KELLY CENTER FOR HUNGER RELIEF

FINANCIAL STATEMENTS
(Audited)

DECEMBER 31, 2023

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kelly Center for Hunger Relief
915 N Florence Street
El Paso, Texas

Opinion

We have audited the financial statements of Kelly Center for Hunger Relief (the Organization), which comprise the statement of financial position as of December 31, 2023, the related statement of activities, statement of functional expenses, and cash flows for the years then ended, and the related notes to the financial statements (collectively, the financial statements).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2023, and the results of its operations 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). 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.

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 issued (or within one year after the date that the financial statements are available to be issued when applicable).

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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

Lauterbach, Borschow & Company

El Paso, Texas
August 9, 2024

KELLY CENTER FOR HUNGER RELIEF

STATEMENT OF FINANCIAL POSITION
December 31, 2023

		2023
Assets		
Current assets		
Cash and cash equivalents	$	663,702
Receivables		11,385
Prepaid Expenses		5,253
Total current assets		680,340
Property and equipment, net		9,289
Total assets	$	689,629
Liabilities		
Long-term liabilities		
Deferred revenue	$	90,349
Total long-term liabilities		90,349
Total liabilities		90,349
Net Assets		
Without donor restrictions		577,128
With donor restrictions		22,152
Total net assets		599,280
Total liabilities and net assets	$	689,629

See accompanying notes to financial statements

KELLY CENTER FOR HUNGER RELIEF

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Changes in unrestricted and restricted net assets			
Revenue and other support			
Contribution income	$ 150,612	$ -	$ 150,612
Program income	-	243,140	243,140
Foundations and other grants	980	218,489	219,469
Interest and dividend income	48	-	48
In-kind donations	6,000	287,030	293,030
Other income	2,130	-	2,130
Total net assets released from restrictions	726,507	(726,507)	-
Total support and revenue	**886,277**	**22,152**	**908,429**
Expenses			
Program services	726,507	-	726,507
Management and general	100,304	-	100,304
Fundraising	34,789	-	34,789
Total expenses	**861,600**	-	**861,600**
Increase in net assets	**24,677**	**22,152**	**46,829**
Net assets, beginning of year	**552,451**	-	**552,451**
Net assets, end of year	**$ 577,128**	**$ 22,152**	**$ 599,280**

See accompanying notes to financial statements

KELLY CENTER FOR HUNGER RELIEF

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2023

	Program Expenses	Fund-Raising	General and Administrative	Total Expenses
Salaries	$ 358,784	$ 19,305	$ 26,572	$ 404,661
Payroll taxes	29,244	1,625	1,625	32,494
Depreciation	-	-	10,373	10,373
Utilities	10,334	346	11,620	22,300
Jardin operations	22,115	-	-	22,115
Jardin produce (in-kind)	287,030	-	-	287,030
Promotional	11,768	-	5,507	17,275
Meals	408	-	698	1,106
Insurance	-	-	2,844	2,844
Professional fees	-	-	13,109	13,109
Supplies	4,946	1,573	4,191	10,710
Printing	140	1,239	8,478	9,857
Bank charges	-	292	812	1,104
Building maintenance	1,274	-	8,154	9,428
Dues and subsciptions	464	10,409	6,321	17,194
Total expenses	$ 726,507	$ 34,789	$ 100,304	$ 861,600

See accompanying notes to financial statements

KELLY CENTER FOR HUNGER RELIEF

STATEMENTS OF CASH FLOWS
December 31, 2023

		2023
Cash flows from operating activities		
Change in net assets	$	46,829
Adjustments to reconcile change in net assets to cash flow		
Depreciation of property and equipment		10,373
Change in working capital components		
Accounts receivable		(11,385)
Prepaid expenses		(5,253)
Deferred revenue		(59,099)
Net cash (used in) operating activities		(18,535)
Cash flows from investing activities		
Purchase of property and equipment		(10,315)
Net cash (used in) investing activities		(10,315)
Net (decrease) in cash and cash equivalents		(28,850)
Cash and cash equivalents at beginning of period		692,552
Cash and cash equivalents, end of year	$	663,702

See accompanying notes to financial statements

Note 1. Nature of Activities and Significant Accounting Policies

Nature of Activities: Kelly Center for Hunger Relief (the Organization) is a Texas nonprofit organization established in 1999 to alleviate hunger and address food insecurity in the El Paso community. The primary sources of funding for the organization are grants and charitable contributions. The Kelly Center provides various general assistance programs including the food pantry, fresh start program, community clothes closet, Jardin de Milagros, research and advocacy.

Net Assets without Donor Restrictions: Net assets without restrictions include all resources over which the Boards of Directors have discretionary control to use in carrying on the operations of the Organization in accordance with the limitation of their charters and bylaws.

Net Assets with Donor Restrictions: Net assets with restrictions include unconditional promises to give that are to be used in future years as well as contributions restricted for a specific purpose.

Cash and Cash Equivalents: For purposes of the statement of cash flows, the Organizations considers all highly liquid cash investments purchased with maturity of three months or less to be cash equivalents.

Grant Accounting: The Organization records all revenues and expenses on the accrual method for financial reporting purposes. Grant revenues are recognized as earned at the time reimbursable expenses are incurred or at the time deliverables have been performed for certain grants. Grants receivables represent the excess of grant expenses incurred over grant revenues received. Grant receivables are written off when deemed uncollectible. Generally, all grants receivables are considered collectible.

A grant receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. There were no past due receivables as of December 31, 2023.

Contributions receivable: All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as restricted and increases that net asset class.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. An allowance for doubtful accounts for contribution receivables is determined by management based upon past collection history, and future estimates of collectability.

Contributions that are received with donor stipulations that limit their use are reported as increases in restricted net assets depending on the nature of the restrictions. When a donor restriction expires, that, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with restrictions are reclassified to net assets without restrictions and reported in the statement of activities as net assets released from restrictions.

Donations of property and equipment are recorded, at their fair value, as unrestricted support unless explicit donor stipulations specify how the assets are to be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation

Note 1. Nature of Activities and Significant Accounting Policies (continued)

about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired property or equipment is placed in service.

The Organization receives daily donations of clothing and household items that are distributed back to the community. For purposes of the financial statements, these items are not recorded.

Donated Services: A substantial number of volunteers donated time to the Kelly Center's program services and fund-raising campaigns during the year. These donated services are not reflected in the financial statements since the services do not meet the requirements for revenue recognition.

Furniture and Equipment: Purchased fixed assets are recorded at cost and all expenditures for furniture and equipment in excess of $1,000 are capitalized. Depreciation of furniture and equipment is provided on the straight-line method over the following estimated useful lives:

Furniture and Equipment	3-5 Years

The Organization accounts for the valuation of long-lived assets in accordance with the criteria set forth in the Accounting for Impairment or Disposal of Long-Lived Assets Topic of the FASB Accounting Standards Codification. The Accounting Standards Codification requires that long-lived assets and certain identifiable assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows, expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the asset exceeds the estimated fair value of the asset. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.

Deferred Revenue: Deferred revenue consists of collections from the Burhill Foundation and the Feeding America grant. Income is not recognized until the performance or related expense has occurred.

Functional Allocation of Expenses: The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among the program, management and fund-raising activities benefited.

Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 1. Nature of Activities and Significant Accounting Policies (continued)

Management's estimates include food contributions that are received, held, and distributed under the food pantry program. Management estimates that each pound of produce is valued at $1.93 per pound and recorded as a contribution and program expense.

Federal Income Taxes: Kelly Center for Hunger Relief is not-for-profit organizations that is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC), although it would be subject to tax on income unrelated to their exempt purposes (unless that income is otherwise excluded by the IRC). The Organization is not classified as a private foundation under Section 509(a) of the Internal Revenue Code. Accordingly, the accompanying financial statements do not reflect a provision or liability for Federal or state income taxes.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Organization, and has concluded that as of December 31, 2023, there are no uncertain positions taken or expected to be taken.

Evaluation of Subsequent Events: The Organization has evaluated subsequent events through August 9, 2024, the date on which the financial statements were available to be issued and noted no additional subsequent events.

Note 2. Land, Buildings and Equipment

Land Buildings and equipment stated at cost consisted of the following at December 31:

	Estimated useful lives (years)	2023
Machinery and Equipment	3-5	52,553
Furniture and Fixtures	3-5	4,465
Total property, plant, equipment, and land		57,018
Less accumulated depreciation		(47,729)
Total property, plant, equipment, and land, net		$ 9,289

Depreciation expense for the years ended December 31, 2023 was $10,373.

Note 3. Related Party Transactions

El Pasoans Fighting Hunger Food Bank (EPFHFB) is El Paso's only food bank. The Food Bank has a distribution agreement with Kelly Center for Hunger Relief. The agreement states that Kelly Center will distribute food resources on behalf of EPFHFB. The Executive Director of Kelly Center for Hunger Relief is the spouse of the CEO of El Pasoans Fighting Hunger Food Bank. There are no amounts recorded between El Pasoans Fighting Hunger Food Bank and the Organization.

Additionally, Jerald Hobson serves as a director on the Kelly Center for Hunger Relief's Board. Mr. Hobson is the owner of Jardin de Milagros which contributes more than 100,000 pounds of produce to the Organization on an annual basis. Total produce contributions for the year ending December 31, 2023 totaled $287,030.

Note 4. Net Assets with Restrictions

Net assets with restrictions are available for the following program services:

	2023
Contributions restricted for program expenses	$ 748,659

During fiscal years 2022 and 2023, Kelly Center for Hunger Relief received two grants from the Paso Del Norte Health Foundation for the Fresh Start program. The grant periods were July 2022 – June 2023 and July 2023 – June 2024 in the amounts of $238,480 and $284,900, respectively. As of December 31, 2023, $261,690 was recognized and $142,450 was deferred.

During fiscal year 2023, the Kelly Center for Hunger Relief received in-kind contributions from Jardin de Milagros for the Food Pantry program. Total produce contributions for the year ending December 31, 2023 totaled $287,030. All donations were depleted during the year.