

THE PACK SHACK

AUDITED FINANCIAL STATEMENTS

DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)



THE PACK SHACK

DECEMBER 31, 2022

(WITH SUMMARIZED COMPARATIVE FINANCIAL INFORMATION FOR 2021)

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Independent Auditor's 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, 2022, 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, 2022, 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 Auditor's 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.

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.

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.

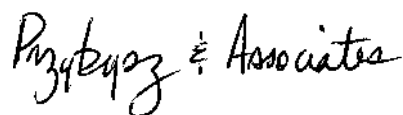
In performing an audit in accordance with generally accepted auditing standards, we:

- 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 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

We have previously audited The Pack Shack's 2021 financial statements and we expressed an unmodified audit opinion on those financial statements in our report dated September 12, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Przybysz & Associates, CPAs, P.C.
Fort Smith, Arkansas
October 16, 2023

FINANCIAL STATEMENTS

THE PACK SHACK

STATEMENTS OF FINANCIAL POSITION

AS OF DECEMBER 31,	2022	2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 94,494	\$ 85,866
Accounts receivable	66,605	38,960
Inventories	64,040	35,101
Deposits	2,250	2,658
Total Current Assets	227,389	162,585
Property and Equipment		
Equipment and computers	34,205	18,015
Software	25,000	25,000
Forklift	5,552	-
Accumulated depreciation	(46,471)	(40,889)
Net Property and Equipment	18,286	2,126
Total Assets	\$ 245,675	\$ 164,711
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 80,611	\$ 108,565
Deferred revenue	141,750	8,000
Current portion of Economic Injury Disaster Loan	12,048	12,048
Current portion of notes payable	1,720	-
Total Current Liabilities	236,129	128,613
Long-Term Liabilities		
Economic Injury Disaster Loan	222,119	218,310
Notes payable	2,102	-
Total Long-Term Liabilities	224,221	218,310
Total Liabilities	460,350	346,923
Net Assets		
Without Donor Restrictions (deficit)	(214,675)	(182,212)
With Donor Restrictions	-	3,000
Total Net Assets (Deficit)	(214,675)	(179,212)
Total Liabilities and Net Assets	\$ 245,675	\$ 167,711

See accompanying notes to financial statements.

THE PACK SHACK

STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2022, WITH COMPARATIVE TOTALS FOR 2021

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
Revenues and Other Support				
Feed the Funnel	\$ 1,149,498	-	1,149,498	\$ 593,062
Donations	39,427	-	39,427	112,357
Grants	59,288	-	59,288	75,000
Be Neighborly donations	103,224	-	103,224	27,014
Loan forgiven	114,900	-	114,900	273,025
Other income	10,520	-	10,520	89,271
Net assets released from restriction	3,000	(3,000)	-	-
Total Revenues and Other Support	1,479,857	(3,000)	1,476,857	1,169,729
Expenses				
Program services	1,371,072	-	1,371,072	860,240
Management and general	108,409	-	108,409	90,617
Fundraising	29,839	-	29,839	24,212
Total Expenses	1,509,320	-	1,509,320	975,069
Change in Net Assets	(29,463)	(3,000)	(32,463)	194,660
Net Assets, beginning of period (deficit)	(185,212)	3,000	(182,212)	(376,872)
Net Assets, end of period (deficit)	\$ (214,675)	0	(214,675)	\$ (182,212)

See accompanying notes to financial statements.

THE PACK SHACK

STATEMENTS OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2022, WITH COMPARATIVE TOTALS FOR 2021

	Program Service	Management & General	Fund Raising	2022 Total	2021 Total
Payroll and benefits	\$ 267,211	\$ 9,660	\$ 9,660	\$ 286,531	\$ 187,409
Taxes and insurance	20,035	8,779	723	29,537	19,741
Contract labor	25,528	-	-	25,528	464,775
Professional fees	-	11,034	-	11,034	9,941
Repairs and maintenance	907	-	-	907	750
Depreciation	-	5,582	-	5,582	1,566
Marketing	-	-	8,304	8,304	2,794
Be Neighborly food	82,748	-	-	82,748	26,699
Supplies	81,186	-	-	81,186	26,303
Equipment	8,866	-	-	8,866	1,240
Insurance	4,838	6,674	-	11,512	7,014
Ingredients	631,232	-	-	631,232	120,576
Miscellaneous expenses	6,147	15,381	5,463	26,991	23,074
Office expenses	-	4,048	-	4,048	2,251
Software	-	6,091	-	6,091	2,490
Bank charges	-	1,244	-	1,244	4,915
Interest expense	-	14,940	-	14,940	4,808
Dues	-	-	-	-	1,039
Rent	36,750	-	-	36,750	36,750
Shipping	100,710	-	-	100,710	9,533
Telephone	-	534	-	534	620
Training	-	5,041	-	5,041	-
Travel	-	-	5,689	5,689	6,558
Utilities	-	8,560	-	8,560	12,145
Transportation	104,914	10,841	-	115,755	2,078
Total Expenses	\$ 1,371,072	\$ 108,409	\$ 29,839	\$ 1,509,320	\$ 975,069

See accompanying notes to financial statements.

THE PACK SHACK

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED DECEMBER 31,	2022	2021
Cash Flows From Operating Activities		
Change in net assets	\$ (32,463)	\$ 194,660
Items not effecting cash		
Depreciation	5,582	1,566
Prior period adjustment to debt	16,145	-
Loans forgiven	(114,900)	(273,025)
(Increase)/decrease in:		
Accounts receivable	(27,645)	(35,711)
Inventories	(28,939)	(29,899)
Deposits	408	-
Increase/(decrease) in:		
Accounts payable	(27,954)	65,304
Deferred revenue	133,750	(37,500)
Net Cash Used By Operating Activities	(76,016)	(114,605)
Cash Flows From Investing Activities		
Purchase of property and equipment	(21,741)	(2,762)
Net Cash Used By Investing Activities	(21,741)	(2,762)
Cash Flows From Financing Activities		
Proceeds from EIDL loan	114,900	-
Proceeds from Paycheck Protection Program loan	-	108,625
Principal paid on long-term debt	(8,515)	(4,642)
Net Cash Provided By Financing Activities	106,385	103,983
Net Increase (Decrease) In Cash, Cash Equivalents	8,628	(13,384)
Cash, Cash Equivalents - beginning of year	85,866	99,250
Cash, Cash Equivalents - end of year	\$ 94,494	\$ 85,866
Supplemental Disclosure of Cash Flow Information:		
Cash paid for interest	\$ 14,940	\$ 4,808

See accompanying notes to financial statements.

THE PACK SHACK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

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

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, 2021, from which the summarized totals were derived. In addition, certain 2021 amounts have been reclassified in order to conform with the 2022 financial statement presentation, Net assets and changes in net assets are unchanged due to these reclassifications.

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.

THE PACK SHACK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

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.

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.

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.

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, 2022 and 2021.

THE PACK SHACK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

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.

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 the year which services are consumed.

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 minor items are charged to expense as incurred. The estimated useful lives of the assets are as follows:

	<u>Years</u>
Equipment and computers	1-5 years
Software	5 years
Forklift	4 years

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, 2022 and 2021 was \$5,582 and \$1,566, respectively.

Right-of-Use Assets / Liabilities

The Organization determines if an arrangement contains a lease at the inception of a contract. The lease classification is determined at the commencement date. Right-of-use assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent the Organization's obligation to make lease payments arising from the lease during the lease term. Right-of-use assets and lease liabilities are recognized at the commencement date based on the present value of the remaining future minimum lease payments during the lease term.

Leases with a term of twelve months or less, cancellable leases, and leases that are not material are not recorded on the Statement of Financial Position. The payments are recognized on a straight-line basis over the lease term.

The Organization monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the right-to-use lease asset and lease liability if certain changes occur that are expected to significantly affect the amount of the right-to-use lease asset and/or lease liability.

THE PACK SHACK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

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.

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.

Contributions of Nonfinancial Assets

Contributions of nonfinancial assets and services are reflected in the financial statements at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset for a specific purpose. Assets donated with explicit restrictions regarding their use are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Contributed services are recorded in the financial statements to the extent that (a) those services create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation.

Unpaid volunteers, primarily managed by the concert venue partner, have made significant contributions of their time to the Organization's programs. The value of these contributions is not included in the financial statements because the volunteers' time does not meet the criteria for recognition under generally accepted accounting principles.

THE PACK SHACK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

1. Summary of Significant Accounting Policies (continued)

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.

Advertising

The Organization expenses advertising costs as they are incurred.

Shipping and Handling Cost

Shipping and handling costs paid for the purchase of ingredients was \$100,710 and \$9,533 for the years ended December 31, 2022 and 2021, respectively.

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.

Recently Issued Accounting Standards

The Organization adopted the following standards during the year ended December 31, 2022:

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2016-02, *Leases* (Topic 842), to increase transparency and comparability among organizations by recognizing "right of use" lease assets and lease liabilities on the balance sheet and disclosing key information about leasing transactions. The Organization adopted the ASU and added this ASU during the year using the modified retrospective approach which does not require prior periods to be restated. This standard did not have an impact on the Organization.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for Profit Entities for Contributed Nonfinancial Assets*. This ASU increases the transparency of contributed non-financial assets through enhancements to presentation and disclosure. The Organization adopted this ASU during the year and added the appropriate financial statement disclosures.

THE PACK SHACK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

2. Federal Income Tax

The Organization's activities are generally exempt from federal and state 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, current or deferred income taxes has been included in the accompanying financial statements. The Organization is not a private foundation. Management has determined that the Organization is not subject to unrelated business income tax. Management is not aware of any transactions that would impact the Organization's tax exempt status.

The Organization follows the guidance of the Accounting Standards Codification (ASC) 740, *Accounting for Income Taxes*, related to uncertainties in income taxes, which prescribes a threshold of more likely than not for recognition and derecognition of positions taken or expected to be taken in a tax return. For the year ended December 31, 2022, management of the Organization is not aware of any material uncertain tax positions.

All tax exempt entities are subject to review and audit by federal, state and other applicable agencies. Such agencies may review the taxability of unrelated business income, or the qualification of the tax-exempt entity under the Internal Revenue Code and applicable state statutes. For federal tax purposes, the tax returns remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

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, 2022 and 2021, 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,	2022	2021
Ingredients	\$ 50,167	\$ 23,675
Supplies	11,509	11,426
Merchandise	2,364	-
Total	\$ 64,040	\$ 35,101

THE PACK SHACK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

5. Property and Equipment

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

As Of	January 1, 2022	Additions	Retirements	December 31, 2022
Equipment and computers	\$ 18,015	\$ 16,190	\$ -	\$ 34,205
Software	25,000	-	-	25,000
Forklift	-	5,552	-	5,552
Total	\$ 43,015	\$ 21,742	\$ -	\$ 64,757

As Of	January 1, 2021	Additions	Retirements	December 31, 2021
Equipment and computers	\$ 15,253	\$ 2,762	\$ -	\$ 18,015
Software	25,000	-	-	25,000
Total	\$ 40,253	\$ 2,762	\$ -	\$ 43,015

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

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 \$1,110 including interest at 2.75% commencing April 22, 2022. 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
2022	\$ 5,935	6,113	\$ 12,048
2023	6,100	5,948	12,048
2024	6,270	5,778	12,048
2025	6,445	5,603	12,048
2026	6,624	5,424	12,048
Thereafter	202,793	67,415	270,208
Total	\$ 234,167	\$ 96,281	\$ 330,448

On January 26, 2021, the Center received a loan of \$108,625 from the second Paycheck Protection Program (PPP). The PPP loan and accrued interest is forgivable the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. On November 8, 2021, the Organization was granted 100% loan forgiveness.

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

6. Paycheck Protection Program Loan / Economic Injury Disaster Loan and Advance (continued)

On April 20, 2022, the Center received a loan of \$114,900 from the second Paycheck Protection Program (PPP). The PPP loan and accrued interest is forgivable the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its payroll levels. The Organization was granted 100% loan forgiveness.

7. Long-Term Debt

As of December 31, 2022

Toyota Commercial Finance - loan dated February 10, 2022 in the amount of \$5,200.

Payments are due monthly in the amount of \$154.22 including interest at 4.3%.

The note is secured by the forklift and is scheduled to mature February 2025.

	\$	3,822
Total debt		3,822
Less current maturity		1,720
Long-term debt	\$	2,102

Debt is scheduled to be repaid as follows:

December 31,	Principal	Interest	Total
2023	\$ 1,720	\$ 131	\$ 1,851
2024	1,795	56	1,851
2025	307	2	309
Total	\$ 3,822	\$ 189	\$ 4,011

8. Changes in Long-Term Liabilities

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

As Of	January 1, 2022	Additions	Retirements	December 31, 2022
Toyota Forklift	\$ -	\$ 5,200	\$ 1,378	\$ 3,822
Economic Injury Disaster Loan	230,358	3,809	-	234,167
Total	\$ 230,358	\$ 9,009	\$ 1,378	\$ 237,989

As Of	January 1, 2021	Additions	Retirements	December 31, 2021
PPP Loan	\$ 164,400	\$ -	\$ 164,400	\$ -
PPP Loan #2	-	108,625	108,625	-
Economic Injury Disaster Loan	235,000	-	4,642	230,358
Total	\$ 399,400	\$ 108,625	\$ 277,667	\$ 230,358

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NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

9. Right-to-Use Assets and Liabilities

The Organization leases its Cave Springs facility under an operating lease arrangement. Because this contract conveys the control of the right to use nonfinancial assets of the Organization for a period of time in exchange transactions, the lease falls under the scope of ASU 2016-02.

The Cave Springs facility incurs rent at a cost of \$3,063 per month with rent increases of 1% annually. The lease is non-cancellable and is due to terminate on November 30, 2023. Total rent expense for the Cave Springs facility was \$36,750 for both the years ended December 31, 2022 and 2021, respectively.

Minimum future payments under this lease are as follows:

For the Year Ended December 31,	
2023	\$ 33,688
Total	\$ 33,688

10. 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 \$5,442 and \$5,480 for the years ended December 31, 2022 and 2021, respectively.

11. 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,	2022	2021
Financial assets:		
Cash and cash equivalents	\$ 94,494	\$ 85,866
Accounts receivable	66,605	38,960
Total financial assets	161,099	124,826
Contractual or donor imposed restrictions	-	(3,000)
Financial assets available to meet cash needs for general expenditures within one year	\$ 161,099	\$ 121,826

THE PACK SHACK

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2022 AND 2021

12. Subsequent Events

The Organization has evaluated events and transactions for subsequent events that would impact the statements for the year ended December 31, 2022 through October 16, 2023, the date the financial statements were available to be issued. There were no subsequent events that require recognition or disclosure in the financial statements.