

ALIVE!, Inc.

Financial Statements
Including Uniform Guidance Reports
and Independent Auditor's Report

June 30, 2023 and 2022

ALIVE!, Inc.

Financial Statements
June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
ALIVE!, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of ALIVE!, Inc. (Alexandrians InVolved Ecumenically, referred to as “the Organization”), which comprise the statements of financial position as of June 30, 2023 and 2022; the related statements of activities, functional expenses, and cash flows for the years then ended; and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the Organization adopted Accounting Standards Update (ASU) 2016-02, Accounting Standards Codification (ASC) 842, *Leases*, and all subsequent ASUs that modified ASC 842. The Organization has applied the modified retrospective method to adopt this standard during the year ended June 30, 2023, and adjusted the presentation in the financial statements as permitted by ASC 842. Our opinion is not modified with respect to this matter.

Emphasis of Matter (continued)

As discussed in Note 2 to the financial statements, the Organization adopted Financial Accounting Standards Board ASU 2020-07, *Not-for-Profit-Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about 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.

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 GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2024 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Rogers + Company PLLC". The signature is stylized, with a large, looped "R" and a plus sign between "Rogers" and "Company".

Vienna, Virginia
February 26, 2024

ALIVE!, Inc.**Statements of Financial Position**
June 30, 2023 and 2022

	2023	2022
Assets		
Cash	\$ 222,115	\$ 235,126
Investments	2,642,511	2,299,269
Grants receivable	46,020	10,457
Inventory	225,471	256,574
Prepaid expenses	25,437	6,671
Property and equipment, net	415,958	473,998
Right-of-use assets – operating leases	85,370	-
Deposit	7,400	3,900
Total assets	<u>\$ 3,670,282</u>	<u>\$ 3,285,995</u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 161,163	\$ 83,046
Refundable grant advances	577,469	387,171
Lease liabilities – operating leases	87,930	-
Total liabilities	<u>826,562</u>	<u>470,217</u>
Net Assets		
Without donor restrictions	<u>2,843,720</u>	<u>2,815,778</u>
Total net assets	<u>2,843,720</u>	<u>2,815,778</u>
Total liabilities and net assets	<u>\$ 3,670,282</u>	<u>\$ 3,285,995</u>

See accompanying notes.

ALIVE!, Inc.

Statement of Activities For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 1,550,590	\$ -	\$ 1,550,590
Federal grants	968,355	-	968,355
State and local grants	587,493	-	587,493
In-kind contributions	1,533,242	-	1,533,242
Special fundraising events	253,374	-	253,374
Investment return	100,401	-	100,401
Other income	35	-	35
Total revenue and support	4,993,490	-	4,993,490
Expenses			
Program services:			
Food program	2,823,916	-	2,823,916
Family assistance	606,830	-	606,830
Eviction prevention	778,506	-	778,506
ALIVE! House	96,474	-	96,474
Furniture and housewares	65,935	-	65,935
Total program services	4,371,661	-	4,371,661
Supporting services:			
Management and general	432,564	-	432,564
Fundraising	161,323	-	161,323
Total supporting services	593,887	-	593,887
Total expenses	4,965,548	-	4,965,548
Change in Net Assets	27,942	-	27,942
Net Assets, beginning of year	2,815,778	-	2,815,778
Net Assets, end of year	\$ 2,843,720	\$ -	\$ 2,843,720

See accompanying notes.

ALIVE!, Inc.

Statement of Activities
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and Support			
Contributions and grants	\$ 1,338,857	\$ -	\$ 1,338,857
Federal grants	649,018	-	649,018
State and local grants	87,653	-	87,653
In-kind contributions	1,518,147	-	1,518,147
Special fundraising events	79,575	-	79,575
Investment return	28,766	-	28,766
Other income	750	-	750
Net assets released from restrictions	545,792	(545,792)	-
Total revenue and support	4,248,558	(545,792)	3,702,766
Expenses			
Program services:			
Food program	2,513,017	-	2,513,017
Family assistance	521,610	-	521,610
Government funded initiatives	754,439	-	754,439
ALIVE! House	94,645	-	94,645
Furniture and housewares	42,545	-	42,545
Total program services	3,926,256	-	3,926,256
Supporting services:			
Management and general	331,463	-	331,463
Fundraising	150,974	-	150,974
Total supporting services	482,437	-	482,437
Total expenses	4,408,693	-	4,408,693
Change in Net Assets	(160,135)	(545,792)	(705,927)
Net Assets, beginning of year	2,975,913	545,792	3,521,705
Net Assets, end of year	\$ 2,815,778	\$ -	\$ 2,815,778

See accompanying notes.

ALIVE!, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Services						Supporting Services			
	Food Program	Family Assistance	Eviction Prevention	ALIVE! House	Furniture and Housewares	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Compensation	\$ 464,909	\$ 36,835	\$ 75,043	\$ 56,328	\$ 2,488	\$ 635,603	\$ 132,914	\$ 83,885	\$ 216,799	\$ 852,402
Payroll taxes	21,812	1,922	3,476	2,835	119	30,164	5,931	3,964	9,895	40,059
Employee benefits	36,906	2,968	5,631	4,400	198	50,103	10,930	6,662	17,592	67,695
Computer services	33	-	1,583	-	-	1,616	20,724	10,542	31,266	32,882
Depreciation	43,107	3,435	6,927	5,233	231	58,933	12,330	7,781	20,111	79,044
Financial assistance	-	557,037	677,757	1,302	-	1,236,096	-	-	-	1,236,096
Food and kitchen supplies	610,940	-	-	150	-	611,090	1,295	-	1,295	612,385
In-kind food	1,258,083	-	-	-	-	1,258,083	-	-	-	1,258,083
In-kind materials	-	-	-	-	61,168	61,168	-	-	-	61,168
In-kind rent	168,385	2,358	-	1,188	540	172,471	2,340	1,764	4,104	176,575
Insurance	13,437	1,071	2,160	1,631	72	18,371	3,843	2,425	6,268	24,639
Maintenance	50,488	-	-	11,911	-	62,399	9,813	-	9,813	72,212
Marketing	5,209	-	-	-	-	5,209	648	11,343	11,991	17,200
Memberships	200	-	-	-	-	200	3,679	55	3,734	3,934
Occupancy	81,421	1,204	2,429	1,834	81	86,969	4,321	2,727	7,048	94,017
Office and other expense	1,278	-	-	458	-	1,736	6,018	11,968	17,986	19,722
Operating supplies	46,695	-	-	1,665	1,034	49,394	14,872	547	15,419	64,813
Professional fees	9,476	-	3,500	-	-	12,976	168,577	17,660	186,237	199,213
Staff development	343	-	-	-	4	347	11,228	-	11,228	11,575
Utilities	11,194	-	-	7,539	-	18,733	23,101	-	23,101	41,834
Total Expenses	\$ 2,823,916	\$ 606,830	\$ 778,506	\$ 96,474	\$ 65,935	\$ 4,371,661	\$ 432,564	\$ 161,323	\$ 593,887	\$ 4,965,548

See accompanying notes.

ALIVE!, Inc.

Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Services						Supporting Services			
	Food Program	Family Assistance	Government Funded Initiatives	ALIVE! House	Furniture and Housewares	Total Program Services	Management and General	Fundraising	Total Supporting Services	Total
Compensation	\$ 216,990	\$ 5,764	\$ 244,099	\$ 43,442	\$ 2,305	\$ 512,600	\$ 69,932	\$ 54,007	\$ 123,939	\$ 636,539
Payroll taxes	17,664	469	19,871	3,536	188	41,728	6,245	4,396	10,641	52,369
Employee benefits	8,316	221	9,355	1,665	88	19,645	2,948	2,070	5,018	24,663
Computer services	-	-	6,821	2,430	-	9,251	50,247	11,504	61,751	71,002
Depreciation	25,818	689	29,036	5,210	306	61,059	9,117	6,435	15,552	76,611
Fees and other	-	517	-	-	-	517	-	4,680	4,680	5,197
Financial assistance	-	512,907	18,064	823	-	531,794	72	-	72	531,866
Food and kitchen supplies	830,720	-	315,718	-	-	1,146,438	65	-	65	1,146,503
In-kind food	1,204,627	-	-	-	-	1,204,627	-	-	-	1,204,627
In-kind materials	-	-	-	-	39,498	39,498	-	-	-	39,498
In-kind rent	158,575	-	-	-	-	158,575	9,000	9,000	18,000	176,575
Insurance	13,488	360	15,169	2,722	160	31,899	4,763	3,362	8,125	40,024
Maintenance	12,723	31	-	10,480	-	23,234	14,895	-	14,895	38,129
Marketing	122	-	-	132	-	254	6,671	9,908	16,579	16,833
Memberships	-	-	-	-	-	-	2,369	-	2,369	2,369
Occupancy	-	-	19,100	-	-	19,100	12,284	12,284	24,568	43,668
Office and other expense	10,366	-	47,962	940	-	59,268	18,330	8,684	27,014	86,282
Operating supplies	9,042	-	18,511	11,293	-	38,846	14,028	959	14,987	53,833
Professional fees	888	-	8,679	201	-	9,768	93,675	23,685	117,360	127,128
Staff development	675	-	-	135	-	810	2,761	-	2,761	3,571
Utilities	3,003	652	2,054	11,636	-	17,345	14,061	-	14,061	31,406
Total Expenses	\$ 2,513,017	\$ 521,610	\$ 754,439	\$ 94,645	\$ 42,545	\$ 3,926,256	\$ 331,463	\$ 150,974	\$ 482,437	\$ 4,408,693

See accompanying notes.

ALIVE!, Inc.

Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Change in net assets	\$ 27,942	\$ (705,927)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	79,044	76,611
Net unrealized and realized gain on investments	(79,983)	(21,489)
Loss on disposal of property and equipment	3,317	-
Amortization of right-of-use assets – operating leases	60,680	-
Change in operating assets and liabilities:		
(Increase) decrease in:		
Grants receivable	(35,563)	125,161
Inventory	31,103	(22,625)
Prepaid expenses	(18,766)	23,438
Deposit	(3,500)	(3,900)
Increase (decrease) in:		
Accounts payable and accrued expenses	78,117	(49,613)
Refundable grant advances	190,298	387,171
Lease liabilities – operating leases	(58,120)	-
Net cash provided by (used in) operating activities	<u>274,569</u>	<u>(191,173)</u>
Cash Flows from Investing Activities		
Purchases of investments	(263,259)	(18,932)
Proceeds from sale of investments	-	247,083
Purchases of property and equipment	<u>(24,321)</u>	<u>(56,006)</u>
Net cash (used in) provided by investing activities	<u>(287,580)</u>	<u>172,145</u>
Net Decrease in Cash	(13,011)	(19,028)
Cash, beginning of year	<u>235,126</u>	<u>254,154</u>
Cash, end of year	<u><u>\$ 222,115</u></u>	<u><u>\$ 235,126</u></u>
Noncash Transaction Arising from ASC 842 Adoption:		
Establishment of right-of-use assets – operating leases	<u>\$ 146,050</u>	<u>\$ -</u>
Establishment of lease liabilities – operating leases	<u><u>\$ 146,050</u></u>	<u><u>\$ -</u></u>

See accompanying notes.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2023 and 2022

1. Nature of Operations

ALIVE!, Inc. (Alexandrians InVolved Ecumenically, referred to as “the Organization”) is a nonprofit organization that was incorporated in 1969 under the laws of the Commonwealth of Virginia to help people faced with emergency situations or long-term needs become capable of assuming self-reliant roles in the community. The Organization serves thousands of Alexandrians monthly with shelter; financial help for rent, utilities, medical care, and other critical needs; emergency food; and deliveries of donated furniture and housewares.

2. Summary of Significant Accounting Policies

Basis of Accounting and Presentation

The Organization’s financial statements are prepared on the accrual basis of accounting. Net assets are reported based on the presence or absence of donor-imposed restrictions, as follows:

- *Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.
- *Net Assets With Donor Restrictions* – Net assets subject to donor- (or certain grantor-) imposed restrictions. The Organization reports contributions and grants restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions and grants are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Investments

Investments are recorded at fair value based on quoted market prices. Realized and unrealized gains and losses are reported in investment return in the accompanying statements of activities. Money market and short-term investment funds, held as a portion of the Organization’s investment portfolio, are not considered to be cash equivalents for purposes of cash flows.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Grants Receivable

Grants receivable consist of amounts due to be reimbursed to the Organization for expenses incurred under various grant agreements. All grants receivable are expected to be collected within one year and are recorded at net realizable value. No allowance for doubtful accounts is recorded, as management believes that all amounts are fully collectible.

Inventory

Inventory is comprised of donated and purchased food and is valued using an estimated market valuation rate.

Property and Equipment

Property and equipment acquisitions with a cost in excess of \$500 and a projected useful life exceeding one year are capitalized and recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which range from three to 40 years. Expenditures for repairs and maintenance are expensed as incurred.

Operating Leases

The Organization determines if an arrangement is a lease at inception. Operating lease is included in right-of-use (“ROU”) assets, which represent the Organization’s right to use an underlying asset for the lease term, and lease liabilities represent the Organization’s obligation to make lease payments arising from the lease. Operating ROU lease assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As the Organization’s leases do not provide an implicit rate, the Organization used a risk-free rate based on the information available at the commencement date in determining the present value of lease payments.

The ROU assets also include any lease payments made and exclude lease incentives. The Organization’s lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Revenue Recognition

Revenue Accounted for in Accordance with Contribution Accounting

The Organization recognizes contributions and grants as revenue when cash, securities, or other assets; an unconditional promise to give; or a notification of a beneficial interest 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.

Cost-reimbursable grants, including federal, state, and local grants, are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific grant provisions. Costs incurred in excess of cash received are reflected as grants receivable in the accompanying statements of financial position. Amounts received prior to incurring qualifying expenditures are reported as refundable grant advances in the accompanying statements of financial position.

Revenue Accounted for as Contracts with Customers

Revenue is recognized when the Organization satisfies a performance obligation by transferring a promised good to, or performing a service for, a customer. The amount of revenue recognized reflects the consideration the Organization expects to receive in exchange for satisfying distinct performance obligations. If a performance obligation does not meet the criteria to be considered distinct, the Organization combines it with other performance obligations until a distinct bundle of goods or services exists. Fees or amounts received in advance of satisfying contractual performance obligations are reflected as deferred revenue in the statements of financial position. Revenue is recognized either over time or at the point in time that contractual obligations are met.

Specifically, for the various types of contracts, the Organization recognizes revenue as follows:

The Organization records special fundraising events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

In-Kind Contributions

The Organization receives in-kind contributions of nonfinancial assets from individual donors and other sources during the year. These assets include: donated food; furniture and household goods; and rent. They are used to support the Organization's community assistance activities and are recognized as revenue and expense in the financial statements at their estimated fair values at the time of receipt.

In-kind contributions may also include donated services that are considered specialized and can be estimated (e.g., professional legal services) and that otherwise would be required to be paid for. These contributions also support the Organization's community assistance activities. They are recognized as revenue and expense at the time of receipt based on donor quotes of the amounts they would typically charge for their services.

Functional Allocation of Expenses

The costs of program and supporting services are reflected in the statements of activities according to their functional allocations as shown in the accompanying statements of functional expenses. The allocation of costs on these schedules is based on the programs and supporting services benefited. Accordingly, costs that directly benefit a specific program or supporting service (i.e., direct costs) are allocated directly to them, whereas other (indirect) costs are allocated across programs and services on the basis of estimates of staff time and effort.

Use of 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 the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2023 and 2022

2. Summary of Significant Accounting Policies (continued)

Adopted Accounting Pronouncements

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-02, Accounting Standards Codification (ASC) 842, *Leases*. The update requires a lessee to recognize an ROU asset and lease liability, initially measured at the present value of the lease payments, in its statements of financial position. The guidance also expands the required quantitative and qualitative lease disclosures. The guidance is effective for the Organization's fiscal year ended June 30, 2023. The Organization adopted ASC 842 during the year ended June 30, 2023, and adjusted the presentation in the financial statements as permitted by ASC 842. A modified retrospective transition approach is required for lessees for capital and operating leases existing at, or entered into after, the beginning of the earliest comparative period presented in the financial statements, with certain practical expedients available.

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities* (Topic 958): *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires a not-for-profit entity to present contributed nonfinancial assets in the statements of activities as a line item that is separate from contributions of cash or other financial assets. ASU 2020-07 also requires additional qualitative and quantitative disclosures about contributed nonfinancial assets received, disaggregated by category. The Organization adopted ASU 2020-07 during the year ended June 30, 2023, and has adjusted the presentation in the financial statements as permitted by ASU 2020-07.

Reclassifications

Certain amounts in the 2022 financial statements have been reclassified to conform to the 2023 presentation. These reclassifications have no effect on the change in net assets previously reported.

Subsequent Events

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 26, 2024, the date the financial statements were available to be issued.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2023 and 2022

3. Liquidity and Availability

The Organization has established a reserve policy to maintain financial assets to cover operating expenses. As part of this liquidity management, management periodically reviews the Organization's liquid asset needs and invests in various investments including money market funds, mutual funds, and other funds.

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statements of financial position date, comprise the following at June 30:

	2023	2022
Cash	\$ 222,115	\$ 235,126
Investments	2,642,511	2,299,269
Grants receivable	46,020	10,457
Total available for general expenditures	<u>\$ 2,910,646</u>	<u>\$ 2,544,852</u>

4. Concentrations of Credit Risk

Financial instruments that potentially subject the Organization to significant concentrations of credit risk consist of cash and investments. The Organization maintains cash deposit and transaction accounts, along with investments, with various financial institutions and these values, from time to time, exceed insurable limits under the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). The Organization has not experienced any credit losses on its cash and investments to date as it relates to FDIC and SIPC insurance limits. Management periodically assesses the financial condition of these financial institutions and believes that the risk of any credit loss is minimal.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2023 and 2022

5. Investments and Fair Value Measurements

Investment return consists of the following for the years ended June 30:

	2023	2022
Interest and dividends	\$ 20,418	\$ 7,277
Net unrealized and realized gain	79,983	21,489
Total investment return	<u>\$ 100,401</u>	<u>\$ 28,766</u>

The Organization's investment portfolio is not actively managed, rather it is self-directed; therefore, the Organization did not incur any investment fees for the years ended June 30, 2023 and 2022.

The Organization follows FASB ASC 820, *Fair Value Measurements and Disclosures*, for its financial assets. This standard establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. Fair value measurement standards require an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. The categorization of a financial instrument within the hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the entity's perceived risk of that instrument.

The inputs used in measuring fair value are categorized into three levels. Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and liabilities and have the highest priority. Level 2 is based upon observable inputs other than quoted market prices, and Level 3 is based on unobservable inputs. The Organization recognizes transfers between levels in the fair value hierarchy at the end of the reporting period.

In general, and where applicable, the Organization uses quoted prices in active markets for identical assets to determine fair value. This pricing methodology applies to Level 1 investments.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2023 and 2022

5. Investments and Fair Value Measurements (continued)

The following table presents the Organization's fair value hierarchy for those investments measured on a recurring basis at June 30:

	Level 1	Level 2	Level 3	Total
<u>2023:</u>				
Money market funds	\$ 1,514,557	\$ -	\$ -	\$ 1,514,557
Certificates of deposit	237,141	-	-	237,141
Mutual funds	486,222	-	-	486,222
Debt securities	404,591	-	-	404,591
Total investments	<u>\$ 2,642,511</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,642,511</u>
<u>2022:</u>				
Money market funds	\$ 1,659,096	\$ -	\$ -	\$ 1,659,096
Certificates of deposit	237,072	-	-	237,072
Mutual funds	389,549	-	-	389,549
Equity funds	13,552	-	-	13,552
Total investments	<u>\$ 2,299,269</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,299,269</u>

6. Property and Equipment

Property and equipment consists of the following at June 30:

	2023	2022
Land	\$ 28,039	\$ 28,039
Building	685,887	685,887
Vehicles	258,910	258,910
Furniture and equipment	147,217	167,545
Total property and equipment	1,120,053	1,140,381
Less: accumulated depreciation	(704,095)	(666,383)
Property and equipment, net	<u>\$ 415,958</u>	<u>\$ 473,998</u>

ALIVE!, Inc.

Notes to Financial Statements June 30, 2023 and 2022

7. Commitment and Contingencies

Operating Leases

In June 2012, the Organization entered into a lease agreement for office space in Alexandria, Virginia. The agreement is renewed annually. During fiscal year 2023, the monthly rent for this lease was \$2,002. The Organization paid \$27,036 and \$24,567 under the lease for the years ended June 30, 2023 and 2022, respectively. The market rent for the space, however, is estimated to be \$18,000 more than the paid rent. For both years ended June 30, 2023 and 2022, the Organization recognized \$18,000 of in-kind revenue and expense. The Organization does not apply the recognition requirements under ASC Topic 842, *Leases*, to short-term leases, which are leases with terms of a year or less.

In January 2022, the Organization entered into a lease agreement for food hub space in Alexandria, Virginia, which commenced on March 1, 2022 and expired on February 28, 2024. The lease called for a base monthly rent of \$2,845.

In January 2023, the Organization entered into a new lease agreement for food hub space at a different location in Alexandria, Virginia, which commenced on January 15, 2023 and expired on January 30, 2024. In 2023, the lease was extended for another year to expire on January 30, 2025. The lease calls for a base monthly rent of \$3,500.

Additionally, the Organization received donated warehouse space valued at \$158,575, which was recognized as in-kind revenue and expense for both years ended June 30, 2023 and 2022.

Supplemental qualitative information related to all leases was as follows at June 30, 2023:

Operating lease costs	\$	58,707
Cash paid for amounts included in the measurement of lease liabilities – operating cash flows	\$	53,833
ROU assets obtained in exchange for lease obligations	\$	146,050
Weighted-average remaining lease term (in years)		1.3
Weighted-average discount rate		3.82%

ALIVE!, Inc.

Notes to Financial Statements June 30, 2023 and 2022

7. Commitment and Contingencies (continued)

Operating Leases (continued)

Future minimum lease payments for the leases, and reconciliation to the statements of financial position, are as follows at June 30:

2024	\$	65,662
2025		<u>24,500</u>
Total minimum lease payments		90,162
Less: discount to present value at 3.82%		<u>(2,232)</u>
Present value of operating lease liabilities	\$	<u><u>87,930</u></u>

Government Grants

Funds received from federal and other government agencies are subject to an audit under the provisions of the grant agreements. The ultimate determination of amounts received under these grants is based upon the allowance of costs reported to and accepted by the oversight agencies. Until such grants are completed, a potential contingency exists to refund any amounts received in excess of allowable costs. Management is of the opinion that the conditions for spending down the refundable grant advance portion of the American Rescue Plan Act grant at June 30, 2023 will be met, and the expenses approved under the terms of the grant.

8. Retirement Plan

The Organization provides a retirement plan for its employees through a Section 403(b) defined contribution plan. The plan covers all eligible employees upon completion of one year of service. The Organization contributes an amount equal to 2% of salaries for those employees with one to five years of service and 5% thereafter for each eligible employee. Retirement plan contributions for the years ended June 30, 2023 and 2022 were \$8,190 and \$6,950, respectively.

ALIVE!, Inc.

Notes to Financial Statements June 30, 2023 and 2022

9. In-Kind Contributions

In-kind contributions consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Donated food	\$ 1,273,829	\$ 1,250,244
Donated rent	176,575	176,575
Donated furniture and household items	82,838	76,928
Donated services	<u>-</u>	<u>14,400</u>
Total in-kind contributions	<u><u>\$ 1,533,242</u></u>	<u><u>\$ 1,518,147</u></u>

10. Income Taxes

Under Section 501(c)(3) of the Internal Revenue Code (IRC), the Organization is exempt from the payment of taxes on income other than net unrelated business income. No provisions for income tax are required for the years ended June 30, 2023 and 2022, as the Organization had no net unrelated business income. Contributions to the Organization are deductible as provided in IRC Section 170(b)(1)(A)(vi). Management has reviewed all open tax years for all tax jurisdictions and has concluded that the Organization has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance.

**SUPPLEMENTARY SCHEDULE AND REPORTS REQUIRED
BY THE UNIFORM GUIDANCE**

**INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of
ALIVE!, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of ALIVE!, Inc. (Alexandrians InVolved Ecumenically, referred to as “the Organization”), which comprise the statement of financial position as of June 30, 2023; the related statements of activities, functional expenses, and cash flows for the year then ended; and the related notes to the financial statements, and have issued our report thereon dated February 26, 2024.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (“internal control”) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’s internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity’s financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Report on Internal Control over Financial Reporting (continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rogers & Company PLLC". The signature is stylized, with the "R" being particularly large and the "&" symbol being integrated into the flow of the text.

Vienna, Virginia
February 26, 2024

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY
THE UNIFORM GUIDANCE**

To the Board of Directors of
ALIVE!, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited ALIVE!, Inc.'s (Alexandrians InVolved Ecumenically, referred to as "the Organization") compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rogers & Company PLLC". The signature is stylized, with the "R" being particularly large and the "&" symbol being integrated into the flow of the text.

Vienna, Virginia
February 26, 2024

ALIVE!, Inc.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Agency or Pass-Through Grant Number	Amount Paid to Subrecipients	Total Federal Expenditures
<u>Department of the Treasury</u>				
<i>Pass-Through Award from City of Alexandria:</i> Coronavirus State and Local Fiscal Recovery Funds	21.027	SLFR0122	\$ -	\$ 916,702
<u>Department of Homeland Security</u>				
<i>Direct Award:</i> Emergency Food and Shelter National Board Program	97.024	877400-003	-	51,653
Total Expenditures of Federal Awards			<u>\$ -</u>	<u>\$ 968,355</u>

See accompanying notes to the schedule of expenditures of federal awards.

ALIVE!, Inc.

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended June 30, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of the Organization under the programs of the federal government for the year ended June 30, 2023. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization.

2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. Indirect Cost Rate

The Organization has elected not to use the 10% *de minimis* indirect cost rate, as allowed under the Uniform Guidance.

4. Non-Low Risk Auditee

In order to qualify as a low-risk auditee, the Organization must meet the conditions set by the Uniform Guidance for each of the preceding two audit periods.

The Organization did not require the Uniform Guidance audit for the year ended June 30, 2022 since the total expenditures of federal awards were below the Uniform Guidance threshold of \$750,000 for the year then ended. Therefore, the Organization did not qualify as a low-risk auditee for the year ended June 30, 2023 since a Uniform Guidance audit was not performed for each of the preceding two audit periods.

ALIVE!, Inc.

**Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023**

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over the major program:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditor’s report issued on compliance for the major program: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? _____ Yes X No

Identification of the major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster Title</u>
21.027	Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

ALIVE!, Inc.

**Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2023**

Section II – Findings – Financial Statement Audit

There were no financial statement findings reported during the 2023 audit.

Section III – Findings and Questioned Costs – Major Federal Award Programs Audit

There were no findings or questioned costs over major federal awards reported during the 2023 audit.

ALIVE!, Inc.

Corrective Action Plan
For the Year Ended June 30, 2023

There were no findings for the year ended June 30, 2023, and therefore, a corrective action plan was not needed.

ALIVE!, Inc.

Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

The Organization did not qualify for a Uniform Guidance audit in 2022.