The Society of Saint Andrew, Inc.
Big Island, Virginia

Financial Statements
for the years ended
December 31, 2022 and 2021

Not-for-Profit Corporation
501(c)3

The Society of Saint Andrew, Inc.

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DAVIDSON, DOYLE & HILTON
CERTIFIED PUBLIC ACCOUNTANTS

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors
The Society of Saint Andrew, Inc.
Big Island, Virginia

Opinion

We have audited the accompanying financial statements of The Society of Saint Andrew, Inc. (the "Society"), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities 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 Society as of December 31, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Society of Saint Andrew, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirement relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society'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 consolidated 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 consolidated 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 Society'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Society'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.

Davidson Doyle + Hilton, LLP

Lynchburg, Virginia
March 31, 2023

The Society of Saint Andrew, Inc.
Statements of Financial Position
December 31, 2022 and 2021

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	$ 912,546	$ 907,865
Investments	2,841,864	2,785,171
Accounts receivable	7,585	16,013
Contributions receivable	572,629	411,160
Prepaid expenses	43,675	34,998
Total current assets	4,378,299	4,155,207
Property and equipment, net	185,072	174,732
Finance lease right-of-use assets, net	9,900	-
Other assets		
Land and property held for sale	1,703,650	1,703,650
Total other assets	1,703,650	1,703,650
Total assets	$ 6,276,921	$ 6,033,589
Liabilities and net assets		
Current liabilities		
Accounts payable	$ 81,237	$ 55,349
Accrued expenses	75,961	61,933
Current maturities of finance lease obligations	9,544	27,785
Total current liabilities	166,742	145,067
Long-term liabilities		
Long-term finance lease obligations	3,691	12,756
Total long-term liabilities	3,691	12,756
Total liabilities	170,433	157,823
Net assets		
Without donor restrictions	4,088,990	3,985,451
Board designated endowment fund	652,602	679,155
With donor restrictions	1,364,896	1,211,160
Total net assets	6,106,488	5,875,766
Total liabilities and net assets	$ 6,276,921	$ 6,033,589

See notes to financial statements.

The Society of Saint Andrew, Inc.
Statement of Activities
Year ended December 31, 2022

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Support			
Non-cash donated produce	$ 16,978,248	$ -	$ 16,978,248
In-kind contributions	72,436	-	72,436
Foundations	1,602,336	359,125	1,961,461
Individuals	686,269	8,330	694,599
Churches	347,259	141,616	488,875
Meals for Millions	-	72,511	72,511
St. Andrew Club	-	70,061	70,061
Combined Federal Campaign	7,689	-	7,689
Total support	19,694,237	651,643	20,345,880
Other Revenue and Expense			
Earned income	682,077	-	682,077
Interest income	58,713	-	58,713
Merchandise sales	2,208	-	2,208
Program registrations	1,380		1,380
Realized gain on investments	104,303	-	104,303
Unrealized loss on investments	(270,539)	-	(270,539)
Total revenue	578,142	-	578,142
Net assets released from restrictions	497,907	(497,907)	-
Total support and revenue	20,770,286	153,736	20,924,022
Expenses			
Management and general	690,897	-	690,897
Fundraising	588,480	-	588,480
Program activities			
Potato & Produce Project	3,406,905	-	3,406,905
Harvest of Hope	36,176	-	36,176
Gleaning	15,825,329	-	15,825,329
Strategic Programs	145,513	-	145,513
Total expenses	20,693,300	-	20,693,300
Increase (decrease) in net assets	76,986	153,736	230,722
Net assets at beginning of year	4,664,606	1,211,160	5,875,766
Net assets at end of year	$ 4,741,592	$ 1,364,896	$ 6,106,488

See notes to financial statements.

The Society of Saint Andrew, Inc.
Statement of Activities
Year ended December 31, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Support			
Non-cash donated produce	$ 51,598,841	$ -	$ 51,598,841
In-kind contributions	99,607	-	99,607
Foundations	1,090,160	287,540	1,377,700
Individuals	889,761	712,951	1,602,712
Churches	285,411	138,370	423,781
Meals for Millions	-	60,287	60,287
St. Andrew Club	-	91,418	91,418
Combined Federal Campaign	10,229	-	10,229
Total support	53,974,009	1,290,567	55,264,576
Other Revenue and Expense			
Governmental grant income	340,470	-	340,470
Earned income	702,851	-	702,851
Interest income	39,571	-	39,571
Merchandise Sales	354	-	354
Realized loss on investments	(49,954)	-	(49,954)
Unrealized gain on investments	217,997	-	217,997
Total revenue	1,351,457	-	1,351,457
Net assets released from restrictions	390,601	(390,601)	-
Total support and revenue	55,716,067	899,966	56,616,033
Expenses			
Management and general	531,572	-	531,572
Fundraising	552,249	-	552,249
Program activities			
Potato & Produce Project	22,269,170	-	22,269,170
Harvest of Hope	64,323	-	64,323
Gleaning	31,378,984	-	31,378,984
Strategic Programs	120,139	-	120,139
Total expenses	54,916,437	-	54,916,437
Increase (decrease) in net assets	799,630	899,966	1,699,596
Net assets at beginning of year	3,864,976	311,194	4,176,170
Net assets at end of year	$ 4,664,606	$ 1,211,160	$ 5,875,766

See notes to financial statements.

The Society of Saint Andrew, Inc.
Statement of Functional Expenses
Year ended December 31, 2022

	Supporting Expenses		Program Expenses					
	Management and General	Fundraising	Potato & Produce	Harvest of Hope	Gleaning	Strategic Programs	Total Program Expenses	Total
Produce distributed	$ -	$ -	$ 2,893,766	$ -	$ 14,107,634	$ -	$ 17,001,400	$ 17,001,400
Materials and labor	-	-	174,679	-	263,996	-	438,675	438,675
Freight	-	-	188,916	-	75,199	-	264,115	264,115
	-	-	3,257,361	-	14,446,829	-	17,704,190	17,704,190
Salaries	328,932	364,885	77,379	21,860	860,857	57,812	1,017,908	1,711,725
Employee benefits	58,928	54,873	19,149	4,431	111,897	6,783	142,260	256,061
Pension costs	23,257	29,056	6,528	1,256	50,238	5,210	63,232	115,545
Payroll taxes	22,320	26,415	5,626	1,657	64,634	1,615	73,532	122,267
Advertising	68,824	624	-	-	38	-	38	69,486
Bank charges	1,099	11,143	-	-	35	-	35	12,277
Building maintenance	11,072	-	-	-	280	-	280	11,352
Contracted services	11,727	14	-	-	4,000	34,755	38,755	50,496
Dues and publications	51,894	29,423	-	-	1,371	4,199	5,570	86,887
Equipment and facility rental	20,087	-	-	350	22,505	-	22,855	42,942
Equipment maintenance	1,491	-	-	-	2,786	-	2,786	4,277
Insurance	14,311	6,495	1,179	263	48,852	3,191	53,485	74,291
Interest expense	3,572	-	-	-	-	-	-	3,572
Licenses and taxes	6,483	-	-	-	402	10,248	10,650	17,133
Office supplies	1,962	1,401	6,166	561	16,257	1,682	24,666	28,029
Other program expenses	6,727	15	-	-	12,714	1,385	14,099	20,841
Postage	1,620	44,980	5,091	463	13,423	1,389	20,366	66,966
Printing	6,267	4,476	19,696	1,791	51,927	5,372	78,786	89,529
Telephone	1,885	1,347	5,925	539	15,620	1,616	23,700	26,932
Training	644	1,260	-	-	3,780	1,950	5,730	7,634
Travel	13,896	11,632	863	2,829	91,766	7,777	103,235	128,763
Utilities	618	441	1,942	176	5,118	529	7,765	8,824
	657,616	588,480	149,544	36,176	1,378,500	145,513	1,709,733	2,955,829
Expenses before depreciation	657,616	588,480	3,406,905	36,176	15,825,329	145,513	19,413,923	20,660,019
Depreciation	33,281	-	-	-	-	-	-	33,281
Total expenses	$ 690,897	$ 588,480	$ 3,406,905	$ 36,176	$ 15,825,329	$ 145,513	$ 19,413,923	$ 20,693,300

See notes to financial statements.

The Society of Saint Andrew, Inc.
Statement of Functional Expenses
Year ended December 31, 2021

	Supporting Expenses		Program Expenses					
	Management and General	Fundraising	Potato & Produce	Harvest of Hope	Gleaning	Strategic Programs	Total Program Expenses	Total
Produce distributed	$ -	$ -	$ 21,797,443	$ -	$ 29,819,408	$ -	$ 51,616,851	$ 51,616,851
Materials and labor	-	-	136,719	-	186,843	-	323,562	323,562
Freight	-	-	198,461	-	128,190	-	326,651	326,651
	-	-	22,132,623	-	30,134,441	-	52,267,064	52,267,064
Salaries	228,284	340,782	69,992	48,221	771,963	52,110	942,286	1,511,352
Employee benefits	36,935	65,025	18,984	4,299	145,220	8,100	176,603	278,563
Pension costs	19,088	23,174	5,985	4,039	42,620	4,690	57,334	99,596
Payroll taxes	6,118	24,316	5,019	2,135	55,830	3,387	66,371	96,805
Advertising	90,588	22	-	-	443	-	443	91,053
Bank charges	11,759	11,793	-	-	-	-	-	23,552
Building maintenance	6,651	-	-	-	-	-	-	6,651
Contracted services	8,817	-	-	-	11,000	25,350	36,350	45,167
Dues and publications	26,776	21,079	-	-	1,871	2,524	4,395	52,250
Equipment and facility rental	12,312	-	461	-	12,919	-	13,380	25,692
Equipment maintenance	1,836	-	-	-	3,168	-	3,168	5,004
Insurance	11,873	6,933	1,280	493	32,564	913	35,250	54,056
Interest expense	6,632	-	-	-	-	-	-	6,632
Licenses and taxes	4,960	-	-	-	-	10,436	10,436	15,396
Office supplies	1,813	1,295	5,700	518	15,026	1,554	22,798	25,906
Other program expenses	2,476	42	-	405	7,027	-	7,432	9,950
Postage	1,910	42,445	6,003	546	15,826	1,637	24,012	68,367
Printing	4,337	3,098	13,630	1,239	35,934	3,717	54,520	61,955
Telephone	2,386	1,705	7,501	682	19,775	2,046	30,004	34,095
Training	1,203	1,190	-	-	1,929	611	2,540	4,933
Travel	6,896	8,901	15	1,566	66,216	2,525	70,322	86,119
Utilities	629	449	1,977	180	5,212	539	7,908	8,986
	494,279	552,249	136,547	64,323	1,244,543	120,139	1,565,552	2,612,080
Expenses before depreciation	494,279	552,249	22,269,170	64,323	31,378,984	120,139	53,832,616	54,879,144
Depreciation	37,293	-	-	-	-	-	-	37,293
Total expenses	$ 531,572	$ 552,249	$ 22,269,170	$ 64,323	$ 31,378,984	$ 120,139	$ 53,832,616	$ 54,916,437

See notes to financial statements.

The Society of Saint Andrew, Inc.
Statements of Cash Flows
Years ended December 31, 2022 and 2021

	2022	2021
Cash flows from operating activities		
Increase (decrease) in net assets	$ 230,722	$ 1,699,596
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation	33,281	37,293
Investment income	(58,652)	(29,573)
Unrealized (gain) on investments	270,539	(217,997)
Realized (gain) loss on investments	(104,303)	(49,954)
Loss on disposal of fixed assets	-	-
Donated land	-	-
(Increase) decrease in assets:		
Accounts receivable	8,428	9,012
Contributions receivable	(161,469)	(99,856)
Prepaid expenses	(8,677)	9,087
Increase (decrease) in liabilities:		
Accounts payable	25,888	(7,510)
Accrued expenses	14,028	(5,769)
Deferred revenues	-	(3,200)
Net cash provided by operating activities	249,785	1,341,129
Cash flows from investing activities		
Additions to investments	(164,277)	(1,305,561)
Purchase of fixed assets	(53,521)	(12,458)
Net cash used in investing activities	(217,798)	(1,318,019)
Cash flows from financing activities		
Principal payments on capital leases obligations	(27,306)	(28,914)
Net cash used in financing activities	(27,306)	(28,914)
Net increase (decrease) in cash and cash equivalents	4,681	(5,804)
Cash and cash equivalents at beginning of year	907,865	913,669
Cash and cash equivalents at end of year	$ 912,546	$ 907,865
Supplemental cash flow information:		
Cash paid during the year for interest	$ 3,572	$ 6,632

See notes to financial statements.

The Society of Saint Andrew, Inc.
Notes to Financial Statements
Years ended December 31, 2022 and 2021

Note 1 – Nature of activities

The Society of Saint Andrew, Inc. (the "Society") was incorporated on April 11, 1984, as a non-stock Not-for-Profit Virginia Corporation. As a Christian organization, the Society's mission is to harvest and share healthy food, reduce food waste, and build caring communities by offering nourishment to those in need. The Society accomplishes this through collecting, harvesting, and distributing food and through educational programs.

The Society's work includes the following programs:

The Potato & Produce Project – The focus of this program is on salvaging potatoes and other produce that are considered to be unmarketable due to size or other small flaws. The produce is given to the Society free of charge, but the Society must pay for packaging and freight. Salvaged produce is distributed to food banks and various other organizations. The Potato & Produce Project also purchases seed potatoes for shipment to areas having available land but lacking the resources to purchase seed. The produce yielded from the seed potatoes goes to the needy in the area or to a food bank.

The Gleaning Network – This program uses volunteers to salvage produce directly from farms and orchards. Salvaged produce is gleaned from fields that have been harvested or is gathered from fields that are donated by farmers. Produce is picked up at the gleaning site by a food bank or other organizations.

The Harvest of Hope – This is a work/study mission program for all ages where participants spend time studying about the problem of world hunger. Several events are conducted each year. The programs are often conducted in conjunction with a gleaning project and the Harvest of Hope participants take part in salvaging produce for the needy. Participants pay a fee to attend.

Strategic Programs – Initiatives under this program focus on adapting the Society's work to meet emerging needs; forge new programmatic partnerships; and expand into new geographic areas, involving individuals and groups in meeting hunger needs in their own communities.

Note 2 – Summary of significant accounting policies

Basis of presentation

The financial statements of the Society are prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Revenue Recognition

The Society recognizes revenue from program registrations during the year in which the related services are provided to participants. The performance obligation of program services is simultaneously received and consumed by the participants, therefore, the revenue is recognized at the time of the events. All amounts received prior to the event are deferred to the applicable period.

The Society recognizes revenue from packing and freight reimbursements upon delivery of produce. The performance obligation of freight is simultaneously received and consumed, therefore, the revenue is recognized upon delivery.

The Society accounts for contributions in accordance with FASB ASC 958-605, Accounting for Contributions Received and Contributions Made. In accordance with FASB ASC 958-605, contributions are recorded with or without donor restricted support depending on the existence and/or nature of any donor restrictions. The Society recognizes contributions when cash, securities, or other assets; or an unconditional promise to give is received. Conditional promises to give that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions on which they depend have been met.

Gifts of cash and other assets are presented as restricted support if they are received with donor stipulations that limit the use of the donated assets. 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.

Note 2 – Summary of significant accounting policies (continued)

Non-cash contributions of donated goods

Gifts of property and equipment are presented as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how those long-lived assets must be maintained, the Society reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Donated goods are recorded at their fair market value at the end of each fiscal year. The Society recognizes income from contributed produce. Donations of property and equipment are recorded as support at their estimated fair value at the time of donation. Such donations are reported as without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as with donor restrictions. Material donations of services requiring specific expertise are recorded as support at their estimated fair value at the date of donation. No amounts have been reflected in the accompanying financial statements for other donated services in as much as no objective basis is available to measure the value of such services; however, a substantial number of volunteers have donated significant amounts of their time on behalf of the Organization.

Cash and cash equivalents

The Society considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents unless held for reinvestment as part of the investment portfolio, pledged to secure loan agreements, or otherwise designated or restricted. The carrying amount approximates fair value because of the short maturity of those instruments. These accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to $250,000. While the Society's cash and cash equivalents at times may exceed these limits, the Society has not experienced any losses on such accounts. The Society believes it is not exposed to any significant credit risk on these accounts.

Contributions receivable

Pledges to the Society are recognized as revenue in the year the unconditional pledge is received. All contributions are considered available for unrestricted use unless specifically restricted by the donor. Allowances are provided for pledges estimated to be uncollectible.

Accounts receivable

Accounts receivable consist of freight, packaging, and handling charges that are due from various food banks and other agencies. Management reviews the accounts periodically during the period and any considered to be uncollectible are charged against income. Recoveries of accounts previously written off are taken into income in the period received.

Investments

Investments in debt and equity securities with readily determinable fair values are stated at fair market value based on quoted market prices as of the date of the financial statements. Unrealized and realized gains and losses on these investments are reported in the statement of activities without donor restrictions.

Leases

The Society accounts for leases in accordance with FASB ASC 842. The Society determines if an arrangement is a lease, or contains a lease, at inception of a contract and when terms of an existing contract are changed. The Society determines if an arrangement conveys the right to use an identified asset and whether the Society obtains substantially all of the economic benefits from and has the ability to direct the use of the asset. The Society evaluates new and modified leases using the criteria outlined in FASB ASC 842 to determine whether they will be classified as operating leases or finance leases. The Society recognizes a lease liability and right-of-use (ROU) asset at the commencement date of the lease. Beginning January 1, 2022, operating lease ROU assets and related current and long-term portions of operating lease liabilities have been presented in the balance sheet.

The Society of Saint Andrew, Inc.
Notes to Financial Statements
Years ended December 31, 2022 and 2021

Note 2 – Summary of significant accounting policies (continued)

Leases (continued)

A lease liability is measured based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or rate and are measured using the index or rate at the commencement date. Lease payments, including variable payments made based on an index rate, are remeasured when any of the following occur: (1) the lease is modified (and the modification is not accounted for as a separate contract), (2) certain contingencies related to variable lease payments are resolved, or (3) there is a reassessment of any of the following: the
lease term, purchase options, or amounts that are probable of being owed under a residual value guarantee. The discount rate is the rate implicit in the lease if it is readily determinable; otherwise, the Society uses its incremental borrowing rate. The implicit rates of the Society's leases are not readily determinable; accordingly, the Society uses its incremental borrowing rate based on the information available at the commencement date for each lease. The Society's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar
terms and in a similar economic environment and geographic location. The Society determines its incremental borrowing rates by starting with the interest rates on recent borrowings and other observable market rates and adjusting those rates to reflect differences in the amount of collateral and the payment terms of the leases.

A ROU asset is measured at the commencement date at the amount of the initially measured liability plus any lease payments made to the lessor before or after commencement date, minus any lease incentives received, plus any initial direct costs. Unless impaired, an operating ROU asset is subsequently measured throughout the lease term at the amount of the lease liability (that is the present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) any prepaid (accrued lease payments, less the unamortized balance of lease incentives received. Lease cost for operating lease payments is recognized on a straight-line basis over the lease term. Finance lease ROU assets are subsequently measured throughout the lease term at cost, net of accumulated amortization. Finance lease ROU assets are amortized on a straight-line basis over the shorter of the lease term or the remaining useful life of the asset. Interest expense and amortization expense are recorded in the statement of income for finance leases.

The Society has elected for all underlying classes of assets, to not recognize ROU assets and lease liabilities for short-term leases that have a lease term of 12 months or less, but greater than 1 month at lease commencement, and do not include an option to purchase the underlying asset that the Society is reasonably certain to exercise. The Society recognizes lease cost associated with its short-term leases on a straight-line basis over the lease term.

Property and equipment

The Society records purchased property and equipment at cost. Donated property and equipment are recorded at their estimated fair value at the time of donation. When assets are retired, the carrying value and accumulated depreciation are removed from the accounts. Expenses for maintenance and repairs are charged against revenues in the year the cost is incurred.

Depreciation is computed by the straight-line method over the estimated useful lives of the various classes of property as follows:

Classification	Estimated Useful Life
Buildings and improvements	5 - 39 years
Land improvements	5 - 20 years
Equipment and furniture	3 - 12 years
Vehicles	3 - 7 years
Software	3 years

Land Held for Sale

The Society received a donation of land valued at $1,703,650 during 2020. The land is held for sale as it will not be used in operations.

Advertising

Advertising costs are expensed as they are incurred.

Note 2 – Summary of significant accounting policies (continued)

Estimates

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

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions- Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate, from net assets without donor restrictions, net assets for an operating reserve.

Net Assets With Donor Restrictions- Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature where the donor stipulates that the resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Adopting of new accounting standards

In February 2016, FASB issued ASU No. 2016-02, *Leases (Topic 842)*. FASB ASC 842 supersedes the lease requirements in FASB ASC 840. Under FASB ASC 842, lessees are required to recognize assets and liabilities on the balance sheet for most leases and provide enhanced disclosures. The Company adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842): Targeted Improvements*. The Company did not restate prior comparative periods as presented under FASB ASC 840 and instead evaluated whether a cumulative effect adjustment to retained earnings as of January 1, 2022, was necessary for the cumulative impact of adoption of FASB ASC 842. No cumulative effect adjustment to retained earnings as of January 1, 2022, was necessary. FASB ASC 842 did not have a significant effect on the results of operations or cash flows for the year ended December 31, 2022. As part of the transition, the Company implemented new internal controls and key system functionality to enable the preparation of financial information on adoption and elected to apply the following practical expedients:

Package of practical expedients:

- Election not to reassess whether any expired or existing contracts are or contain leases
- Election not to reassess the lease classification for any expired or existing leases
- Election not to reassess initial direct costs on any existing leases

Other practical expedients:

- Election not to record ROU assets and corresponding lease liabilities for short-term leases with a lease term of 12 months or less, but greater than 1 month. Leases of 1 month or less are not included in short-term lease costs.

New accounting pronouncement

In September 2020, FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. The amendments are effective for annual periods beginning after June 15, 2021. The amendments are to increase the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The Organization has implemented the expanded disclosure.

Note 3 – Investments

Investments are reported at their fair value as of December 31, 2022 and 2021, in accordance with FASB ASC 958-320, *Not-for-Profit – Investments – Debt and Equity Securities.* The reporting of gains and losses on the investments are reported in accordance with FASB ASC 958-205-45, *Financial Statements for Not-for-Profit Organization.*

Investments as of December 31, 2022 and 2021 consist of the following:

	December 31, 2022		December 31, 2021	
	Cost	Fair Value	Cost	Fair Value
Cash equivalents	$ 85,913	$ 85,913	$ 201,707	$ 201,707
Common stock	2,174,488	2,397,750	1,897,644	2,340,300
Mortgage backed securities	172,237	354,070	273,260	238,297
Other investment funds	2,500	4,131	2,500	4,867
	$ 2,435,138	$ 2,841,864	$ 2,375,111	$ 2,785,171

Note 4 – Fair Value Measurement

FASB ASC 820 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a hierarchy for disclosing assets and liabilities measured at fair value based on the inputs used to value them. The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs. Observable inputs are based on market pricing data obtained from sources independent of the Society. Unobservable inputs reflect management's judgment about the assumptions market participants would use in pricing the asset or liability. The fair value hierarchy includes three levels based on the objectivity of the inputs as follows:

- Level 1 inputs are quoted prices in active markets as of the measurement date for identical assets and liabilities that the Foundation has the ability to access. This category includes exchange-traded mutual funds and equity securities.
- Level 2 inputs are inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets and liabilities in active markets, and inputs other than quoted prices that are observable for the asset or liability, such as interest rates or yield curves, that are observable at commonly quoted intervals. This category includes mortgage-backed securities, asset-backed securities, corporate debt securities, certificates of deposit, commercial paper, U.S. agency and municipal debt securities, U.S. Treasury securities and derivative contracts.
- Level 3 inputs are unobservable inputs for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability. Discounts are used to estimate fair value. The measurements are highly subjective.
-

December 31, 2022	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total at Fair Value
Investments:				
Cash equivalents	$ 85,913	$ -	$ -	$ 85,913
Common stock	2,397,750	-	-	2,397,750
Mortgage backed securities	-	354,070	-	354,070
Other investment funds	-	-	4,131	4,131
Total	$ 2,483,663	$ 354,070	$ 4,131	$ 2,841,864

Note 4 – Fair Value Measurement (continued)

December 31, 2021	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)	Total at Fair Value
Investments:				
Cash equivalents	$ 201,707	$ -	$ -	$ 201,707
Common stock	2,340,300	-	-	2,340,300
Mortgage backed securities	-	238,297	-	238,297
Other investment funds	-	-	4,867	4,867
Total	$ 2,542,007	$ 238,297	$ 4,867	$ 2,785,171

A summary of the changes in the fair value of the Society's Level 3 assets for the year ended December 31, 2022 is as follows:

Beginning fair value	$ 4,867
Investment income, net of investment fees	(736)
Ending fair value	$ 4,131

Note 5 – Endowment

The Society's endowment fund consists of a board designated endowment fund. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law

The Uniform Prudent Management of Institutional Funds Act (UPMIFA) as enacted by the Commonwealth of Virginia applies to all the endowment funds unless the donor has specifically directed otherwise. The Board of Directors interprets UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor restrictions to the contrary. As a result of this interpretation, the Board of Directors classifies as net assets with donor restrictions in perpetuity (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund and (d) market value adjustments in funds held by others. The remaining portion of the donor-restricted endowment fund that is not classified in net assets held in perpetuity is classified as net assets without donor restrictions until those amounts are appropriated for expenditure by the Society in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Board of Directors considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

(1) The duration and preservation of the fund.
(2) The purpose of the Society and the donor-restricted endowment fund.
(3) General economic conditions.
(4) The possible effects of inflation and deflation.
(5) The expected total return from income and the appreciation of investments.
(6) Other resources of the Society.
(7) The investment policies of the Society.

Note 5 – Endowment (continued)

Spending Policy

The Society has a policy of appropriating investment income earned from the board designated endowment fund as assets available for current operations if approved by the finance committee of the Board of Directors. During 2022 and 2021, $-0- and $-0-, respectively, was distributed from the board designated endowment account and invested in an undesignated investment account. It is the Society's policy that distributions of funds from the endowment should not exceed the investment earnings, not to include fund appreciation. In establishing this policy, the Society considered the long-term expected total real return on its endowment.

Return Objectives and Risk Parameters

The responsibility for investment of all endowment funds of the Society is solely the responsibility of the Board of Directors. The return objectives and risk parameters applicable to the endowments herewith presented are as follows:

The Society has adopted investment policies for endowment assets that attempt to provide funding to the Society's programs and operations while seeking to maintain the purchasing power of endowment assets. Endowment assets consist of board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to produce results that conserve the principal of the funds and achieve a growth in income and principal over and above that necessary to offset inflation.

Strategies Employed for Achieving Objectives

To achieve its long-term investment objective, the Society relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Society targets a diverse asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints

Funds with Deficiencies

From time to time the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA/SPMIFA requires the Society to retain as a fund of perpetual duration.

Endowment Net Asset Composition by Type of Fund
As of December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated endowment funds	912,769	-	912,769
Total funds	$ 912,769	$ -	$ 912,769

The Society of Saint Andrew, Inc.
Notes to Financial Statements
Years ended December 31, 2022 and 2021

Note 5 – Endowment (continued)

For Fiscal Year Ended December 31, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund net assets Beginning of year	$ 679,155	$ 100,000	$ 779,155
Contributions	-	160,167	160,167
Investment income:			
Investment income, net	17,810	-	17,810
Net appreciation (realized and unrealized)	(44,363)	-	(44,363)
	(26,553)	-	(26,553)
Appropriation of endowment assets for expenditure	(-)	-	(-)
Endowment fund net assets End of year	$ 652,602	$ 260,167	$ 912,769

Endowment Net Asset Composition by Type of Fund
As of December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Board-Designated endowment funds	779,155	-	779,155
Total funds	$ 779,155	$ -	$ 779,155

For Fiscal Year Ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment fund net assets Beginning of year	$ 528,676	$ -	$ 528,676
Contributions	-	100,000	-
Investment income:			
Investment income, net	10,097	-	10,097
Net appreciation (realized and unrealized)	140,382	-	140,382
	150,479	-	150,479
Appropriation of endowment assets for expenditure	(-)	-	(-)
Endowment fund net assets End of year	$ 679,155	$ 100,000	$ 779,155

Note 6 – Property and equipment

A summary of property and equipment as of December 31, 2022 and 2021 is as follows:

	2022	2021
Land	$ 7,500	$ 7,500
Buildings	389,437	384,295
Office Equipment	3,491	3,491
Computer Equipment	77,299	163,820
Transportation equipment	16,361	16,361
	494,088	575,467
Less accumulated depreciation	309,016	400,735
Property and equipment, net	$ 185,072	$ 174,732

Depreciation expense totaled $33,281 and $37,293, respectively, for the years ended December 31, 2022 and 2021.

Note 7 –Leases

The Society has obligations as a lessee for computer equipment with initial noncancelable terms in excess of one year. Generally, the computer equipment leases have an initial term of 48 to 60 months. The Society classifies these leases as operating leases, except for any leases that meet the FASB ASC 842 criteria to be classified as a finance lease. Additionally, the Society has obligations as a lessee for office space, event rentals, and equipment with initial noncancelable terms of one-year or less. Generally, the office space leases have an initial term of 1 year. Payments due under lease contracts are fixed payments.

A summary of right-of-use assets as of December 31, 2022 and 2021 is as follows:

	2022	2021
Finance right-of-use assets	$ 134,900	$ -
	134,900	-
Less accumulated amortization	125,000	-
Right-of-use assets, net	$ 9,900	$ -

The components of lease cost and income statement caption allocation for the year ended December 31, 2022, are as follows:

	Income statement caption(s)	2022
Finance lease cost		
Amortization of ROU assets	Management and general expenses	22,617
Interest on lease liabilities	Management and general expenses	3,615
Total finance lease cost		26,232
Short-term lease cost	Management and general expenses	20,087
	Program expenses	22,855
Total short-term lease cost		42,942
Total lease cost		$ 69,174

Note 7 –Leases (continued)

Other information related to leases as of or for the year ended December 31, 2022 are as follows:

Weighted-average remaining lease term (years)	
Finance leases	2.39 years
Weighted-average discount rate	
Finance leases	16.18%

Supplemental cash flow information for the year ended December 31, 2022:

Cash paid for amounts included in the measurement of lease liabilities	
Finance cash flows – finance leases	27,305

Maturities of operating and finance lease liabilities as of December 31, 2022, were as follows:

Year Ending		Finance leases
2023	$	11,073
2024		3,906
2025		-
2026		-
2027		-
Thereafter		-
Total lease payments		14,979
Less: present value adjustment		(1,743)
Present value of lease liabilities	$	13,236

Note 8 – Short-term leases

The Society leases office space for its locations in Alabama, Florida, Georgia, Indiana, Maryland, Mississippi, North Carolina, Ohio, and Tennessee. Rent expense, under month to month and 12-month operating leases, totaled $17,580 and $14,312 for the years ended December 31, 2022 and 2021, respectively. The Society also leases facilities for camps and other events and the lease expense totaled $2,134 and $-0- for the years ended December 31, 2022 and 2021, respectively. The Society also leases a copier and the lease expense totaled $23,229 and $11,380 for the year ended December 31, 2022 and 2021, respectively.

The future minimum rental payments under operating leases are $10,750 as of December 31, 2022.

Note 9 – Non-Financial Contributions of Assets and Services

The Society's Potato and Produce Project and Gleaning Network routinely receive donations of produce and supplies for distribution to food banks and other organizations to be used for feeding and nourishing those in need. The Society does not pay for the produce, but is required to pay for its packaging and freight. In connection with the preparation of the accompanying financial statements, management of the society has estimated the value of this donated produce and has included those estimated amounts as revenue attributable to donated produce and as a component of the expenses associated with the Society's program services. Both the estimated revenue and expense are identical in amount and therefore do not in any way impact the Society's annual change in net assets or its cash flows. Management's estimate of the value of the donated produce, which is based on the poundage and government published prices, and the value of donated supplies requires management to exercise a significant amount of judgement. The Society had no inventory of donated produce at December 31, 2022 and 2021. The fair market value of the contributed produce for the years ended December 31, 2022 and 2021 were $16,978,248 and $51,598,841, respectively. The COVID-19 pandemic impact in 2021 and 2020 resulted in a significant increase in gleaned produce through the Farmers to Families Food Box Program providing food boxes for delivery. A corresponding amount is recognized in expense as a component of produce distributed.

Note 9 – Non-Financial Contributions of Assets and Services (continued)

The Society receives donated services from a variety of unpaid volunteers. Donated services are recognized in the financial statements only if they create or enhance nonfinancial assets or if they require specialized skills and would typically need to be purchased if not provided by donation. During 2022, there were no services meeting the criteria for recognition. The Society had approximately 18,062 persons volunteering to work about 3 hours on different gleaning events, resulting in an additional 54,186 volunteer hours during 2022. These hours did not meet the criteria for recognition in the financial statements. During 2021, there were no services meeting the criteria for recognition. The Society had approximately 25,544 persons volunteering to work about 3 hours on different gleaning events, resulting in an additional 76,632 volunteer hours during 2021. These hours did not meet the criteria for recognition in the financial statements.

The Society received the following non-financial support for the years ended December 31, 2022 and 2021:

	2022	2021
Produce	$ 16,978,248	$ 51,598,841
Advertisements	66,505	89,103
Packaging	3,246	3,648
Office space rental	2,000	2,000
Expo fees	500	-
Office supplies	140	180
Professional labor	-	2,000
Equipment rental	-	1,000
Travel and lodging	-	336
Other program	45	1,340
	$ 17,050,684	$ 51,698,448

Services are valued at an estimated market value.

Note 10 – Retirement plan

The Society adopted a 401(k) retirement plan on January 1, 2004. The Society matches the employees' 401(k) contributions based on a fixed percentage. Each employee receives an employer contribution of 5% of their salary, and in addition, if the employee chooses to participate in the plan, the employer will also match employee contributions up to 4% of the employee's salary. Employer contributions to the plan during 2022 and 2021 amounted to $115,545 and $99,596, respectively.

Note 11 – Income taxes

The Society is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Internal Revenue Code, as evidenced by its determination letter dated January 1985.

The Society has adopted FASB ASC 740-10, Income Taxes, which prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return. The Society has analyzed tax positions taken for filing with the Internal Revenue Service and all state jurisdictions where it operates. The Society believes that income tax filing positions will be sustained upon examination and does not anticipate any adjustments that would result in a material adverse effect on the Society's financial condition, results of operations or cash flows. Accordingly, the Society has not recorded any reserves, or related accruals for interest and penalties for uncertain income tax positions at December 31, 2022 and 2021. Fiscal years ending on or after December 31, 2019 remain subject to examination by federal and state tax authorities.

Note 12 – Paycheck protection program loan

The Society received a loan on January 27, 2021 under the Paycheck Protection Program of the CARES Act in the amount of $340,470. The Society applied for forgiveness and was notified on September 29, 2021 that the loan of $340,470 was forgiven. The forgiveness was recognized as of December 31, 2021.

Note 13 – Net assets with donor restrictions

Net assets with donor restrictions at December 31, 2022 and 2021 consisted of the following:

	2022	2021
Restricted contribution revenue	$ 532,100	$ 700,000
Pledges receivable	316,875	233,278
Restricted grant revenue	255,754	1,211,160
Endowment – donor restricted	260,167	100,000
	$ 1,364,896	$ 1,211,160

Note 14 – Functional allocation of expenses

The costs of providing the programs and activities have been summarized on a functional basis on the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Note 15 – Liquidity and Availability

The Society is substantially supported by contributions without donor restrictions for use in current programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. General expenditures include administrative and general expenses and fundraising expenses expected to be paid in the subsequent year. Annual operations are defined as activities occurring during the Society's fiscal year.

The Society manages its cash available to meet general expenditures with the following objectives:

- Structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due and
- Maintain a cash and cash investments reserve equal to approximately five to six months of cash expenses in order to minimize the effects of a negative economic or agricultural downturn.
- A board designated endowment fund is available with the income available as approved by the board.

The table below presents financial assets available for general expenditures within one year at December 31, 2022:

Financial assets at year-end:	
Cash and cash equivalents	$ 912,546
Accounts receivable	7,585
Contributions receivable	572,629
Investments	2,841,864
	4,334,624
Board designations	(912,769)
Financial assets available to meet general expenditures within one year	$ 3,421,855

Note 16 – Subsequent Events

The Society has evaluated subsequent events through March 31, 2023, the date the audit report was made available. No events requiring disclosure have been noted.