



Part of the Solution and Affiliate

Consolidated Financial Statements
and Supplementary Information
Years Ended December 31, 2022 and 2021

The report accompanying these financial statements was issued by BDO USA, P.C., a Virginia professional corporation, and the U.S. member of BDO International Limited, a UK company limited by guarantee.



Part of the Solution and Affiliate

Consolidated Financial Statements and Supplementary Information
Years Ended December 31, 2022 and 2021

Part of the Solution and Affiliate

Contents

Independent Auditor’s Report	3-5
Consolidated Financial Statements	
Consolidated Statements of Financial Position as of December 31, 2022 and 2021	7
Consolidated Statements of Activities for the Years Ended December 31, 2022 and 2021	8
Consolidated Statements of Functional Expenses for the Years Ended December 31, 2022 and 2021	9-10
Consolidated Statements of Cash Flows for the Years Ended December 31, 2022 and 2021	11
Notes to Consolidated Financial Statements	12-25
Supplementary Information	
Consolidating Schedules of Financial Position as of December 31, 2022 and 2021	27-28
Consolidating Schedules of Activities for the Years Ended December 31, 2022 and 2021	29-30
Consolidating Schedules of Functional Expenses for the Years Ended December 31, 2022 and 2021	31-32
Consolidating Schedules of Cash Flows for the Years Ended December 31, 2022 and 2021	33-34



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Independent Auditor's Report

The Board of Directors
Part of the Solution and Affiliate
Bronx, New York

Opinion

We have audited the consolidated financial statements of Part of the Solution and Affiliate (the Organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the consolidated 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 consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated 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 consolidated financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 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 consolidated 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.

Other Matter

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information, as set forth in the table of contents, is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures



applied in the audit of the consolidated financial statements, and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures, in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating information is fairly stated in all material respects, in relation to the consolidated financial statements as a whole.

BDO USA, P.C.

September 08, 2023

Consolidated Financial Statements

Part of the Solution and Affiliate
Consolidated Statements of Financial Position

<i>December 31,</i>	2022	2021
Assets		
Cash and cash equivalents	\$ 8,970,712	\$ 8,184,778
Restricted cash	2,189,091	2,673,735
Investments	248,184	284,867
Contributions and grants receivable, net	749,944	974,260
Prepaid expenses and other assets	92,502	62,760
Right of use assets, operating leases	34,801	-
Property and equipment, net	5,893,719	5,902,177
Construction in progress	1,147,089	785,322
Total Assets	\$ 19,326,042	\$ 18,867,899
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 245,478	\$ 160,957
Deferred revenue	410,001	397,501
Operating lease liabilities	34,909	-
Total Liabilities	690,388	558,458
Net Assets Without Donor Restrictions		
Undesignated	14,018,001	13,234,679
Board designated for capital campaign	1,650,000	1,650,000
Total Net Assets Without Donor Restrictions	15,668,001	14,884,679
With Donor Restrictions	2,967,653	3,424,762
Total Net Assets	18,635,654	18,309,441
Total Liabilities and Net Assets	\$ 19,326,042	\$ 18,867,899

The accompanying notes are an integral part of these consolidated financial statements.

Part of the Solution and Affiliate
Consolidated Statements of Activities

<i>Year ended December 31,</i>	2022	2021
Changes in Net Assets Without Donor Restrictions		
Revenues, Gains, and Other Support Without Donor Restriction		
Contributions	\$ 1,070,154	\$ 1,272,035
Government grants	1,879,289	1,453,891
Foundations and corporate contributions	827,296	1,024,452
Special events, net of direct expenses of \$393,062 and \$250,803 for 2022 and 2021, respectively	1,319,647	864,415
Contributed non-financial assets	1,255,081	1,225,317
Interest and dividend income	15,133	7,416
Realized gain on sale of investments	7,208	14,425
Unrealized (loss)/gain on investments	(59,897)	12,866
Forgiveness of Paycheck Protection Program loan	-	341,699
Other revenue	9,636	6,814
	6,323,547	6,223,330
Net Assets Released from Restrictions		
Satisfaction of program restrictions	1,905,139	1,361,490
Total Revenues, Gains, and Other Support Without Donor Restrictions		
	8,228,686	7,584,820
Program Expenses		
Food programs	3,341,379	2,973,353
Long term stability services	2,408,368	2,100,433
Dignity and wellness programs	317,908	314,063
	6,067,655	5,387,849
Supporting Expenses		
Management and general	629,107	473,194
Fundraising	748,603	575,667
	1,377,710	1,048,861
Total Expenses		
	7,445,365	6,436,710
Change in Net Assets Without Donor Restrictions		
	783,321	1,148,110
Changes in Net Assets with Donor Restrictions		
Contributions	85,798	46,320
Government grants	78,350	72,738
Foundations and corporate contributions	1,283,883	1,078,300
Net assets released from restrictions	(1,905,139)	(1,361,490)
Change in Net Assets with Donor Restrictions		
	(457,108)	(164,132)
Change in Net Assets		
	326,213	983,978
Net Assets, beginning of year		
	18,309,441	17,325,463
Net Assets, end of year		
	\$ 18,635,654	\$ 18,309,441

The accompanying notes are an integral part of these consolidated financial statements .

Part of the Solution and Affiliate
Consolidated Statements of Functional Expenses

Year ended December 31, 2022

	Program Services				Supporting Services		
	Food Programs	Long-Term Stability Services	Dignity and Wellness Programs	Subtotal	Management and General	Fundraising	Total
Functional Expenses							
Salaries	\$ 500,742	\$1,387,416	\$ 147,616	\$2,035,774	\$ 233,065	\$ 460,953	\$2,729,792
Payroll taxes and fringe benefits	105,064	331,343	34,065	470,472	65,101	122,355	657,928
Food	2,434,866	-	-	2,434,866	-	-	2,434,866
Repairs and maintenance	33,813	26,996	13,585	74,394	9,224	3,878	87,496
Equipment rental	2,321	4,892	685	7,898	676	1,317	9,891
Program related expense	11,955	333,008	19,321	364,284	3,219	4,402	371,905
Professional fees	15,949	97,882	9,791	123,622	80,095	9,566	213,283
Occupancy and utilities	38,435	35,823	27,133	101,391	7,130	4,185	112,706
Telephone	4,269	9,712	1,317	15,298	2,941	2,222	20,461
Supplies	64,650	20,877	7,282	92,809	5,122	707	98,638
Printing and copying	2,299	2,006	41	4,346	1,039	16,358	21,743
Office and miscellaneous expense	1,254	2,450	455	4,159	123,592	2,797	130,548
Postage and messenger	857	1,896	252	3,005	1,037	8,067	12,109
Computer	13,745	28,718	4,021	46,484	7,334	15,322	69,140
Conferences and training	2,943	16,044	658	19,645	6,533	8,390	34,568
Insurance	12,224	27,625	3,694	43,543	4,497	6,793	54,833
Service fees	66	466	16	548	46,505	23,449	70,502
Depreciation and amortization	95,927	78,837	47,976	222,740	31,128	9,156	263,024
Interest	-	-	-	-	1,233	-	1,233
Unallocated payments to affiliated organizations	-	-	-	-	9,320	-	9,320
Bad debt expense (recovery)	-	2,377	-	2,377	(9,960)	48,686	41,103
Tax estimates	-	-	-	-	276	-	276
Total Expenses	\$3,341,379	\$2,408,368	\$ 317,908	\$6,067,655	\$ 629,107	\$ 748,603	\$7,445,365

The accompanying notes are an integral part of these consolidated financial statements.

Part of the Solution and Affiliate
Consolidated Statements of Functional Expenses

Year ended December 31, 2021

	Program Services			Subtotal	Supporting Services		
	Food Programs	Long-Term Stability Services	Dignity and Wellness Programs		Management and General	Fundraising	Total
Functional Expenses							
Salaries	\$ 466,760	\$1,133,453	\$ 126,784	\$1,726,997	\$ 249,747	\$ 369,557	\$2,346,301
Payroll taxes and fringe benefits	111,876	301,478	26,939	440,293	74,673	100,176	615,142
Food	2,070,887	-	-	2,070,887	-	-	2,070,887
Repairs and maintenance	33,254	18,454	11,502	63,210	6,250	1,701	71,161
Equipment rental	3,359	5,995	721	10,075	1,208	1,611	12,894
Program related expense	4,046	294,066	59,466	357,578	3,655	3,737	364,970
Professional fees	49,406	146,598	10,259	206,263	52,905	29,444	288,612
Occupancy and utilities	39,342	39,021	19,647	98,010	7,168	3,767	108,945
Telephone	7,337	14,042	1,575	22,954	3,375	3,092	29,421
Supplies	64,966	3,075	5,386	73,427	847	240	74,514
Printing and copying	75	855	-	930	86	13,531	14,547
Office and miscellaneous expense	1,309	3,016	338	4,663	968	1,157	6,788
Postage and messenger	595	1,831	124	2,550	744	3,874	7,168
Computer	17,820	29,550	4,119	51,489	7,054	11,623	70,166
Conferences and training	1,354	12,202	180	13,736	10,361	2,127	26,224
Insurance	12,134	23,758	2,604	38,496	4,381	5,840	48,717
Service fees	17	46	-	63	40,548	15,713	56,324
Depreciation	88,816	72,993	44,419	206,228	16,285	8,477	230,990
Interest	-	-	-	-	1,757	-	1,757
Unallocated payments to affiliated organizations	-	-	-	-	250	-	250
Bad debt recovery	-	-	-	-	(9,068)	-	(9,068)
Total Expenses	\$2,973,353	\$2,100,433	\$ 314,063	\$5,387,849	\$ 473,194	\$ 575,667	\$6,436,710

The accompanying notes are an integral part of these consolidated financial statements.

Part of the Solution and Affiliate
Consolidated Statements of Cash Flows

<i>Year ended December 31,</i>	2022	2021
Cash Flows from Operating Activities		
Change in net assets	\$ 326,213	\$ 983,978
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized loss/(gain) on investments	59,897	(12,866)
Realized gain on sale of investments, net	(7,208)	(14,425)
Contributions restricted for capital campaign	-	(10,000)
Donated marketable securities	-	(106,593)
Bad debt (recovery) expense - capital campaign	(7,071)	(11,071)
Bad debt expense	15,597	2,003
Forgiveness of prior year Paycheck Protection Program loan	-	(199,190)
Discount on contributions receivable	(8,313)	13,758
Depreciation	248,770	230,990
Non-cash lease expense	14,254	-
Changes in operating assets and liabilities:		
Contributions and grants receivable	224,103	346,798
Prepaid expenses and other assets	(29,742)	20,233
Accounts payable and accrued expenses	84,521	1,989
Deferred revenue	12,500	(87,859)
Principal reduction in operating lease liabilities	(14,146)	-
Net Cash Provided by Operating Activities	919,375	1,157,745
Cash Flows from Investing Activities		
Purchase of property and equipment	(240,312)	(43,602)
Purchase of construction in progress	(361,767)	(42,075)
Purchase of investments	(240,081)	(132,138)
Proceeds from sale of investments	224,075	248,671
Net Cash (Used in) Provided by in Investing Activities	(618,085)	30,856
Net Increase in Cash and Cash Equivalents and Restricted Cash	301,290	1,188,601
Cash and Cash Equivalents and Restricted Cash, beginning of year	10,858,513	9,669,912
Cash and Cash Equivalents and Restricted Cash, end of year	\$ 11,159,803	\$ 10,858,513
Supplemental Disclosures of Cash Flow Information		
Cash and cash equivalents	\$ 8,970,712	\$ 8,184,778
Restricted cash	2,189,091	2,673,735
	\$ 11,159,803	\$ 10,858,513

The accompanying notes are an integral part of these consolidated financial statements.

Part of the Solution and Affiliate

Notes to Consolidated Financial Statements

1. Nature of the Organization

Part of the Solution (POTS) was founded in 1982. POTS is a tax-exempt organization as determined by the Internal Revenue Service (IRS) under Section 501(c)(3) of the Internal Revenue Code (IRC) and has been held to be a publicly supported organization and not a private foundation under Section 509(a) of the IRC. POTS provides various food service and social service program support to those in need in Bronx County, New York. Its primary source of revenue is generated from contributions and grants.

POTS Building for the Future (PBFF, and together with POTS, the Organization) was formed in November 2009 to raise funds and provide grants and loans to support the expansion of POTS operations. POTS is the sole member of PBFF and appoints the Board of Directors of PBFF. PBFF is a New York State not-for-profit organization that has received its tax-exempt status, as determined by the IRS, under Section 501(c)(3) of the IRC and has been held to be a publicly supported organization and not a private foundation under Section 509(a) of the IRC.

The signature programs of POTS are the following:

Food Programs - These programs are funded by a combination of individual, corporate, foundation, and government income. Consists of a food pantry service that provides groceries and nutritional food to individuals and families. It also consists of a community kitchen that serves lunch six days a week.

Long Term Stability Services - These services consist of a legal aid program, a case management program, workforce development program, and a mentoring program that provide stabilizing services for those in need.

Dignity and Wellness Programs - This program offers showers, haircuts, mailing addresses, substance abuse counseling services and other basic supporting social services for those in need.

2. Summary of Significant Accounting Policies

Basis of Presentation

The Organization's consolidated financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as applicable to not-for-profit organizations. In the consolidated statements of financial position, assets and liabilities are presented in order of liquidity or conversion to cash and their maturity resulting in the use of cash, respectively.

POTS has a controlling financial interest in PBFF and is financially interrelated. Accordingly, the accompanying consolidated financial statements include the accounts of POTS and its controlled affiliate PBFF in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 958-810, *Not-for-Profit Entities - Consolidation (ASC 958-810)*. All significant intercompany accounts and transactions have been eliminated.

Financial Statement Presentation

The classification of the Organization's net assets and its support, revenues, and expenses is based on the existence or absence of donor-imposed restrictions. It requires that the amounts for each of

Part of the Solution and Affiliate

Notes to Consolidated Financial Statements

the two classes of net assets—with donor restrictions or without donor restrictions—be displayed in a statement of financial position and that the amount of change in each of those classes of net assets be displayed in a consolidated statement of activities. These classes are defined as follows:

Net Assets with Donor Restrictions consist of contributions and other inflows of assets whose use is subject to donor-imposed restrictions that are more specific than broad limits reflecting the nature of the not-for-profit entity, the environment in which it operates, and the purposes specified in its articles of incorporation or bylaws or comparable documents. Donor-imposed restrictions may be temporary in nature, such as stipulating that resources may be used only after a specified date or limited to specific programs or services. Certain donor-imposed restrictions are perpetual in nature.

Net Assets Without Donor Restrictions consist of contributions and other inflows of assets whose use is not subject to donor-imposed restrictions and are, therefore, available for general operations of the Organization. Included in net assets without donor restrictions are the board designated net assets for the capital campaign. See below.

As of December 31, 2022, the Organization had no net assets with donor restriction that are perpetual in nature.

Unconditional contributions without donor restrictions are recognized as revenue or support in changes in net assets without donor restrictions when received or promised. Contributions subject to donor restrictions are recognized in changes in net assets with donor restrictions. When a purpose restriction is satisfied or when a time restriction expires, the contribution is reported as net assets released from restrictions in the statement of activities.

Cash and Cash Equivalents

The Organization considers all highly liquid investments purchased with original maturities of three months or less from the date of acquisition as cash equivalents.

Restricted Cash

Restricted cash represents cash held for the capital campaign for donor restricted capital improvements.

Fair Value Measurements and Fair Value - Definition and Hierarchy

The Organization follows the accounting standard related to fair value measurements of its financial assets and liabilities. Under this standard, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

This standard establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs reflect the Organization's assumption about inputs used by market participants at the measurement date.

Part of the Solution and Affiliate

Notes to Consolidated Financial Statements

The fair value hierarchy is categorized into three levels based on inputs as follows:

Level 1 - Valuation is based on quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2 - Valuation is based on quoted prices for similar assets or liabilities in active markets; for identical or similar assets or liabilities in inactive markets; inputs other than quoted prices that are observable for the asset or liability; or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 - Valuation is based on inputs that are unobservable and significant to the overall fair value measurement.

Investment Income

Investments are recorded at fair value. Realized gains or losses are recognized based on the first-in, first-out method. Dividends on securities are recorded on the ex-dividend date.

Donated Securities

Donated securities are measured at fair value on the date of receipt. It is the intention of the Organization to sell all gifts of public securities upon receipt or as soon thereafter as possible. For the years ended December 31, 2022 and 2021, the Organization received donated securities with a fair value of \$53,946 and \$106,593, respectively.

Contributions and Grants Receivable, Net

Contributions and grants receivable represent unconditional promises to give by donors. At December 31, 2022 and 2021, the Organization had contributions receivable (net of allowance for uncollectable contributions and discount to present value) of \$776,302 and \$974,260, respectively, which are recorded at net realizable value. The Organization uses the allowance method to determine uncollectible contributions and grants receivable. Such allowance is based on management's assessments of the creditworthiness of its donors, the aged basis of its receivables, as well as current economic conditions and historical information. The Organization had net expense of bad debts totaling \$41,103 during the year ended December 31, 2022, and net recovery of bad debts totaling \$9,068 during the year ended December 31, 2021. Contributions and grants receivable that are due in more than one year are discounted to present value using an annual rate of 2.5% for the years ended December 31, 2022 and 2021.

Property and Equipment, Net

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (see Note 5). The Organization has established a \$1,000 threshold above which assets are capitalized. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

Part of the Solution and Affiliate

Notes to Consolidated Financial Statements

Impairment of Property and Equipment

The Organization reviews long-lived assets to determine whether there has been any permanent impairment whenever events or circumstances indicate the carrying amount of an asset may not be recoverable. If the sum of the expected future undiscounted cash flows is less than the carrying amount of the assets, the entity recognizes an impairment loss. No impairment losses were recognized for the years ended December 31, 2022 and 2021.

Revenue Recognition

Contributions and promises to give are recorded as revenue at the time they are made or pledged unconditionally and supported by a written commitment. Contributions are classified as either with or without donor restrictions. Contributions are nonexchange transactions in which no commensurate value is exchanged. Therefore, contributions fall under the purview of ASC Topic 958, *Not-for-Profit Entities*.

Contributions may either be conditional or unconditional. A contribution is considered conditional when the donor imposes both a barrier and a right of return. Conditional contributions are recognized as revenue on the date all donor-imposed barriers are overcome or explicitly waived by the donor. Barriers may include specific and measurable outcomes, limitations on the performance of an activity and other stipulations related to the contribution. A donor has a right of return of any assets transferred or a right of release of its obligation to transfer any assets in the event the Organization fails to overcome one or more barriers. Assets received before the barrier is overcome are accounted for as deferred revenue.

Unconditional contributions may or may not be subject to donor-imposed restrictions. Donor-imposed restrictions limit the use of the donated assets, but are less specific than donor-imposed conditions. Contributions subject to donor restrictions are recognized in changes in net assets with donor restrictions. When a purpose restriction is satisfied or when a time restriction expires, the contribution is reported as net assets released from restrictions and is recognized in changes in net assets without donor restrictions. Funds received in advance for which qualifying expenditures have not been incurred, if any, are reflected as deferred revenue in the consolidated statement of financial position.

Government grants and contracts are nonexchange transactions in which no commensurate value is exchanged. Accordingly, contribution accounting is applied under ASC Topic 958, *Not-for-Profit Entities*. These grants are evaluated for contributions that are conditional. Factors indicating the existence of a conditional contribution include the presence of a barrier that must be overcome and either a right of return of assets transferred or a right of release of a funder's obligation to transfer of assets. Revenue from government grants and contracts are recognized when the conditions are satisfied, which is generally when the expenditures for each contract are incurred.

The Organization applies Topic ASC 606 to exchange transactions when applicable. Most of the Organization's revenue for the years ended December 31, 2022 and 2021 were from non-exchange transaction revenue sources including contributions, contributed non-financial assets and investment income.

Topic 606 applies to the portion of the Organization's special events income that is determined to be an exchange transaction. The Organization conducts special events in which a portion of the gross proceeds paid by the participant represents payment for the direct cost of the benefits

Part of the Solution and Affiliate
Notes to Consolidated Financial Statements

received by the participant at the event. Unless a verifiable, objective means exists to demonstrate otherwise, the fair value of meals and entertainment provided at special events is measured at the actual cost to the Organization. The direct costs of the special events which ultimately benefit the donor rather than the Organization are recorded as exchange transaction revenue and exchange transaction expense. All proceeds received in excess of the direct costs are recorded as special events income in the accompanying consolidated statements of activities.

For the year ended December 31, 2022, the Organization reported special event revenue of \$1,712,709 and direct expenses of \$393,062 of which \$186,461 are recognized as an exchange transaction. For the year ended December 31, 2021, the Organization reported special event revenue of \$1,118,618 and direct expenses of \$250,803 of which \$33,361 are recognized as an exchange transaction.

Board Designated Net Assets for Capital Campaign

The Board of Directors has designated \$1,650,000 for use, as needed, to support the capital campaign. These funds may be used as a source of internal bridge funding, to provide working capital for the project until donor pledges are paid, or as a replacement for required funds not raised. These funds are included in cash and cash equivalents in the consolidated statements of financial position.

Contributed Non-financial Assets

The Organization receives contributions of donated goods and services that are an integral part of its operations. Such assets and services are recorded as contributed non-financial assets in the period received. Donated services are recognized as contributed non-financial assets if the services (a) create or enhance non-financial assets or (b) require specialized skills and are performed by people whose services would otherwise be purchased if not provided by donation. Donated goods and services have been recognized as revenue and expense in the accompanying consolidated statements of activities of the Organization.

The following summarizes the Organization's contributed non-financial assets:

December 31, 2022

	Revenue Recognition	Donor Restrictions	Valuation Techniques and Inputs
Donated services	\$ 5,200	No associated donor restrictions	Valued based on prevailing rates of professional time
Donated food and supplies	1,249,881	No associated donor restrictions	Valued based on actual cost or current prices at the time of donation, if no receipt is available*
Total	\$ 1,255,081		

Part of the Solution and Affiliate
Notes to Consolidated Financial Statements

December 31, 2021

	Revenue Recognition	Donor Restrictions	Valuation Techniques and Inputs
Donated services	\$ 141,017	No associated donor restrictions	Valued based on prevailing rates of professional time
Donated food and supplies	1,084,300	No associated donor restrictions	Valued based on actual cost or current prices at the time of donation, if no receipt is available*
Total	\$ 1,225,317		

**The Organization calculates donated food by utilizing the approximate average wholesale value of one pound of donated product at the national level (see Note 8). The value of donated food was \$1.79/lb in 2022 and \$1.62/lb in 2021. The Organization believes using the national benchmark provides a better representation of the value of donated foods.*

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis and by natural classification in the consolidated statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to the applicable program and supporting service. Expenses related to more than one function are allocated based on employee time.

Use of Estimates

The preparation of consolidated financial statements in conformity with U.S. GAAP 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 consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Organization follows the accounting standard for uncertainty in income taxes. The standard prescribes a minimum recognition threshold and measurement methodology that a tax position taken or expected to be taken in a tax return is required to meet before being recognized in the consolidated financial statements. It also provides guidance for derecognition, classification, interest and penalties, disclosure and transition.

The Organization files federal and New York State informational returns. With few exceptions, the Agency has passed the statute of limitations for Federal, State or local tax examinations for fiscal years before 2018, with some limited exceptions.

The Organization believes that it has appropriate support for the positions taken on its returns. Nonetheless, the amounts ultimately paid, if any, upon resolution of the issues raised by the taxing

Part of the Solution and Affiliate

Notes to Consolidated Financial Statements

authorities may differ materially from the amounts accrued for each year. Management believes that its nonprofit status would be sustained upon examination.

Should there be interest on underpayments of income tax, the Organization would classify it as interest expense. The Agency would classify penalties in connection with underpayments of income tax as other expense.

Under U.S. GAAP, an organization must recognize the tax benefit associate with tax positions taken for tax return purposes when it is more likely than not that the position will not be sustained upon examination by a taxing authority. The Organization does not believe it has taken any material uncertain tax positions and, accordingly, it has not recorded any liability for unrecognized tax benefits. The Agency is subject to routine audits by a taxing authority. As of December 31, 2022, The Organization had no examinations by a taxing authority in progress.

Accounting Pronouncements Recently Adopted

Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets

In September 2020, the FASB issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU is intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The provisions of ASU 2020-07 were adopted by the Organization beginning January 1, 2022. The adoption of this ASU did not have a material impact on the consolidated financial statements.

Accounting for Leases

In February 2016, the FASB issued ASU 2016-02, *Accounting for Leases*, which applies a right-of-use (ROU) model that requires a lessee to record, for all leases with a lease term of more than 12 months, an asset representing its right to use the underlying asset and a liability to make lease payments. For leases with a term of 12 months or less, a practical expedient is available whereby a lessee may elect, by class of underlying asset, not to recognize an ROU asset or lease liability. At inception, lessees must classify all leases as either finance or operating based on five criteria. Balance sheet recognition of finance and operating leases is similar, but the pattern of expense recognition in the income statement, as well as the effect on the statement of cash flows, differs depending on the lease classification. In addition, lessees and lessors are required to provide certain qualitative and quantitative disclosures to enable users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases. The FASB issued ASU 2020-05, which deferred the effective date for the Organization until annual periods beginning after December 15, 2021. Effective January 1, 2022, the Organization adopted this ASU following the modified retrospective method of application.

Accounting Pronouncement Issued but Not Yet Adopted

Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which will replace the current incurred loss impairment methodology in U.S. GAAP with a methodology that reflects the expected credit losses.

Part of the Solution and Affiliate

Notes to Consolidated Financial Statements

The update is intended to provide financial statement users with more decision-useful information about expected credit losses. This update is effective on a modified retrospective basis for financial statements issued for fiscal years beginning after December 15, 2022, and interim periods within fiscal years beginning after December 15, 2023. Early adoption is permitted for fiscal years beginning after December 15, 2018 including interim periods in those fiscal years. The Organization is currently evaluating the effect the update will have on its financial statements.

Reclassification

Certain amounts in the 2021 consolidated financial statements were reclassified to conform with the 2022 presentation. These reclassifications had no effect on the Organization's financial position and change in net assets.

3. Contributions and Grants Receivable, Net

The Organization's Board of Directors approved a long-term fundraising plan (the Capital Campaign) to raise funds for the acquisition and construction of additional facilities and related costs.

Unconditional promises to give have been recorded at present values. Unless not material, receivables due in more than one year have been discounted to present values using the annual rate of 2.5% on the date that the contribution is made. The receivables are recorded as follows:

<i>December 31,</i>	2022		2021	
Capital campaign	\$	344,357	\$	485,786
Other receivables		473,082		555,756
		817,439		1,041,542
Less: discount to present value		(24,680)		(32,993)
Less: allowance for doubtful accounts		(42,815)		(34,289)
	\$	749,944	\$	974,260
Amounts due in:				
Less than one year	\$	473,082	\$	591,756
One to five years		276,862		382,504
	\$	749,944	\$	974,260

Part of the Solution and Affiliate

Notes to Consolidated Financial Statements

4. Liquidity and Availability of Resources

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities and other obligations come due. As part of the Organization's liquidity plan, excess cash is invested in cash equivalents.

The Organization's financial assets available within one year of the consolidated statements of financial position date for general expenditures are as follows:

<i>December 31,</i>	2022	2021
Cash and cash equivalents	\$ 8,970,712	\$ 8,184,778
Restricted cash	2,189,091	2,673,735
Investments	248,184	284,867
Contributions receivable - due within one year	473,082	591,756
Total Financial Assets Available Within One Year	11,881,069	11,735,136
Less amounts unavailable for general expenditures within one year due to:		
Restricted by donors with purpose restrictions	2,967,653	3,424,762
Less amounts unavailable to management without Board approval:		
Board designated for capital campaign	1,650,000	1,650,000
Total Financial Assets Available to Management for General Expenditures Within One Year	\$ 7,263,416	\$ 6,660,374

The Organization has board designated net assets without donor restrictions which it could draw down if necessary. The Organization does not intend to spend these amounts for purposes other than those identified.

5. Property and Equipment, Net

Property and equipment, net consist of the following:

<i>December 31,</i>	2022	2021	Estimated Useful Life (Years)
Land	\$ 503,998	\$ 503,998	N/A
Building and improvements	8,002,861	7,935,340	39.5
Office equipment	190,859	171,704	3-7
Leasehold Improvements	140,505	-	15
Furniture and fixtures	333,714	320,583	3-5
Total Property and Equipment	9,171,937	8,931,625	
Less: accumulated depreciation	(3,278,218)	(3,029,448)	
Net Property and Equipment	\$ 5,893,719	\$ 5,902,177	

Part of the Solution and Affiliate
Notes to Consolidated Financial Statements

Depreciation expense for the years ended December 31, 2022 and 2021 was \$248,770 and \$230,990, respectively.

6. Construction in Progress

The Organization has been in the design and planning process to renovate and expand their current facility. During 2020, the Organization decided to evaluate alternative options for the expansion to better meet the Organization’s needs in a fiscally responsible manner. During the last quarter of 2021 the Board of Directors decided to move forward with a smaller expansion project. Beginning in early 2022 work began on the design process. Construction commenced in the third quarter of 2023 and is expected to be completed in the third quarter of 2024. Total estimated remaining costs to be incurred on this project are approximately \$4.2 million as of December 31, 2022. The expansion will include a remodel and expansion of the food pantry, including additional freezer and refrigeration space, remodeling of the dining room and entry lobby, additional office space, remodeling to existing office space as well as land improvements. At December 31, 2022 and 2021, total construction in progress amounted to \$1,147,089 and \$785,322, respectively, and is reflected in the accompanying consolidated statements of financial position.

7. Investments at Fair Value

The Organization’s investments consist of mutual funds and are classified as Level 1 of the fair value hierarchy, in accordance with ASC 820. See Note 2 for a discussion of the Organization’s policies regarding this hierarchy. The following are the classes of assets measured at fair value on a recurring basis:

December 31, 2022

	Fair Value Measurement at Reporting Date			
	Total	Level 1	Level 2	Level 3
Mutual funds - equities	\$ 178,976	\$ 178,976	\$ -	\$ -
Mutual funds - fixed income	69,208	69,208	-	-
	\$ 248,184	\$ 248,184	\$ -	\$ -

December 31, 2021

	Fair Value Measurement at Reporting Date			
	Total	Level 1	Level 2	Level 3
Mutual funds - equities	\$ 235,405	\$ 235,405	\$ -	\$ -
Mutual funds - fixed income	49,462	49,462	-	-
	\$ 284,867	\$ 284,867	\$ -	\$ -

Interest and dividend income are reinvested in accordance with the Organization’s investment policy.

Part of the Solution and Affiliate
Notes to Consolidated Financial Statements

The aggregate cost basis, unrealized gains and losses, and fair market value of the investment account are as follows:

December 31, 2022

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual funds	\$ 253,371	\$	\$ (5,187)	\$ 248,184

December 31, 2021

	Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
Mutual funds	\$ 229,352	\$ 55,515	\$ -	\$ 284,867

Mutual funds are valued on the last day of the year based upon publicly available exchange-based price quotations.

8. Contributed non-financial assets

During the years ended December 31, 2022 and 2021, the Organization recognized total contributed non-financial assets of \$1,225,081 and \$1,225,317, respectively. Contributed non-financial assets consist of legal services, clothing, food supplies, hygiene products, small appliances, and other miscellaneous items. The valuation of the donated food received and distributed is based on an approximated average wholesale value of one pound of donated product. The Organization uses an approximate average wholesale value of one pound of donated product at the national level, based on a study by Feeding America, a non-profit organization with an extensive nationwide network of member food banks. The value of services provided by volunteers is not included in these figures since those services do not meet the criteria for recognition.

Breakdown of donated goods and services included in the financial statements, were as follows:

<i>December 31,</i>	2022	2021
Food	\$ 1,079,887	\$ 982,129
Prepared meals	-	45,000
Grocery products/supplies	55,563	56,896
Clothing/other	114,431	275
Professional services	5,200	141,017
	\$ 1,255,081	\$ 1,225,317

9. Retirement Plan

The Organization maintains a qualified 401(k) voluntary contributory retirement plan offered to all permanent employees on the date of hire. The Organization may make discretionary contributions of 4% of each eligible employee's salary beginning on the one-year anniversary of their hire date.

Part of the Solution and Affiliate
Notes to Consolidated Financial Statements

During the years ended December 31, 2022 and 2021, employer contributions totaled \$81,076 and \$80,171, respectively.

10. Net Assets with Donor Restrictions

Net assets with donor restrictions are purpose and time restricted and consist of the following:

<i>December 31,</i>	2022	2021
Purpose restrictions - program expenses	\$ 392,779	\$ 378,886
Purpose restrictions - capital campaign	2,311,754	2,673,735
Time and use restrictions - program expenses	263,120	372,141
	\$ 2,967,653	\$ 3,424,762

Net assets were released from restrictions either by incurring expenses or by the passage of time, thus satisfying their respective restricted purposes for the years ended December 31, 2022 and 2021 as follows:

<i>December 31,</i>	2022	2021
Purpose restrictions - program expenses	\$ 327,963	\$ 108,152
Purpose restrictions - capital campaign	361,980	-
Time and use restrictions - program expenses	1,215,196	1,253,338
	\$ 1,905,139	\$ 1,361,490

11. Leases

The Organization has adopted the provisions of ASC 842, *Leases*. For leases with initial terms of greater than one year (or initially, greater than one year remaining under the lease at the date of the adoption of ASC 842), the Organization records the related right-of-use assets and liabilities at the present value of the remaining lease payments to be paid over the life of the related lease. Lease payments related to periods subject to renewal options are excluded from the amounts used to determine the present value of the remaining lease payments unless the Organization is reasonably certain to exercise the option to extend the lease. The leases are for various durations through May 1, 2037. The leases require monthly payments of principal and interest at a rate of 3.0% and 2.7% per annum. The present value of the lease payments is calculated by utilizing the discount rate stated in the lease, when readily determinable. For leases for which a discount rate is not readily available, the organization has elected to use the risk free rate plus a reasonable premium comparative for entities of similar risk. The Organization has made an accounting policy election not to separate lease components from non-lease components in contracts when determining its lease payments for all of its asset classes, as permitted by ASC 842. As such, the Organization accounts for the applicable non-lease components together with the related lease components when determining the right-of-use assets and liabilities. The Organization has made an accounting policy election not to record leases with an initial term of less than one year as right-of-use assets and liabilities in the consolidated statements of financial position.

The Organization leases a parking lot and office equipment under operating leases in New York City. These leases are deemed to be operating leases based on the underlying terms of the agreement and the criteria included in ASC 842.

Part of the Solution and Affiliate
Notes to Consolidated Financial Statements

The following tables summarize information related to the lease assets and liabilities:

Year ended December 31, 2022

Lease Costs

Operating lease cost:		
Amortization of right-of-use assets	\$	14,254
Interest on lease liabilities		1,233
Total Lease Cost	\$	15,487

Year ended December 31, 2022

Right-of-use assets and liabilities:

Operating lease right-of-use assets, net of amortization	\$	34,801
Operating lease liabilities		34,909

Weighted-average remaining lease term - operating leases (years)	2.35
Weighted-average discount rate - operating leases (%)	0.98

For operating leases, right-of-use assets are recorded in operating lease right-of-use assets, net and lease liabilities are recorded in operating lease liabilities in the accompanying consolidated statements of financial position. Amortization expense is recorded as a component of amortization expense within consolidated statement of functional expense. Interest expense is recorded as a component of interest expense within consolidated statement of functional expense.

The following is a schedule of future minimum lease payments, including interest, under the term of the leases, together with the present value of the net minimum lease payments, as of December 31, 2022:

Year ending December 31,

2023	\$	15,526
2024		15,674
2025		4,473
2026		424
Total Minimum Lease Payments		36,097
Less: imputed interest		(1,188)
Present Value of Net Minimum Lease Payments	\$	34,909

12. Concentrations

Financial instruments that potentially subject the Organization to a concentration of credit risk include cash accounts at major financial institutions that, at times, exceed the Federal Deposit Insurance Corporation insured limits of \$250,000.

Two vendors accounted for approximately 42% of accounts payable and accrued expenses at December 31, 2022. Three vendors accounted for approximately 63% of accounts payable and accrued expenses at December 31, 2021.

Part of the Solution and Affiliate

Notes to Consolidated Financial Statements

Two major sources accounted for approximately 25% of contributions and grants receivable at December 31, 2022. Two major sources accounted for approximately 39% of contributions and grants receivable at December 31, 2021. No funder accounted for more than 10% of revenue at December 31, 2022 and 2021.

13. Commitments and Contingencies

In May 2022, the Organization entered into a 15-year lease agreement for office space and operations at 2450 Grand Concourse, Bronx, New York, for \$24,583 per month, increasing 2.5% annually to \$34,736 in the final year. The Organization will pay additional rent for real estate taxes equal to 50% of the tax in excess of base year tax from July 1, 2022 to June 30, 2023. The Organization recognized a prepaid rent of \$24,583 during June 2022 and moved into this space in May 2023 and began paying rent in July 2023.

14. Risk and Uncertainties

The Organization has investments that are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, and the level of uncertainty related to changes in the value of investments, it is at least reasonably possible that changes in the value of investment securities will occur in the near term and such changes could affect the amounts reported in the consolidated statements of financial position, but would not be expected to materially impact the financial stability of the Organization due to the limited size of the investment portfolio.

The Organization is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; actions of employees, and natural disasters. The Organization maintains commercial insurance to help protect itself against such risks.

The Organization entered into contractual relationships with certain governmental funding sources. The governmental agencies may request return of funds as a result of noncompliance by the Organization. The accompanying consolidated financial statements make no provision for the possible disallowance or refund, because management does not believe that there are any liabilities to be recorded.

15. Subsequent Events

The Organization has evaluated events through September 08, 2023, which is the date the consolidated financial statements were available to be issued.

Supplementary Information

Part of the Solution and Affiliate
Consolidating Schedule of Financial Position

December 31, 2022

	POTS	PBFF	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 7,972,496	\$ 998,216	\$ -	\$ 8,970,712
Restricted cash	-	2,189,091	-	2,189,091
Investments	18	248,166	-	248,184
Contributions and grants receivable, net	447,485	302,459	-	749,944
Prepaid expenses and other assets	92,502	-	-	92,502
Due from POTS	-	59,974	(59,974)	-
Right of use assets, operating leases	34,801	-	-	34,801
Property and equipment, net	5,893,719	-	-	5,893,719
Construction in progress	1,147,089	-	-	1,147,089
Total Assets	\$ 15,588,110	\$ 3,797,906	\$ (59,974)	\$ 19,326,042
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 275,969	\$ (30,491)	\$ -	\$ 245,478
Deferred revenue	410,001	-	-	410,001
Operating lease liabilities	34,909	-	-	34,909
Due to PBFF	59,974	-	(59,974)	-
Total Liabilities	780,853	(30,491)	(59,974)	690,388
Net Assets Without Donor Restrictions				
Undesignated	14,010,440	7,561	-	14,018,001
Board designated for capital campaign	503,000	1,147,000	-	1,650,000
Total Net Assets Without Donor Restrictions	14,513,440	1,154,561	-	15,668,001
With Donor Restrictions	293,817	2,673,836	-	2,967,653
Total Net Assets	14,807,257	3,828,397	-	18,635,654
Total Liabilities and Net Assets	\$ 15,588,110	\$ 3,797,906	\$ (59,974)	\$ 19,326,042

The accompanying notes are an integral part of these consolidated financial statements.

Part of the Solution and Affiliate
Consolidating Schedule of Financial Position

December 31, 2021

	POTS	PBFF	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 7,293,180	\$ 891,598	\$ -	\$ 8,184,778
Restricted cash	-	2,673,735	-	2,673,735
Investments	18	284,849	-	284,867
Contributions and grants receivable, net	545,756	428,504	-	974,260
Prepaid expenses and other assets	62,760	-	-	62,760
Due from POTS	-	34,974	(34,974)	-
Property and equipment, net	5,902,177	-	-	5,902,177
Construction in progress	785,322	-	-	785,322
Total Assets	\$ 14,589,213	\$ 4,313,660	\$ (34,974)	\$ 18,867,899
Liabilities and Net Assets				
Liabilities				
Accounts payable and accrued expenses	\$ 142,568	\$ 18,389	\$ -	\$ 160,957
Deferred revenue	397,501	-	-	397,501
Paycheck Protection Program loan	-	-	-	-
Due to PBFF	34,974	-	(34,974)	-
Total Liabilities	575,043	18,389	(34,974)	558,458
Net Assets Without Donor Restrictions				
Undesignated	12,760,245	474,434	-	13,234,679
Board designated for capital campaign	503,000	1,147,000	-	1,650,000
Total Net Assets Without Donor Restrictions	13,263,245	1,621,434	-	14,884,679
With Donor Restrictions	750,925	2,673,837	-	3,424,762
Total Net Assets	14,014,170	4,295,271	-	18,309,441
Total Liabilities and Net Assets	\$ 14,589,213	\$ 4,313,660	\$ (34,974)	\$ 18,867,899

The accompanying notes are an integral part of these consolidated financial statements.

Part of the Solution and Affiliate

Consolidating Schedule of Activities

Year ended December 31, 2022

	POTS	PBFF	Eliminations	Total
Changes in Net Assets Without Donor Restrictions				
Revenues, Gains, and Other Support Without Donor Restriction				
Contributions	\$ 1,466,413	\$ 8,314	\$ (404,573)	\$ 1,070,154
Government grants	1,870,089	9,200	-	1,879,289
Foundations and corporate contributions	827,296	-	-	827,296
Special events, net of direct expenses of \$393,062 for 2022	1,319,647	-	-	1,319,647
Contributed non-financial assets	1,255,081	-	-	1,255,081
Interest and dividend income	3,305	11,828	-	15,133
Realized gain on sale of investments	(397)	7,605	-	7,208
Unrealized (loss)/gain on investments	-	(59,897)	-	(59,897)
Forgiveness of Paycheck Protection Program loan	-	-	-	-
Other revenue	9,636	-	-	9,636
	6,751,070	(22,950)	(404,573)	6,323,547
Net Assets Released from Restrictions				
Satisfaction of program restrictions	1,905,139	-	-	1,905,139
Total Revenues, Gains, and Other Support Without Donor Restrictions	8,656,209	(22,950)	(404,573)	8,228,686
Program Expenses				
Food programs	3,341,379	-	-	3,341,379
Long term stability services	2,408,368	-	-	2,408,368
Dignity and wellness programs	317,908	-	-	317,908
	6,067,655	-	-	6,067,655
Supporting Expenses				
Management and general	612,685	420,995	(404,573)	629,107
Fundraising	725,674	22,929	-	748,603
	1,338,359	443,924	(404,573)	1,377,710
Total Expenses	7,406,014	443,924	(404,573)	7,445,365
Change in Net Assets Without Donor Restrictions	1,250,195	(466,874)	-	783,321
Changes in Net Assets with Donor Restrictions				
Contributions	85,798	-	-	85,798
Government grants	78,350	-	-	78,350
Foundations and corporate contributions	1,283,883	-	-	1,283,883
Net assets released from restrictions	(1,905,139)	-	-	(1,905,139)
Change in Net Assets with Donor Restrictions	(457,108)	-	-	(457,108)
Change in Net Assets	793,087	(466,874)	-	326,213
Net Assets, beginning of year	14,014,170	4,295,271	-	18,309,441
Net Assets, end of year	\$ 14,807,257	\$ 3,828,397	\$ -	\$ 18,635,654

The accompanying notes are an integral part of these consolidated financial statements.

Part of the Solution and Affiliate

Consolidating Schedule of Activities

Year ended December 31, 2021

	POTS	PBFF	Eliminations	Total
Changes in Net Assets Without Donor Restrictions				
Revenues, Gains, and Other Support Without Donor Restriction				
Contributions	\$ 1,281,465	\$ (9,430)	\$ -	\$ 1,272,035
Government grants	1,453,891	-	-	1,453,891
Foundations and corporate contributions	1,075,855	(9,328)	(42,075)	1,024,452
Special events, net of direct expenses of \$250,803 for 2021	864,415	-	-	864,415
Contributed non-financial assets	1,225,317	-	-	1,225,317
Interest and dividend income	373	7,043	-	7,416
Realized gain on sale of investments	(116)	14,541	-	14,425
Unrealized (loss)/gain on investments	-	12,866	-	12,866
Forgiveness of Paycheck Protection Program loan	341,699	-	-	341,699
Other revenue	6,814	-	-	6,814
	6,249,713	15,692	(42,075)	6,223,330
Net Assets Released from Restrictions				
Satisfaction of program restrictions	1,361,490	-	-	1,361,490
Total Revenues, Gains, and Other Support Without Donor Restrictions	7,611,203	15,692	(42,075)	7,584,820
Program Expenses				
Food programs	2,973,353	-	-	2,973,353
Long term stability services	2,100,433	-	-	2,100,433
Dignity and wellness programs	314,063	-	-	314,063
	5,387,849	-	-	5,387,849
Supporting Expenses				
Management and general	469,174	46,095	(42,075)	473,194
Fundraising	575,667	-	-	575,667
	1,044,841	46,095	(42,075)	1,048,861
Total Expenses	6,432,690	46,095	(42,075)	6,436,710
Change in Net Assets Without Donor Restrictions	1,178,513	(30,403)	-	1,148,110
Changes in Net Assets with Donor Restrictions				
Contributions	46,320	-	-	46,320
Government grants	72,738	-	-	72,738
Foundations and corporate contributions	1,078,300	-	-	1,078,300
Net assets released from restrictions	(1,361,490)	-	-	(1,361,490)
Change in Net Assets with Donor Restrictions	(164,132)	-	-	(164,132)
Change in Net Assets	1,014,381	(30,403)	-	983,978
Net Assets, beginning of year	12,999,789	4,325,674	-	17,325,463
Net Assets, end of year	\$ 14,014,170	\$ 4,295,271	\$ -	\$ 18,309,441

The accompanying notes are an integral part of these consolidated financial statements.

Part of the Solution and Affiliate
Consolidating Schedule of Functional Expense

Year ended December 31, 2022

	POTS						PBFF						
	Program Services			Total	Supporting Services		Total	Supporting Services			Eliminations	Total	
	Food Programs	Long Term Stability Services	Dignity and Wellness Programs		Management and General	Fundraising		Management and General	Fundraising	Total			
Functional Expenses													
Salaries	\$ 500,742	\$ 1,387,416	\$ 147,616	\$ 2,035,774	\$ 233,065	\$ 460,953	\$ 2,729,792	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,729,792
Payroll taxes and fringe benefits	105,064	331,343	34,065	470,472	65,101	122,355	657,928	-	-	-	-	-	657,928
Food	2,434,866	-	-	2,434,866	-	-	2,434,866	-	-	-	-	-	2,434,866
Repairs and maintenance	33,813	26,996	13,585	74,394	9,224	3,878	87,496	-	-	-	-	-	87,496
Equipment rental	2,321	4,892	685	7,898	676	1,317	9,891	-	-	-	-	-	9,891
Program related expense	11,955	333,008	19,321	364,284	3,219	4,402	371,905	-	-	-	-	-	371,905
Professional fees	15,949	97,882	9,791	123,622	66,762	9,566	199,950	13,333	-	-	13,333	-	213,283
Occupancy and utilities	38,435	35,823	27,133	101,391	7,130	4,185	112,706	-	-	-	-	-	112,706
Telephone	4,269	9,712	1,317	15,298	2,941	2,222	20,461	-	-	-	-	-	20,461
Supplies	64,650	20,877	7,282	92,809	5,122	707	98,638	-	-	-	-	-	98,638
Printing and copying	2,299	2,006	41	4,346	1,039	16,358	21,743	-	-	-	-	-	21,743
Office and miscellaneous expense	1,254	2,450	455	4,159	122,240	2,797	129,196	1,352	-	-	1,352	-	130,548
Postage and messenger	857	1,896	252	3,005	1,037	8,067	12,109	-	-	-	-	-	12,109
Computer	13,745	28,718	4,021	46,484	7,334	15,322	69,140	-	-	-	-	-	69,140
Conferences and training	2,943	16,044	658	19,645	6,533	8,390	34,568	-	-	-	-	-	34,568
Insurance	12,224	27,625	3,694	43,543	4,497	6,793	54,833	-	-	-	-	-	54,833
Service fees	66	466	16	548	44,768	23,449	68,765	1,737	-	-	1,737	-	70,502
Depreciation and amortization	95,927	78,837	47,976	222,740	31,128	9,156	263,024	-	-	-	-	-	263,024
Interest	-	-	-	-	1,233	-	1,233	-	-	-	-	-	1,233
Unallocated payments to affiliated organizations	-	-	-	-	9,320	-	9,320	404,573	-	-	404,573	(404,573)	9,320
Bad debt expense (recovery)	-	2,377	-	2,377	(9,960)	25,757	18,174	-	22,929	22,929	-	-	41,103
Tax estimates	-	-	-	-	276	-	276	-	-	-	-	-	276
Total Expenses	\$ 3,341,379	\$ 2,408,368	\$ 317,908	\$ 6,067,655	\$ 612,685	\$ 725,674	\$ 7,406,014	\$ 420,995	\$ 22,929	\$ 443,924	\$ (404,573)	\$ 7,445,365	

The accompanying notes are an integral part of these consolidated financial statements.

Part of the Solution and Affiliate
Consolidating Schedule of Functional Expense

Year ended December 31, 2021

	POTS							PBFF					
	Program Services				Supporting Services			Supporting Services			Eliminations	Total	
	Food Programs	Long Term Stability Services	Dignity and Wellness Programs	Total	Management and General	Fundraising	Total	Management and General	Fundraising	Total			
Functional Expenses													
Salaries	\$ 466,760	\$ 1,133,453	\$ 126,784	\$ 1,726,997	\$ 249,747	\$ 369,557	\$ 2,346,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,346,301
Payroll taxes and fringe benefits	111,876	301,478	26,939	440,293	74,673	100,176	615,142	-	-	-	-	-	615,142
Food	2,070,887	-	-	2,070,887	-	-	2,070,887	-	-	-	-	-	2,070,887
Repairs and maintenance	33,254	18,454	11,502	63,210	6,250	1,701	71,161	-	-	-	-	-	71,161
Equipment rental	3,359	5,995	721	10,075	1,208	1,611	12,894	-	-	-	-	-	12,894
Program related expense	4,046	294,066	59,466	357,578	3,655	3,737	364,970	-	-	-	-	-	364,970
Professional fees	49,406	146,598	10,259	206,263	40,255	29,444	275,962	12,650	-	12,650	-	-	288,612
Occupancy and utilities	39,342	39,021	19,647	98,010	7,168	3,767	108,945	-	-	-	-	-	108,945
Telephone	7,337	14,042	1,575	22,954	3,375	3,092	29,421	-	-	-	-	-	29,421
Supplies	64,966	3,075	5,386	73,427	847	240	74,514	-	-	-	-	-	74,514
Printing and copying	75	855	-	930	86	13,531	14,547	-	-	-	-	-	14,547
Office and miscellaneous expense	1,309	3,016	338	4,663	968	1,157	6,788	-	-	-	-	-	6,788
Postage and messenger	595	1,831	124	2,550	744	3,874	7,168	-	-	-	-	-	7,168
Computer	17,820	29,550	4,119	51,489	7,054	11,623	70,166	-	-	-	-	-	70,166
Conferences and training	1,354	12,202	180	13,736	10,361	2,127	26,224	-	-	-	-	-	26,224
Insurance	12,134	23,758	2,604	38,496	4,381	5,840	48,717	-	-	-	-	-	48,717
Service fees	17	46	-	63	38,107	15,713	53,883	2,441	-	2,441	-	-	56,324
Depreciation and amortization	88,816	72,993	44,419	206,228	16,285	8,477	230,990	-	-	-	-	-	230,990
Interest	-	-	-	-	1,757	-	1,757	-	-	-	-	-	1,757
Unallocated payments to affiliated organizations	-	-	-	-	250	-	250	42,075	-	42,075	(42,075)	-	250
Bad debt expense (recovery)	-	-	-	-	2,003	-	2,003	(11,071)	-	(11,071)	-	-	(9,068)
Total Expenses	\$ 2,973,353	\$ 2,100,433	\$ 314,063	\$ 5,387,849	\$ 469,174	\$ 575,667	\$ 6,432,690	\$ 46,095	\$ -	\$ 46,095	\$ (42,075)	\$ 6,436,710	

The accompanying notes are an integral part of these consolidated financial statements.

Part of the Solution and Affiliate

Consolidating Schedule of Cash Flows

Year ended December 31, 2022

	POTS	PBFF	Eliminations	Total
Cash Flows from Operating Activities				
Change in net assets	\$ 793,087	\$ (466,874)	\$ -	\$ 326,213
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Unrealized loss on investments	-	59,897	-	59,897
Realized loss/(gain) on sale of investments, net	397	(7,605)	-	(7,208)
Contributions restricted for capital campaign	-	-	-	-
Donated marketable securities	-	-	-	-
Bad debt (recovery) expense - capital campaign	-	(7,071)	-	(7,071)
Bad debt expense	15,597	-	-	15,597
Forgiveness of prior year Paycheck Protection Program loan	-	-	-	-
Discount on contributions receivable	-	(8,313)	-	(8,313)
Depreciation	248,770	-	-	248,770
Non-cash lease expense	14,254	-	-	14,254
Changes in operating assets and liabilities:				
Contributions and grants receivable	82,674	141,429	-	224,103
Prepaid expenses and other assets	(29,742)	-	-	(29,742)
Due from POTS	-	(25,000)	25,000	-
Due from PBFF	-	-	-	-
Accounts payable and accrued expenses	133,401	(48,880)	-	84,521
Due to POTS	-	-	-	-
Due to PBFF	25,000	-	(25,000)	-
Deferred revenue	12,500	-	-	12,500
Payments on operating leases payable	(14,146)	-	-	(14,146)
Net Cash Provided by (Used in) Operating Activities	1,281,792	(362,417)	-	919,375
Cash Flows from Investing Activities				
Purchase of property and equipment	(240,312)	-	-	(240,312)
Purchase of construction in progress	(361,767)	-	-	(361,767)
Purchase of investments	(53,946)	(186,135)	-	(240,081)
Proceeds from sale of investments	53,549	170,526	-	224,075
Net Cash Used in Investing Activities	(602,476)	(15,609)	-	(618,085)
Net Increase (Decrease) in Cash and Cash Equivalents and Restricted Cash	679,316	(378,026)	-	301,290
Cash and Cash Equivalents and Restricted Cash, beginning of year	7,293,180	3,565,333	-	10,858,513
Cash and Cash Equivalents and Restricted Cash, end of year	\$ 7,972,496	\$ 3,187,307	\$ -	\$ 11,159,803
Supplemental Disclosures of Cash Flow Information				
Cash and cash equivalents	\$ 7,972,496	\$ 998,216	\$ -	\$ 8,970,712
Restricted cash	-	2,189,091	-	2,189,091
	\$ 7,972,496	\$ 3,187,307	\$ -	\$ 11,159,803

The accompanying notes are an integral part of these consolidated financial statements.

Part of the Solution and Affiliate

Consolidating Schedule of Cash Flows

Year ended December 31, 2021

	POTS	PBFF	Eliminations	Total
Cash Flows from Operating Activities				
Change in net assets	\$ 1,014,381	\$ (30,403)	\$ -	\$ 983,978
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:				
Unrealized gain on investments	-	(12,866)	-	(12,866)
Realized loss/(gain) on sale of investments, net	116	(14,541)	-	(14,425)
Contributions restricted for capital campaign	-	(10,000)	-	(10,000)
Donated marketable securities	(106,593)	-	-	(106,593)
Bad debt (recovery) expense - capital campaign	-	(11,071)	-	(11,071)
Bad debt expense	2,003	-	-	2,003
Forgiveness of prior year Paycheck Protection Program loan	(199,190)	-	-	(199,190)
Discount on contributions receivable	-	13,758	-	13,758
Depreciation	230,990	-	-	230,990
Changes in operating assets and liabilities:				
Contributions and grants receivable	115,371	231,427	-	346,798
Prepaid expenses and other assets	20,233	-	-	20,233
Due from POTS	-	(34,974)	34,974	-
Due from PBFF	119,000	-	(119,000)	-
Accounts payable and accrued expenses	(4,900)	6,889	-	1,989
Due to POTS	-	(119,000)	119,000	-
Due to PBFF	34,974	-	(34,974)	-
Deferred revenue	(87,859)	-	-	(87,859)
Net Cash Provided by Operating Activities	1,138,526	19,219	-	1,157,745
Cash Flows from Investing Activities				
Purchase of property and equipment	(43,602)	-	-	(43,602)
Purchase of construction in progress	(42,075)	-	-	(42,075)
Purchase of investments	-	(132,138)	-	(132,138)
Proceeds from sale of investments	113,836	134,835	-	248,671
Net Cash Provided by Investing Activities	28,159	2,697	-	30,856
Net Increase in Cash and Cash Equivalents and Restricted Cash	1,166,685	21,916	-	1,188,601
Cash and Cash Equivalents and Restricted Cash, beginning of year	6,126,495	3,543,417	-	9,669,912
Cash and Cash Equivalents and Restricted Cash, end of year	\$ 7,293,180	\$ 3,565,333	\$ -	\$ 10,858,513
Supplemental Disclosures of Cash Flow Information				
Cash and cash equivalents	\$ 7,293,180	\$ 891,598	\$ -	\$ 8,184,778
Restricted cash	-	2,673,735	-	2,673,735
	\$ 7,293,180	\$ 3,565,333	\$ -	\$ 10,858,513

The accompanying notes are an integral part of these consolidated financial statements.