \$43,165 for the operating lease and \$16,396 for the finance leases. Operating cash flows included in the measurement of the lease liability for the year ended December 31, 2022 and 2021 was \$43,344 and \$42,656, respectively. Financing cash flows included in the measurement of the lease liability for the years ended December 31, 2022 and 2021 was \$36,494 and \$15,900, respectively.

Future minimum lease payments under non-cancellable leases as of December 31, 2022 are as follows:

Year Ending December 31,	Operating Leases	Finance Leases
2023	\$ 43,344	\$ 33,552
2024	36,120	33,552
2025	-	30,902
2026	-	17,652
2027	-	17,652
Thereafter	-	14,710
Total future minimum lease payments	79,464	148,020
Less: interest	(274)	(6,211)
Total	<u>\$ 79,190</u>	<u>\$ 141,809</u>

Other information related to leases was as follows:

	2022	2021
Weighted average remaining lease term:		
Operating leases	1.83 years	2.83 years
Finance leases	4.93 years	3.83 years
Weighted average discount rate:		
Operating leases	0.36%	0.36%
Finance leases	2.62%	4.00%

412 FOOD RESCUE, INC.

NOTES TO FINANCIAL STATEMENTS

YEARS ENDED DECEMBER 31, 2022 AND 2021

6. Net Assets with Donor Restrictions

Net assets with donor restrictions are available for the following purposes at December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
App development, tech, growth and expansion	\$ 661,201	\$ 38,540
Millvale kitchen	-	49,113
Food recovery operations	301,000	-
Food education	-	9,736
General operating - time restricted	<u>50,000</u>	<u>-</u>
Total net assets with donor restrictions	<u>\$ 1,012,201</u>	<u>\$ 97,389</u>

7. Contributed Nonfinancial Assets

For the years ended June 30, 2022 and 2021, contributed nonfinancial assets recognized within the statement of activities included:

	<u>2022</u>	<u>2021</u>
Food	<u>\$ 12,538,121</u>	<u>\$ 13,326,700</u>

412 Food Rescue recognized contributed nonfinancial assets within revenue. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. Contributed food was utilized in the food recovery operations program, therefore, increasing program expenses on the financial statements.

Donated food is valued at the approximate estimated retail food value of one pound of food wasted as well as food waste diverted, based on 2016 data from the Bureau of Labor Statistics on monthly average food prices to estimated retail food value, which is updated yearly based upon the Consumer Price Index for food at home. 412 Food Rescue rescued approximately 4,320,000 and 5,120,000 pounds of food during 2022 and 2021, respectively, at an estimated value of \$2.89 and \$2.59 per pound in 2022 and 2021, respectively.