THE PACK SHACK

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

PRZYBYSZ
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

THE PACK SHACK
DECEMBER 31, 2020 AND 2019

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PRZYBYSZ
& ASSOCIATES
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

To the Board of Directors
The Pack Shack
Cave Springs, Arkansas

Opinion

We have audited the accompanying financial statements of The Pack Shack (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 The Pack Shack as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Pack Shack and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 Note 13 to the financial statements, the Organization has suffered significant reductions program revenues, has a net deficiency in net assets, and has stated that substantial doubt exists about the Organization's ability to continue as a going concern. Management's evaluation of the events and conditions and management's plans regarding those matters are also described in Note 13. The financial statements do not include any adjustments that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

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Change in Accounting Principle

As discussed in Note 1 to the financial statements, in 2020, the Organization adopted new accounting guidance Accounting Standards Update No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* 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 The Pack Shack's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 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 The Pack Shack'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 The Pack Shack's ability to continue as a going concern for a reasonable period of time.

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

Report on Prior Year Financial Statements

The financial statements of The Pack Shack as of and for the year ended December 31, 2019 were audited by another auditor whose report dated November 11, 2020 expressed and unmodified opinion on those statements. The summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Przybysz & Associates

Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
November 1, 2021

FINANCIAL STATEMENTS

THE PACK SHACK

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31,	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	$ 99,250	$ 97,137
Accounts receivable	3,249	24,181
Inventories	5,202	84,687
Prepaid expenses	-	500
Deposits	2,658	7,608
Total Current Assets	110,359	214,113
Property and Equipment		
Equipment and computers	15,253	36,828
Software	25,000	25,000
Vehicles	-	107,446
Accumulated depreciation	(39,323)	(123,735)
Net Property and Equipment	930	45,539
Total Assets	$ 111,289	$ 259,652
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 43,261	$ 30,973
Deferred revenue	-	38,976
Paycheck Protection Program Loan	164,400	-
Current portion of Economic Injury Disaster Loan	4,228	-
Current portion of capital lease obligation	-	1,966
Current portion of notes payable	-	16,564
Total Current Liabilities	211,889	88,479
Long-Term Liabilities		
Economic Injury Disaster Loan	230,772	-
Capital lease obligation	-	3,762
Notes payable	-	18,516
Total Long-Term Liabilities	230,772	22,278
Total Liabilities	442,661	110,757
Net Assets		
Without Donor Restrictions (deficit)	(331,372)	148,895
Total Net Assets	(331,372)	148,895
Total Liabilities and Net Assets	$ 111,289	$ 259,652

See accompanying notes to financial statements.

THE PACK SHACK

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2020, WITH COMPARATIVE TOTALS FOR 2019

	2020 Total	2019 Total
Revenues and Other Support Without Donor Restrictions		
Feed the Funnel	$ 380,771	$ 2,257,413
Donations	79,610	42,218
Grants	115,218	-
Be Neighborly donations	25,163	-
Merchandise income	45	2,065
Sale of other assets	29,528	-
Gain on disposal of property and equipment	28,907	-
Other income	20,517	4,838
Total Revenues and Other Support Without Donor Restrictions	679,759	2,306,534
Expenses		
Program services	863,203	1,773,177
Management and general	181,647	206,301
Fundraising	115,176	239,895
Total Expenses	1,160,026	2,219,373
Change in Net Assets Without Donor Restrictions	(480,267)	87,161
Net Assets Without Donor Restrictions, beginning of period	148,895	61,734
Net Assets Without Donor Restrictions, end of period (deficit)	$ (331,372)	$ 148,895

See accompanying notes to financial statements.

THE PACK SHACK

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2020, WITH COMPARATIVE TOTALS FOR 2019

	Program Service	Management & General	Fund Raising	2020 Total	2019 Total
Payroll and benefits	$ 425,506	$ 73,699	$ 88,407	$ 587,612	$ 890,492
Taxes and insurance	31,214	8,277	6,729	46,220	73,723
Contract labor	200	-	-	200	404
Professional fees	-	36,810	-	36,810	37,208
Repairs and maintenance	4,669	8,285	-	12,954	40
Depreciation	-	12,861	-	12,861	35,277
Marketing	-	-	13,382	13,382	15,302
Be Neighborly food	38,344	-	-	38,344	-
Supplies	31,571	-	-	31,571	102,416
Equipment	491	-	-	491	17,058
Ingredients	155,498	-	-	155,498	598,408
Miscellaneous expenses	3,714	6,102	6,658	16,474	21,339
Office expenses	871	3,356	-	4,227	7,013
Software	-	6,787	-	6,787	10,301
Bank charges	-	752	-	752	972
Interest expense	-	4,671	-	4,671	5,169
Dues	-	589	-	589	1,775
Rent	105,681	-	-	105,681	121,922
Shipping	21,500	-	-	21,500	66,567
Telephone	-	4,581	-	4,581	2,757
Travel	14,252	3,365	-	17,617	94,099
Utilities	-	11,512	-	11,512	15,357
Transportation	29,692	-	-	29,692	101,774
Total Expenses	$ 863,203	$ 181,647	$ 115,176	$ 1,160,026	$ 2,219,373

See accompanying notes to financial statements.

THE PACK SHACK

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2020	2019
Cash Flows From Operating Activities		
Change in net assets	$ (480,267)	$ 87,161
Items not effecting cash		
Depreciation	12,861	35,277
Gain/(loss) on disposed assets	(28,907)	-
(Increase)/decrease in:		
Accounts receivable	20,932	25,001
Inventories	79,485	(170)
Prepaid expenses	500	-
Deposits	4,950	(4,000)
Increase/(decrease) in:		
Accounts payable	12,288	(72,495)
Accrued expenses	-	(11,101)
Deferred revenue	(38,976)	36,476
Net Cash Provided (Used) By Operating Activities	(417,134)	96,149
Cash Flows From Investing Activities		
Purchase of property and equipment	(1,395)	(1,322)
Proceeds from sale of property and equipment	62,050	-
Net Cash Provided (Used) By Investing Activities	60,655	(1,322)
Cash Flows From Financing Activities		
Proceeds from EIDL loan	235,000	-
Proceeds from Paycheck Protection Program loan	164,400	-
Principal paid on long-term debt	(35,080)	(15,759)
Principal paid on capital lease obligations	(5,728)	(1,774)
Net Cash Provided (Used) By Financing Activities	358,592	(17,533)
Net Increase In Cash, Cash Equivalents	2,113	77,294
Cash, Cash Equivalents - beginning of year	97,137	19,843
Cash, Cash Equivalents - end of year	$ 99,250	$ 97,137

Supplemental Disclosure of Cash Flow Information:

Cash paid for interest	$ 4,671	$ 5,169

See accompanying notes to financial statements.

Nature of Operations

The Pack Shack (the Organization) is a not-for-profit organization headquartered in Cave Springs, Arkansas. The mission of the Organization is to increase awareness about hunger issues affecting communities, provide food to nonprofits, and encourage people to get involved with local nonprofits serving their neighbors.

The Organization hosts Feed the Funnel Parties where large groups of individuals come together to pack meals. The Organization provides the ingredients, supplies and equipment for each event. Groups are charged a standard rate per meal for each meal that is packed plus a small flat administrative fee. Historically, the majority of Feed the Funnel parties have been hosted offsite.

In 2020, the Organization expanded its onsite Feed the Funnel parties to accommodate an increasing number of smaller groups. These small group Feed the Funnel parties are funded by donations from companies, individuals and organizations.

Be Neighborly is a program where the Organization packs boxes filled with an assortment of shelf stable food provisions. The provision boxes contain food purchased by the Organization rather than the food packed at its parties. This program is funded by grants and donations from other companies.

The meals and provision boxes packed are subsequently donated free of charge to local organizations, such as food banks and food pantries, to distribute to people and/or other organizations in their area.

1. Summary of Significant Accounting Policies

a. Recently Issued Accounting Standards

The Organization adopted the following standards during the year ended December 31, 2020:

In May 2014, the FASB issued Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606).* The core principle of this guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for goods and services. This ASU requires entities to make new judgements and estimates and provide expanded disclosures about revenue. Adoption of this ASU did not have any effect on the financial statements.

The Organization adopted the following standards during the year ended December 31, 2019:

In June 2018, the FASB issued ASU No. 2018-08, Not-For-Profit Entities (Topic 958): Clarifying the Scope and Guidance for Contributions Received and Contributions Made. This ASU establishes standards for characterizing grants and similar contracts with resource providers as either exchange transactions or contributions with or without conditions. Adoption of this ASU did not have any effect on the financial statements.

1. Summary of Significant Accounting Policies (continued)

b. Comparative and Summarized Financial Information

The financial statements include certain prior year summarized comparative totals. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2019, from which the summarized totals were derived. In addition, certain 2019 amounts have been reclassified in order to conform with the 2020 financial statement presentation, Net assets and changes in net assets are unchanged due to these reclassifications.

c. Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with U.S. Generally Accepted Accounting Principles (GAAP) whereby revenues are recognized as earned and expenses are recognized as obligations are incurred.

d. Financial Statement Presentation

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 or are no longer subject to donor-imposed stipulations.

Net assets with donor restrictions - these net assets result from contributions or grant awards of cash or other assets that are received with donor stipulations that limit the use of the donated assets, either temporarily or permanently, until the donor restriction expires either with the passage of time or by action of the Organization.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed stipulations. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purposes has been fulfilled and/or the passage of time has elapsed) are reported as reclassifications between the applicable classes of net assets. The Organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

THE PACK SHACK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

1. Summary of Significant Accounting Policies (continued)

e. Fair Value of Financial Instruments

The Organization's financial instruments include cash and cash equivalents, accounts receivable and accounts payable. The Organization's estimate of the fair value of all financial instruments does not differ materially from the aggregate carrying value of its financial instruments recorded in the accompanying statement of financial position. The carrying amount of these financial instruments approximate fair value because of the short maturity of these instruments.

f. Cash Flows

For purposes of the statements of cash flows, the Organization considers all highly liquid debt instruments with a maturity of three months or less when purchased to be cash equivalents.

g. Accounts Receivable

Accounts receivable consist of amounts owed for program fees and donations and are stated at the amount the Organization expects to collect. Amounts are generally due within 30 days of invoice date. Interest is not charged on past due accounts. If the balance is still unpaid after reasonable collection efforts, the account is written off. Management believes that all accounts are collectible, therefore, no allowance for doubtful accounts is necessary at December 31, 2020 and 2019.

h. Inventory

Inventories consist of ingredients, supplies and merchandise. Inventories are stated at lower of cost or net realizable value. Costs are determined on a first-in, first out basis.

i. Prepaid Expenses

Payments made to vendors for services that will benefit future periods are recorded as prepaid expenses using the consumption method by recording a current asset for the prepaid amount at the time of purchase and reflecting the expense in thee year which services are consumed.

j. Fixed Assets and Depreciation

Fixed assets are stated at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Expenditures for maintenance, repairs and renewals or relatively relatively minor items are charged to expense as incurred. The estimated useful lives of the assets are as follows:

	Years
Equipment and computers	1-5 years
Software	5 years
Vehicles	2-5 years

1. Summary of Significant Accounting Policies (continued)

j. Fixed Assets and Depreciation (continued)

It is the Organization's policy to capitalize all asset purchases with a cost equal to or greater than $500. Expenditures of less than $500 are expensed at the time of purchase.

The Organization's depreciation expense for the years ended December 31, 2020 and 2019 was $12,861 and $35,277, respectively.

k. Deferred revenue

Payments received from other organizations for future Feed the Funnel parties are deferred and recognized as revenue in the period when the party occurs.

l. Revenue Recognition

Program revenue is recognized when services are provided; generally this occurs when the parties are held. Revenue is measured as the amount of consideration the Organization is expect to receive in exchange for providing services.

Conditional contributions and grants are those that contain a barrier that must be overcome before the Organization is entitled to the assets transferred and a right of return of assets transferred or a right of release of the donors obligation to transfer assets exists. Conditional contribution and grant revenue is recognized when all barriers have been overcome. All other contributions and grants are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

m. Expense Allocation

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to programs and supporting activities. Expenses related to more than one function are allocated to programs and supporting services. Expenses were allocated based on time and usage estimates.

n. Advertising

The Organization expenses advertising costs as they are incurred.

1. Summary of Significant Accounting Policies (continued)

o. Shipping and Handling Cost

Shipping and handling costs paid for the purchase of ingredients was $21,500 and $66,567 for the years ended December 31, 2020 and 2019, respectively.

p. Estimates

The preparation of financial statements in conformity with accounting principals generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts in the financial statements and notes to the financial statements. Actual results could differ from those estimates.

2. Federal Income Tax

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar section of Arkansas statutes. Accordingly, no provision or liability for federal or state income taxes has been included in the accompanying financial statements. In addition, the Organization has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code.

Additionally, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

Generally accepted accounting principles require tax effects from an uncertain tax position to be recognized in the financial statements only if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged. If an uncertain tax position meets the more-likely-than-not threshold, the largest amount of tax benefit that is greater than 50% likely to be recognized upon ultimate settlement with the taxing authority is recorded. The Organization's primary tax positions relate to its status as a not-for-profit entity exempt from income taxes and classification of activities related to its exempt purpose.

The Organization has analyzed its tax positions taken for filings with the Internal Revenue Service. It believes that its filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on its financial condition, results of operations, or cash flows.

3. Bank Deposits

The Organization maintains its operating bank accounts in one local financial institutions. The Federal Deposit Insurance Corporation (FDIC) insures accounts at each institution up to $250,000. The Organization's cash balances may, at times, exceed these insured limits. As of December 31, 2020 and 2019, all of the Organization's deposits were insured. The Organization does not believe that there is any significant risk associated with the concentrations of credit nor has the Organization experienced any losses in such accounts.

4. Inventories

Inventory held by the Organization consists of the following:

As of December 31,	2020	2019
Ingredients	$ 2,619	$ 59,276
Supplies	1,639	22,459
Merchandise	944	2,952
Total	$ 5,202	$ 84,687

5. Property and Equipment

Activity of property, plant and equipment consists of the following:

As Of	January 1, 2020	Additions	Retirements	December 31, 2020
Equipment and computers	$ 42,328	$ 1,395	$ 28,470	$ 15,253
Software	25,000	-	-	25,000
Vehicles	101,946	-	101,946	-
Total	$ 169,274	$ 1,395	$ 130,416	$ 40,253

As Of	January 1, 2019	Additions	Retirements	December 31, 2019
Equipment and computers	$ 41,006	$ 1,322	$ -	$ 42,328
Software	25,000	-	-	25,000
Vehicles	101,946	-	-	101,946
Total	$ 167,952	$ 1,322	$ -	$ 169,274

The Organization sold a majority of its assets during 2020 (see Note 13 for additional information). The Organization received proceeds of $62,050 from the sales and after paying any debt associated with the assets, recognized a gain on the sales totaling $28,907.

6. Capital Lease Obligation

The Company leased a forklift under a capital lease that was set to expire in August 2022. The asset and liability under the capital lease was recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The asset was amortized over the lesser of the related lease term or the estimated productive life. The capital lease was paid off and the forklift was sold in 2020 for $2,800. Amortization of the asset is included in depreciation expense for the years ended December 31, 2020 and 2019.

THE PACK SHACK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2020 AND 2019

6. Capital Lease Obligation (continued)

The following is a summary of equipment held under capital leases:

As of December 31,	2020	2019
Forklift	$ -	$ 9,600
Less: accumulated amortization	-	(3,840)
Net Book Value	$ -	$ 5,760

7. Notes Payable

The Organization had two notes payable for the purchase of a 2016 and a 2017 Ford Transit van. The 2016 note was payable in monthly installments of $645 including interest at 3.8%, due in October 2021, and secured by property and equipment. The 2017 note was payable in monthly installments of $853 including interest at 5.95%, due in March 2022, and secured by property and equipment. Both vehicles were sold in 2020 for $42,000 and the proceeds were used to pay the loan balances in full.

8. Paycheck Protection Program Loan / Economic Injury Disaster Loan and Advance

On April 16, 2020, the Center received a loan of $164,400 from the Paycheck Protection Program (PPP) and a $235,000 and $9,000 Economic Injury Disaster Loan (EIDL) loan and advance, respectively, under provisions of the CARES Act, which was enacted March 27, 2020.

The PPP loan and accrued interest is forgivable after eight weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. On January 15, 2021, the Organization was granted 100% loan forgiveness by the Small Business Administration.

EIDL funds can be used for working capital and normal operating expenses. The EIDL advance does not require repayment. The $235,000 EIDL loan will be repaid in monthly installments of $1,004 including interest at 2.75% commencing April 22, 2021. The loan is secured by substantially all of the Organization' s assets and matures in thirty years.

The EIDL loan is scheduled to mature as follows:

December 31,	Principal	Interest	Total
2021	$ 4,228	$ 4,808	$ 9,036
2022	5,774	6,274	12,048
2023	5,935	6,113	12,048
2024	6,100	5,948	12,048
2025	6,270	5,778	12,048
Thereafter	206,693	73,250	279,943
Total	$ 235,000	$ 102,171	$ 337,171

9. Changes in Long-Term Liabilities

Activity of the long-term liabilities consists of the following:

As Of		January 1, 2020		Additions		Retirements		December 31, 2020
PPP Loan	$	-	$	164,400	$	-	$	164,400
Economic Injury Disaster Loan		-		235,000		-		235,000
Capital lease obligation		5,728		-		5,728		-
Notes payable		35,080		-		35,080		-
Total	$	40,808	$	399,400	$	40,808	$	399,400

As Of		January 1, 2019		Additions		Retirements		December 31, 2019
Capital lease obligation	$	7,502	$	-	$	1,774	$	5,728
Notes payable		50,839		-		15,759		35,080
Total	$	58,341	$	-	$	17,533	$	40,808

10. Operating Leases

The Organization leased office and warehouse space plus a truck under separate operating leases. All of the leases were terminated in 2020, with the exception of the Cave Springs location which was re-negotiated. See Note 13 for more information.

The Cave Springs facility lease called for monthly rent of $6,060 per month with rent increases of 1% annually. The lease was re-negotiated in December at a rate of $3,063 per month with rent increases of 1% annually. The lease is non-cancellable and terminates on November 30, 2023. Total rent expense for Cave Springs was $69,723 and $72,120 for the years ended December 31, 2020 and 2019, respectively.

Minimum future payments under this lease are as follows:

For the Years Ended December 31,		
2021	$	36,781
2022		37,148
2023		34,365
Total	$	108,294

The Organization had a second office and warehouse lease in Ohio. This office handled the parties in the mid-western and northern parts of the United States. The lease was terminated in September 2020. Total rent expense under this lease was $34,000 and $22,120 for the years ended December 31, 2020 and 2019, respectively.

10. Operating Leases (continued)

The Organization had an operating lease for a truck used for transportation of ingredients and supplies for its Feed the Funnel parties. This lease was early terminated in April 2020 without penalty. Total rent expense under this lease was $11,894 and $52,728 for the years ended December 31, 2020 and 2019, respectively.

11. Retirement Plan

The Organization has adopted a Simple IRA plan which covers all employees reasonably expected to earn more than $5,000 in a year. Employees can make a pre-tax salary contribution to the plan with an up to 3% Organization matching provision. Employer contributions to the plan were $30,528 and $20,340 for the years ended December 31, 2020 and 2019, respectively.

12. Liquidity and Funds Available

The Organization manages liquidity and reserves by operating within a prudent range of financial responsibility, and maintaining adequate liquidity to fund near-term operations by designating reserves sufficient to fund three months of operations to ensure that all long-term obligations will be met. The following reflects the Organization's financial assets, reduced by amounts not available for general use with one year because of contractual or donor-imposed restrictions or internal designations.

As of December 31,	2020	2019
Financial assets:		
Cash and cash equivalents	$ 99,250	$ 97,137
Accounts receivable	3,249	24,181
Financial assets available to meet cash needs for general expenditures within one year	$ 102,499	$ 121,318

13. COVID-19 / Going Concern

On March 11, 2020, the World Health Organization categorized Coronavirus Disease 2019 (COVID-19) as a pandemic. The spread of COVID-19 continues to cause global economic uncertainty as of the date of this report. At the onset of the virus, all public gatherings ceased or were limited in size to stop the growing spread. While the Organization was able to remain open throughout the pandemic, it was hit especially hard because its primary source of income is from Feed the Funnel parties which gather people in generally large groups. The Organization did not host any offsite Feed the Funnel parties from March 2020 through July 2021. In April 2020, the Organization expanded its onsite hosting parties to continue its mission of packing food. Many companies and other organizations donated money to the Organization to allow the packing to continue. The Organization also raised funds by expanding its online presence, for example, by hosting competitive online food drives. To minimize the loss of revenues, the Organization cut back on all possible expenses and received a PPP loan, EIDL loan and advance totaling $408,400 (see Note 8).

13. COVID-19 / Going Concern (continued)

Unfortunately, the Organization continued to suffer losses and on August 21, 2020, the Board of Directors voted to dissolve the Organization; however, the Board subsequently voted not to file Articles of Dissolution with the State of Arkansas. In September, the Organization closed its Ohio facility. The Organization also downsized by selling a majority of its property, equipment, and other assets. By December 31, 2020, all employees except for the Executive Director had been terminated or resigned. As of the date of the financial statements, the Board of Directors have not filed Articles of Dissolution.

As shown in the accompanying financial statements, the Organization incurred a net loss of $460,268 during the year ended December 31, 2020, and as of that date, excluding the PPP Loan forgiven in 2021, the Organization's liabilities exceeded its current assets by $167,903. The liabilities in excess of current assets is due largely to debt owed. All of the factors mentioned above and in the preceding paragraphs create uncertainty about the Organization's ability to continue as a going concern.

The Executive Team has evaluated these conditions and has outlined plans to alleviate this doubt.

- In May 2021, the Organization signed a memorandum of agreement with another nonprofit organization to host select offsite Feed the Funnel parties. The Organization acts as a liaison between the two parties and earns a percentage of revenue. This agreement has successfully generated a consistent revenue stream since its commencement. The agreement expires in May 2022.
- The Organization obtained a 2nd draw on the PPP loan totaling $108,625 in 2021, all of which is expected to be forgiven.
- The Organization re-negotiated its facility lease space, reducing annual rent by 50%.
- With the changing nature of the pandemic, the Organization is seeing more groups requesting to host Feed the Funnel parties. The Organization is now able to commence hosting its own parties while continuing to refer select parties to the other nonprofit to host.
- The Organization is still receiving significant donations from companies who wish to support the mission and operations of the Organization.
- The Organization is developing new food products and other service lines to generate new revenue streams.

The Executive Team is committed to the continuance of identifying ways to improve financial results. The Executive Team has seen much improvement over the past year and believes that the momentum has shifted and will carry through to the next several years.

14. Subsequent Events

The Organization has evaluated events and transactions for subsequent events that would impact the statements for the year ended December 31, 2020 through November 1, 2021, the date the financial statements were available to be issued. Other than items discussed in Note 13, there were no other subsequent events that require recognition or disclosure in the financial statements.