

**UNITED AGAINST POVERTY, INC.**

**Financial Statements  
with  
Independent Auditors' Report**

December 31, 2022  
(With corresponding totals for December 31, 2021)

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**Independent Auditors' Report**

To the Board of Directors  
United Against Poverty, Inc.

**Opinion**

We have audited the accompanying financial statements of United Against Poverty, Inc. (the 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 United Against Poverty, Inc. 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Organization'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 auditors' 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.

To the Board of Directors  
United Against Poverty, Inc.

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 Organization'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 Organization'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 Summarized Comparative Information**

We have previously audited the Organization's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 28, 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.

*Kmetz, Elwell, Graham & Associates*

Kmetz, Elwell, Graham & Associates, PLLC  
Certified Public Accountants  
Vero Beach, Florida

April 27, 2023



**United Against Poverty, Inc.**  
Statement of Financial Position  
December 31, 2022  
(With corresponding totals as of December 31, 2021)

	2022	2021
<b>Assets</b>		
<b>Current Assets:</b>		
Cash	\$ 5,514,300	\$ 5,415,167
Inventory	606,788	507,152
Accounts receivable	47,008	-
Pledges receivable - current	259,059	201,481
Prepaid expenses	612,808	337,247
Operating lease right-of-use asset - current	283,534	-
<b>Total current assets</b>	<b>7,323,497</b>	<b>6,461,047</b>
<b>Other Assets:</b>		
Pledges receivable - non-current	50,000	27,872
Property and equipment, net	13,557,592	13,917,064
Deposits	49,778	54,021
Operating lease right-of-use asset - non-current	97,219	-
<b>Total other assets</b>	<b>13,754,589</b>	<b>13,998,957</b>
<b>Total assets</b>	<b>\$ 21,078,086</b>	<b>\$ 20,460,004</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities:</b>		
Accounts payable and accrued expenses	\$ 333,146	\$ 469,629
Credit cards payable	36,669	55,051
Deferred revenue	188,490	-
Current portion of notes payable	246,969	238,535
Current portion of operating lease liability	283,534	-
Current portion of capital lease obligations	-	6,094
<b>Total current liabilities</b>	<b>1,088,808</b>	<b>769,309</b>
<b>Long-Term Debt:</b>		
Notes payable - forgivable	513,700	513,700
Notes payable, net of current maturities	3,216,263	3,462,813
Operating lease liability, net of current maturities	97,219	-
Capital lease obligations, net of current maturities	-	9,693
<b>Total long-term debt</b>	<b>3,827,182</b>	<b>3,986,206</b>
<b>Total liabilities</b>	<b>4,915,990</b>	<b>4,755,515</b>
<b>Net Assets:</b>		
Without donor restrictions	15,759,833	15,381,515
With donor restrictions	402,263	322,974
<b>Total net assets</b>	<b>16,162,096</b>	<b>15,704,489</b>
<b>Total liabilities and net assets</b>	<b>\$ 21,078,086</b>	<b>\$ 20,460,004</b>

See accompanying notes to financial statements.



**United Against Poverty, Inc.**  
Statement of Activities and Changes in Net Assets  
For the year ended December 31, 2022  
(With corresponding totals as of December 31, 2021)

	2022			2021
	Without Donor Restrictions	With Donor Restrictions	Total	All Funds Combined
<b>Revenue</b>				
Member Share Grocery Program (MSGP) income	\$ 7,322,106	\$ -	\$ 7,322,106	\$ 6,745,187
Public support	3,147,301	353,496	3,500,797	4,948,264
In-kind contributions from product partners	5,961,933	-	5,961,933	6,175,946
Event income (net of direct benefits to donors)	439,604	-	439,604	-
Other revenue	214,512	-	214,512	188,084
Gain on disposal of fixed assets	5,428	-	5,428	68
Net assets released from restrictions	274,207	(274,207)	-	-
<b>Total revenue</b>	<b>17,365,091</b>	<b>79,289</b>	<b>17,444,380</b>	<b>18,057,549</b>
<b>Expenses</b>				
<b>Program services:</b>				
Education and support	15,692,982	-	15,692,982	15,035,497
<b>Supporting services:</b>				
Management and general	570,413	-	570,413	626,406
Fundraising	723,378	-	723,378	737,016
<b>Total supporting services</b>	<b>1,293,791</b>	<b>-</b>	<b>1,293,791</b>	<b>1,363,422</b>
<b>Total expenses</b>	<b>16,986,773</b>	<b>-</b>	<b>16,986,773</b>	<b>16,398,919</b>
<b>Change in net assets</b>	<b>378,318</b>	<b>79,289</b>	<b>457,607</b>	<b>1,658,630</b>
<b>Net assets, beginning of year</b>	<b>15,381,515</b>	<b>322,974</b>	<b>15,704,489</b>	<b>14,045,859</b>
<b>Net assets, end of year</b>	<b>\$ 15,759,833</b>	<b>\$ 402,263</b>	<b>\$ 16,162,096</b>	<b>\$ 15,704,489</b>

See accompanying notes to financial statements.



**United Against Poverty, Inc.**  
Statement of Functional Expenses  
For the year ended December 31, 2022  
(With corresponding totals as of December 31, 2021)

	2022			2021	
	Program Services	Supporting Services		Total	Total
	Education and Support	Management and General	Fundraising		
Employee costs and benefits	\$ 4,438,376	\$ 357,794	\$ 455,422	\$ 5,251,592	\$ 5,112,852
Cost of goods	8,622,697	-	-	8,622,697	8,059,885
Repairs and maintenance	379,023	30,555	14,621	424,199	455,302
Rent	240,048	19,351	1,212	260,611	263,149
Utilities	287,647	23,188	29,611	340,446	284,784
Insurance	398,823	32,151	27,759	458,733	473,764
Depreciation	561,771	45,286	-	607,057	631,168
Direct fundraising costs	2,850	230	95,621	98,701	82,997
Interest expense	114,665	9,244	3,680	127,589	219,782
Other expense	174,084	14,034	11,275	199,393	170,166
Printing and reproduction	46,283	3,731	32,210	82,224	92,921
Transportation and travel	24,939	2,010	1,870	28,819	19,090
Telephone and communications	44,668	3,601	2,956	51,225	51,939
Professional fees	78,107	6,297	-	84,404	41,694
Office expense	106,490	8,585	9,766	124,841	118,660
Direct program expenses	8,555	690	-	9,245	46,931
Taxes and licenses	68,310	5,507	-	73,817	100,706
Subcontract services	41,320	3,331	11,566	56,217	54,251
Meals and entertainment	9,570	772	6,049	16,391	17,000
Postage	5,608	452	5,330	11,390	9,736
Advertising	39,146	3,156	11,259	53,561	65,211
Bank and credit card charges	-	450	3,171	3,621	26,931
<b>Total expenses</b>	<b>\$ 15,692,982</b>	<b>\$ 570,413</b>	<b>\$ 723,378</b>	<b>\$ 16,986,773</b>	<b>\$ 16,398,919</b>

See accompanying notes to financial statements.



**United Against Poverty, Inc.**  
Statement of Cash Flows  
For the year ended December 31, 2022  
(With corresponding totals as of December 31, 2021)

	2022	2021
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 457,607	\$ 1,658,630
Adjustments to reconcile increase in net assets to net cash flows provided by operating activities:		
Depreciation	607,057	631,168
Loss on disposition of property	(5,428)	(2,000)
PPP loan forgiven	-	(1,012,100)
CDBG Orlando loan forgiven	-	(130,000)
Changes in assets and liabilities:		
Inventory	(99,636)	131,060
Accounts receivable	(47,008)	-
Pledges receivable	(79,706)	798,117
Prepaid expenses	(275,561)	(206,640)
Deposits	4,243	50,770
Operating lease right-of-use asset	(380,753)	-
Accounts payable and accrued expenses	(136,483)	60,957
Deferred revenue	188,490	-
Operating lease liability	380,753	-
<b>Net cash provided by operating activities</b>	<b>613,575</b>	<b>1,979,962</b>
<b>Cash flows from investing activities:</b>		
Disposal of equipment	6,500	4,000
Purchase of property and equipment	(248,658)	(317,593)
<b>Net cash used for investing activities</b>	<b>(242,158)</b>	<b>(313,593)</b>
<b>Cash flows from financing activities:</b>		
Payments on debt	(238,115)	(1,618,715)
Payments made on capital lease obligations	(15,787)	(5,626)
Credit card payable, net change	(18,382)	26,844
<b>Net cash used for financing activities</b>	<b>(272,284)</b>	<b>(1,597,497)</b>
<b>Net increase in cash and cash equivalents</b>	<b>99,133</b>	<b>68,872</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>5,415,167</b>	<b>5,346,295</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 5,514,300</b>	<b>\$ 5,415,167</b>
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid during the year for:		
Interest paid	\$ 127,589	\$ 219,782
Noncash financing transactions:		
CDBG capital grant forgiven	\$ -	\$ (130,000)
PPP loan forgiven	\$ -	\$ (1,012,100)

See accompanying notes to financial statements.





## **Note 1 – Organization and Programs**

### **Organization and Purpose**

United Against Poverty, Inc. (the “Organization or UAP”) is a 501(c)(3) not-for-profit corporation organized under the laws of the state of Florida in July 2003 as Kingdom Harvest, Inc. Beginning in 2016, the organization officially changed its name to United Against Poverty, Inc. Local sites are called UP Centers and provide comprehensive support services in lifting lives out of poverty.

The purpose of United Against Poverty, Inc. is to inspire and empower people living in poverty to lift themselves and their families to economic self-sufficiency. The mission of United Against Poverty, Inc. is to serve those in poverty by providing crisis care, case management, transformative education, food and household subsidy, employment training and placement, personal empowerment training and active referrals to other collaborative social service providers.

### **Overview of Programs**

United Against Poverty’s primary objectives are to provide programs that 1) improve the income levels of participants living below 200% of the Federal Poverty Level, 2) increase the number of people lifted to self-sufficiency each year, and 3) provide access to nutritious food products, personal care and household items allowing participant families to save up to 65% of their budget on these items. United Against Poverty achieves these objectives through four main programs: Member Share Grocery Program, Workforce Development STEP Program, Education Program and Crisis Stabilization Program. Together, these programs provide an integrated support system that promotes stability and economic self-sufficiency.

The Member Share Grocery Program (MSGP) is a program designed to provide access to healthy, nutritional food, personal care and household products in a grocery center style setting and provide participants with economic relief in these costs allowing income to be redistributed to other essential expenses such as housing, transportation, child care, and health care. People who are living in the 200% Federal Poverty level or below are qualified to join this program at no cost to them and have unlimited access to select products they want and need by contributing a nominal handling fee that covers the cost of collecting and distributing the products donated to the program, and those purchased by United Against Poverty, to ensure participants have a sustainable mix of products available to them.

The member contribution offsets the cost of fuel, warehousing, transportation, overhead and administrative expense, and provides the family the dignity of choosing from a variety of products, food, personal care and household needs while sharing in the cost of their own provision and helping to provide food assistance, crisis care and transformational, education and job training programs. United Against Poverty is supported by Corporate Product Partners who donate safe and healthy food, personal care and household good products that might otherwise be disposed. The Member Share Grocery Program provides resource protection for qualified families by: 1) subsidizing food, personal care and household need costs of low income households by up to 65%, 2) providing those households the opportunity and access to affordable, nutritiously dense food, as well as personal care and household goods, and 3) partnering with Corporations to bring charitable product donations of unused goods to scale in the fight to end poverty.

## **United Against Poverty, Inc.**

Notes to Financial Statements (continued)

### **Note 1 – Organization and Programs (continued)**

In addition to our MSGP program UAP provides a Workforce Development STEP program that seeks to assist those with barriers to employment gain employment, with a focus on long-term job retention and career development. Success Training for Employment Program (STEP) is a three-phase program intended to provide both tangible skills and ongoing support to assist motivated individuals to move from unemployment to sustained employment and financial self-sufficiency through classroom training, job placement support and ongoing job retention and career development support. Additionally, the program includes Bootcamps for participants with criminal background barriers to employment, Re-employment Workshops and Rapid Employment Program (REP) for those with strong work histories seeking employment.

UAP's Crisis Stabilization Program provides crisis care and case management for those in emergency situations. Participants are provided resources to address immediate emergency needs, and work to identify the chronic underlying issues, provide long term stabilization through case management, internal support and referrals to community partners. Onsite collaboration with the State of Florida Department of Children and Families provide access to the Supplemental Nutritional Assistance Program (SNAP) benefits. Other onsite providers of health care, children's services, senior services, veteran's services, mental health and substance abuse counseling services complete wraparound support.

Education Programs provide participants with educational opportunities and referrals that provide them access to GED Prep, GED testing, Vocational Training, Children's Tutoring, Post-secondary education and Life Skills Workshops. UAP successfully partners with other non-profit and private sector partners to create a vibrant educational environment. UAP's UP Centers are a community-based initiative that provide wrap-around services that enable significant outcomes in lifting families from economic insecurity to economic self-sufficiency.

### **Note 2 – Summary of Significant Accounting Policies**

#### **Basis of Accounting**

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles, using the accrual basis of accounting.

#### **Basis of Presentation**

Contributions received are recorded as unrestricted or restricted support, depending on the existence and/or nature of any donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a donor 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 statement of activities as net assets released from restrictions. Expenses are reported as decreases in net assets without donor imposed restrictions. Gains and losses on other assets or liabilities are reported as increases or decreases in net assets without donor imposed restrictions unless their use is restricted by explicit donor stipulation or by grantor agreement.

## **United Against Poverty, Inc.**

Notes to Financial Statements (continued)

### **Note 2 – Summary of Significant Accounting Policies (continued)**

#### **Inventory**

Inventory consists of products held in local UP Centers and the distribution center. Contributed products are valued at estimated member share handling fees. Purchased products are stated at the lower of cost (first-in, first-out method) or market. The distributed inventory expense includes spoilage and shrinkages.

#### **Property and Equipment**

Property and equipment acquisition's greater than \$5,000 are capitalized and are stated at cost. Donated property and equipment are recorded at the fair market value at the date of the gift. Depreciation is provided using straight-line methods over the estimated useful life of the asset, which ranges from 5-40 years.

#### **Income Tax Status and Reporting**

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined not to be a private foundation within the meaning of Section 509(a) of the Code.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes that management believes are more likely than not to occur, including changes to the Organization's status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and has no unrecorded tax liability. The Organization's tax returns for the past three years are subject to examination by taxing authorities and may change upon examination.

#### **Lease Accounting**

The Organization determines whether to account for its leases as operating, capital or financing leases depending on the underlying terms of the lease agreement(s). This determination of classification is complex and requires significant judgement about the Organization's cost of funds, minimum lease payments and other lease terms. Additionally, the Organization has made the accounting policy election not to recognize right-of-use assets and lease liabilities for leases of 12 months or less and therefore, these are expensed on a straight-line basis. Lease and non-lease components are accounted for together as a single lease component for operating leases associated with office space and equipment leases.

#### **Revenue Recognition**

The Organization recognizes revenue in accordance with Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The core principle of the guidance is that entities 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 those goods or services. No contract liabilities were recorded for the fiscal year.

## **United Against Poverty, Inc.**

Notes to Financial Statements (continued)

### **Note 2 – Summary of Significant Accounting Policies (continued)**

#### **Contributed Services**

The Organization receives a significant amount of donated services from unpaid volunteers who assist in fundraising, administration and program services. However, these amounts have not been recognized in the accompanying financial statements because the criteria for recognition of such volunteer effort under ASC 958-605 have not been satisfied.

#### **Functional Allocation of Expenses**

The cost of providing the various programs and other activities has been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Management and General costs, in particular, are allocated based on the percentage of total wage base under an assessment of time and salaries attributable to this function.

#### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### **Advertising Costs**

Advertising costs are generally expensed when incurred. Advertising cost consists primarily of employment ads, public service announcements and media spots used to notify the public of services provided.

#### **Prior Period Information**

The financial statements include certain prior year corresponding totals intended to be read only in relation to the current period figures. The corresponding information was derived from the Organization's audited financial statements for the year ended December 31, 2021 and does not herein include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Additionally, the prior year corresponding figures may reflect certain reclassifications of amounts to conform to the current year presentations.

### **Note 3 – Concentrations of Credit Risk**

The Organization maintains cash in financial institutions which are insured by the Federal Deposit Insurance Corporation ("FDIC") or by the Securities Investor Protection Corporation ("SIPC"). The FDIC deposit insurance limit and the SIPC protection limit for cash are currently \$250,000 per depositor, per insured institution. As of December 31, 2022, the Organization has deposits held at one financial institution which exceed the FDIC insurance limit by \$1,738,503 and another which exceed the SIPC limit by \$3,319,849. All of the funds exceeding SPIC insurance limits are held in a Fidelity Government Money Market account as of December 31, 2022. The Organization has not experienced any losses on such amounts and does not believe it is exposed to any significant risk with respect to such balances.



**United Against Poverty, Inc.**  
Notes to Financial Statements (continued)

**Note 4 – Pledges Receivable**

At December 31, 2022, pledges receivable consisted of Indian River County campaign pledges totaling \$144,059 and Orlando pledges receivable totaling \$165,000. Pledges receivable are expected to be collected over a remaining two-year period. No allowance for doubtful accounts has been recorded as management believes these pledges to be fully collectable.

Pledges receivable are expected to be realized in the following periods:

2023	\$ 259,059
2024	50,000
	\$ 309,059

Outstanding pledges receivable by campus:

Indian River County Lifting Lives Out of Poverty capital campaign	\$ 24,000
Indian River County development	120,059
Orlando development	165,000
	\$ 309,059

**Note 5 – Property and Equipment, net**

The following is a summary of property and equipment at December 31, 2022:

Land	\$ 2,759,758
Land improvements	1,321,414
Building and improvements	10,667,995
Machinery and equipment	1,648,361
Vehicles	447,875
Office equipment	340,773
Furniture and fixtures	166,608
Construction in progress	6,649
	17,359,433
Accumulated depreciation	(3,801,841)
	\$ 13,557,592

The net carrying value of property and equipment held under mortgage and specific security agreements and restrictive covenants, as described in notes 8 and 9, totals approximately \$9,900,000 at December 31, 2022. Included in this amount are restrictive use covenants on approximately \$1,700,000 net carrying value of real estate in Orlando which expires on September 30, 2024 and approximately \$8,200,000 net carrying value of land and building in Vero Beach which expires on November 1, 2036.



## **United Against Poverty, Inc.**

Notes to Financial Statements (continued)

### **Note 6 – Credit Cards Payable**

The Organization finances certain operating purchases under unsecured revolving credit card agreements. The agreements provide for a grace period on current month purchases with interest accruing after the grace period at an annual percentage rate of 19.99%. It is the Organization's policy to pay off monthly balances within the grace period. Unused credit available under these agreements is approximately \$110,331 as of December 31, 2022.

### **Note 7 – Line of Credit**

Seacoast National Bank, \$300,000 line of credit dated March 31, 2020. The underlying promissory note requires interest only payments until the conversion date or date of demand of payment in full. If converted, the note may be payable in up to 60 monthly installments of principal plus interest. Interest accrues variable at Wall Street Journal Prime plus 1.25%. Secured by inventory, accounts receivable, equipment, and cash accounts. There is no outstanding balance on the credit line as of December 31, 2022.

### **Note 8 – Notes Payable - Forgivable**

The Organization maintains a \$513,700 mortgage note with the City of Orlando, dated March 15, 2018. The loan is made through the federal Community Development Block Grant (CDBG) and does not accrue interest. The note matures with forgiveness of the principal on September 30, 2024, subject to full compliance with restrictive use and other covenants under the CDBG agreement. The mortgage loan was used to purchase commercial real estate in Orlando, Florida.

On November 17, 2022, the Organization signed a \$130,958 mortgage note with the City of Orlando. The mortgage is made as security for funding under the federal CDBG agreement and does not accrue interest. The note matures with forgiveness on September 30, 2028, subject to full compliance with restrictive use and other covenants under the CDBG agreement. The mortgage loan is being used for general construction activities associated with improvements to the food storage area (purchase and installation of a freezer and a walk-in cooler) to better accommodate an increased volume of food assistance provided by the Organization in the Orlando area. As of December 31, 2022 the note had not been funded.

### **Note 9 – Notes Payable**

The following is a summary of long-term debt as of December 31, 2022:

Seacoast National Bank, \$1,178,450 mortgage loan dated January 30, 2018 was modified on November 23, 2021, payable in monthly installments of principal and interest in the amount of \$8,792. Interest accrues at 3.45%. Mortgage note matures on February 1, 2033. The loan is secured by a mortgage on property located in Ft. Pierce, Florida.

Seacoast National Bank, \$1,260,000 mortgage loan dated January 30, 2018 was modified on November 23, 2021, payable in monthly installments of principal and interest in the amount of \$9,371. Interest accrues at 3.45%. Mortgage note matures on February 1, 2033. The loan is secured by a mortgage on property located in Orlando, Florida.

## United Against Poverty, Inc.

Notes to Financial Statements (continued)

### Note 9 – Notes Payable (continued)

An original Seacoast National Bank, \$4,000,000 mortgage loan dated March 18, 2019. On November 23, 2021 this loan was modified to a 15 year mortgage in the amount of \$1,700,000, payable in 180 monthly installments of principal and interest of \$12,152. Interest accrues at 3.45% and the mortgage note matures on November 1, 2036. The loan is secured by a mortgage on property located in Vero Beach, Florida.

The notes payable balances at December 31, 2022 are as follows:

Seacoast National Bank - Ft. Pierce mortgage	\$ 901,413
Seacoast National Bank - Orlando mortgage	960,820
Seacoast National Bank - Vero Beach mortgage	1,601,000
	<hr/>
	\$ 3,463,233

Principal maturities are as follows:

December 31, 2023	\$ 246,969
December 31, 2024	255,538
December 31, 2025	264,740
December 31, 2026	274,102
December 31, 2027	283,794
December 31, 2028 & thereafter	2,138,090
	<hr/>
	\$ 3,463,233

### Note 10 - New Accounting Pronouncement

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. The standard requires lessees to recognize the assets and liabilities that arise from leases in the balance sheet. Additionally, in July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842) – Targeted Improvements*, which, among other things, provides an additional transition method that would allow entities to not apply the guidance in ASU 2016-02 in the comparative periods presented in the financial statements and instead recognize a cumulative-effect adjustment to the opening balance of retained earnings in the period of adoption.

The Organization adopted ASU 2016-02 and its related amendments as of January 1, 2022, which resulted in the recognition of operating right-of-use assets totaling \$380,753, as well as operating lease liabilities totaling \$380,753. The Company elected to adopt the transition relief provisions from ASU 2018-11 and recorded the impact of adoption as of January 1, 2022, without restating any prior-year amounts or disclosures. The related policy elections made by the Company can be found in Note 2 and the additional lease disclosures can be found in Note 11. There was no cumulative effect adjustment to the opening balance of net assets required.



**Note 11 – Leases**

**Operating Leases – Lessor**

The Organization leases office space under non-cancelable operating leases to various organizations providing partnership services to members. These leases do not contain any significant restrictions and the lease terms generally range from one to five years with options to renew. Total income for the year related to these leases was \$172,590. The adoption of ASU 2016-02 had no significant impact on the accounting for leases as a lessor discussed in this section. The following is a schedule of expected future payments on these operating leases:

	Minimum annual lease payments
2023	\$ 106,761
2024	70,476
2025	34,908
2026	29,658
	\$ 241,803

**Operating Leases – Lessee**

The Organization leases space for operations under two non-cancelable operating leases. These leases contain no significant restrictions. Both leases provide for escalating payments over the lease term generally adjusted by about 3%. Additionally, the Organization leases storage trailers and other equipment under several non-cancelable operating leases. These leases provide for monthly payments over the terms of the leases. At the beginning of 2022, the Organization adopted FASB Accounting Standards Update (ASU) No. 2016-02, ASC 842, *Leases*, which requires the recognition of a right-of-use asset and a lease liability based on the present value of the remaining lease payments. The Organization’s estimated average investment rate of 5% was used as the discount rate in order to determine present value. The following is a schedule by year of minimum future rentals on the operating lease and the amortization of the net present value (NPV) of the lease liability as of December 31, 2022:





**Note 11 – Leases (continued)**

	Minimum annual lease payments	Amortization of NPV of lease liability
2023	\$ 294,777	\$ 283,534
2024	51,162	47,673
2025	23,328	21,335
2026	23,328	22,427
2027	5,832	5,784
		\$ 380,753
Accumulated right-of-use asset		\$ 687,436
Less - accumulated amortization		(306,683)
		\$ 380,753

Rent expense under these leases was \$329,929 for the year ended December 31, 2022.

Average operating lease terms and discount rate at December 31, 2022 were as follows:

Weighted average remaining lease term (years)	1.9
Weighted average discount rate	5.00%

**Note 12 – Event Income**

During the year, the Organization held different fundraising and awareness events. Revenues and direct benefits to donors by event were as follows:

Event	Event income	Direct benefits to donors	Net event income
Gala	\$ 40,048	\$ 3,125	\$ 36,923
Hand-Up Luncheon	151,757	14,039	137,718
Turkey Trot	86,786	19,179	67,607
Burgers & Brews	50,869	21,462	29,407
Giving Tuesday	32,022	600	31,422
Hope in Heels	24,640	6,669	17,971
Awareness Event	16,448	567	15,881
Hopeful Harvest	11,031	199	10,832
Fools Day 5K	5,478	3,513	1,965
Other	92,300	2,422	89,878
	\$ 511,379	\$ 71,775	\$ 439,604

**United Against Poverty, Inc.**

Notes to Financial Statements (continued)

**Note 13 – In-kind Contribution of MSGP Items**

The Organization receives donated food, personal care, and other household product items from a variety of sources. It is the policy of the Organization to use these contributed non-financial assets for its Member Share Grocery Program. In this program, the assets will be valued at the time products are selected by members using the nominal handling fee contributed by members. During the year, the Organization received contributions of food, personal care, and other household product items valued at \$5,961,933. Total in-kind contribution and expense for the year ended December 31, 2022 was \$5,961,933.

**Note 14 – MSGP Summarized Financial Information**

The Organization MSGP revenue and cost of goods selected by members consisted of the following for the year ended December 31, 2022:

	2022
Member Share Grocery Program revenue:	
Member Share Grocery Program income	\$ 7,322,106
In-kind contributions from product partners	5,961,933
	13,284,039
Less cost of goods:	
Cost of in-kind contributions from product partners	(5,961,933)
Cost of purchased product	(1,360,173)
Freight and trucking	(1,145,916)
Freight and trucking fuel	(154,674)
	\$ 4,661,343

**Note 15 – Liquidity and Availability of Financial Assets**

The Organization has \$6,427,155 of financial assets available within one year of the statement of financial position date to meet cash needs for general operating expenditures. Available current assets include operating cash of \$5,514,300, inventory of \$606,788, accounts receivable of \$47,008 and current pledges receivable of \$259,059. The Organization will additionally fund operating needs through Member Share Grocery Program income, contributions, and fundraising. Additional sources of liquidity are a \$300,000 line of credit available from Seacoast National Bank, Monetary Community Partner Agreements with the Florida Department of Children and Families, and other facility use and lease agreements with other collaborative partners.

**United Against Poverty, Inc.**  
Notes to Financial Statements (continued)

**Note 16 – Net Assets Restricted by Donors**

Net assets with donor restrictions at December 31, 2022 are restricted for the following:

Time restricted pledges receivable:	
Indian River County Lifting Lives Out of Poverty capital campaign	\$ 24,000
Indian River County development	120,059
Orlando development	165,000
Purpose restricted:	
Build UP	39,991
Capital improvements	28,446
Vouchers for Advent Health Prescriptions	24,767
	\$ 402,263

Net assets were released from donor restrictions during the year ended December 31, 2022 as expenditures were incurred for the following:

Time restricted development pledges	\$ 205,354
Capital repairs and improvements	55,000
Prescription vouchers	10,561
Crisis stabilization and safety	3,292
Total Net Assets release from restrictions	\$ 274,207

**Note 17 – 403(b) Plan**

The Organization has a qualified tax deferred retirement plan under section 403(b) of the Internal Revenue Code. Under the plan, the eligible employees may elect to defer a percentage of their salaries and wages, subject to Internal Revenue Service limits. The Plan allows for the Organization to make a matching contribution, currently at up to 2% of an employee’s salary. During 2022, the Organization contributed \$34,285 to the plan.

**Note 18 – Commitments**

During 2022, the Organization executed a cost reimbursement grant agreement with Orange County in the amount of \$392,874 for partial funding under a Community Development Block Grant for renovations and replacement of the freezer and walk-in cooler at the Orlando Campus. As of December 31, 2022 no expenditures had been incurred.

Additionally, the Organization executed a grant agreement with the City of Orlando in the amount of \$130,958 and signed a forgivable mortgage note (see Note 8) for the same amount as partial funding for renovations and replacement of the freezer and walk-in cooler at the Orlando Campus.



**United Against Poverty, Inc.**

Notes to Financial Statements (continued)

**Note 18 – Commitments (continued)**

In December of 2022 the Organization executed a contract to purchase and install the walk-in cooler and freezer discussed above. The total cost of the project is estimated to be approximately \$813,000.

**Note 19 – Prior Period Adjustment**

As of January 1, 2021, Organization adopted ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Under ASU 2018-08, the Organization is required to record the value of in-kind contributions of nonfinancial assets in its financial statements. During 2021, the Organization received donations of food and grocery items that were selected by members in the Member Share Grocery Program. For the year ended December 31, 2021, the value of these items were not recorded as in-kind contributions and cost of goods selected by members. This restatement has no effect on net income or net assets for the year ended December 31, 2021. The summarized comparative information has been restated below:

In-kind contribution from product partners at December 31, 2021	\$	-
Correction to record in-kind contribution from product partners		6,175,946
Total restated in-kind contributions from product partners	\$	6,175,946
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Purchased MSGP products, freight, fuel	\$	1,883,939
Correction to record cost of in-kind contribution from product partners		6,175,946
Total restated cost of goods	\$	8,059,885

**Note 20 – Disclosure of Subsequent Events**

Management has evaluated subsequent events through April 27, 2023, the date the financial statements were available to be issued. After consideration of the above, management is not aware of any events subsequent to the statement of financial position date which would require additional adjustments to, or disclosure in, the accompanying financial statements.