

Financial Statements

2023

**Blessings in a Backpack, Inc.**

June 30, 2023 and 2022



Financial Statements

**Blessings in a Backpack, Inc.**

June 30, 2023 and 2022

**Independent Auditors' Report** ..... 1

**Financial Statements**

    Statements of Financial Position ..... 3

    Statements of Activities ..... 4

    Statements of Functional Expenses ..... 5

    Statements of Cash Flows ..... 6

    Notes to Financial Statements ..... 7



## **Independent Auditors' Report**

Members of the Board of Directors  
Blessings in a Backpack, Inc.  
Louisville, Kentucky

### **Opinion**

We have audited the accompanying financial statements of Blessings in a Backpack, Inc. (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, and 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 ("GAAP").

### **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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our 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 GAAP, 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.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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.

*Strothman and Company*

Louisville, Kentucky  
November 15, 2023

Statements of Financial Position

**Blessings in a Backpack, Inc.**

	June 30, 2023			June 30, 2022		
	Local Food Programs	National Operations	Total	Local Food Programs	National Operations	Total
<b>Assets</b>						
Cash and cash equivalents	\$ 7,474,560	\$ 963,477	\$ 8,438,037	\$ 11,524,792	\$ 2,336,476	\$ 13,861,268
Investments	1,909,892	1,201,039	3,110,931	17,762		17,762
Contributions receivable	181,145	150,754	331,899	161,069	104,861	265,930
Prepaid expenses and other assets	1,696	50,586	52,282	6,516	118,722	125,238
Right-of-use asset, net		186,457	186,457		226,181	226,181
Furniture and equipment, net		40,344	40,344		51,782	51,782
<b>Total Assets</b>	<b>\$ 9,567,293</b>	<b>\$ 2,592,657</b>	<b>\$ 12,159,950</b>	<b>\$ 11,710,139</b>	<b>\$ 2,838,022</b>	<b>\$ 14,548,161</b>
<b>Liabilities and Net Assets</b>						
<b>Liabilities</b>						
Accounts payable	\$ 70,346	\$ 57,437	\$ 127,783	\$ 133,422	\$ 178,740	\$ 312,162
Other accrued expenses	16,402	225,628	242,030	6,822	291,050	297,872
Lease liability		184,864	184,864		247,393	247,393
Deferred event income	236,372		236,372	19,472	18,465	37,937
<b>Total Liabilities</b>	<b>323,120</b>	<b>467,929</b>	<b>791,049</b>	<b>159,716</b>	<b>735,648</b>	<b>895,364</b>
<b>Net Assets</b>						
Without donor restrictions	8,335,698	2,124,728	10,460,426	9,614,942	2,102,374	11,717,316
With donor restrictions	908,475		908,475	1,935,481		1,935,481
<b>Total Net Assets</b>	<b>9,244,173</b>	<b>2,124,728</b>	<b>11,368,901</b>	<b>11,550,423</b>	<b>2,102,374</b>	<b>13,652,797</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 9,567,293</b>	<b>\$ 2,592,657</b>	<b>\$ 12,159,950</b>	<b>\$ 11,710,139</b>	<b>\$ 2,838,022</b>	<b>\$ 14,548,161</b>

See Accompanying Notes to Financial Statements

Statements of Activities

**Blessings in a Backpack, Inc.**

	Year Ended June 30, 2023			Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Support</b>						
Contributions	\$ 10,622,741	\$ 330,520	\$ 10,953,261	\$ 8,887,856	\$ 696,126	\$ 9,583,982
Grants	325,808		325,808	562,671		562,671
Fundraising events	1,141,158		1,141,158	987,394		987,394
Less direct benefits to donors	<u>575,839</u>		<u>575,839</u>	<u>379,576</u>		<u>379,576</u>
	565,319		565,319	607,818		607,818
In-kind contributions	786,055		786,055	438,254		438,254
Investment income	171,248		171,248	9,451		9,451
Other income	<u>200,033</u>		<u>200,033</u>	<u>157,923</u>		<u>157,923</u>
	12,671,204	330,520	13,001,724	10,663,973	696,126	11,360,099
<b>Net Assets Released From Donor Imposed Restrictions</b>	<u>1,357,526</u>	<u>(1,357,526)</u>		<u>1,259,104</u>	<u>(1,259,104)</u>	
<b>Total Support</b>	14,028,730	(1,027,006)	13,001,724	11,923,077	(562,978)	11,360,099
<b>Expenses</b>						
Program services	12,658,684		12,658,684	10,001,355		10,001,355
General and administrative	1,314,474		1,314,474	1,176,964		1,176,964
Fundraising	<u>1,542,125</u>		<u>1,542,125</u>	<u>1,520,031</u>		<u>1,520,031</u>
<b>Total Expenses</b>	<u>15,515,283</u>		<u>15,515,283</u>	<u>12,698,350</u>		<u>12,698,350</u>
<b>Change in Net Assets from Operations</b>	(1,486,553)	(1,027,006)	(2,513,559)	(775,273)	(562,978)	(1,338,251)
<b>Non-Operating Income</b>						
Employee Retention Tax Credit	<u>229,663</u>		<u>229,663</u>	<u>156,105</u>		<u>156,105</u>
<b>Change in Net Assets</b>	(1,256,890)	(1,027,006)	(2,283,896)	(619,168)	(562,978)	(1,182,146)
<b>Net Assets Beginning of Year</b>	<u>11,717,316</u>	<u>1,935,481</u>	<u>13,652,797</u>	<u>12,336,484</u>	<u>2,498,459</u>	<u>14,834,943</u>
<b>Net Assets End of Year</b>	<u>\$ 10,460,426</u>	<u>\$ 908,475</u>	<u>\$ 11,368,901</u>	<u>\$ 11,717,316</u>	<u>\$ 1,935,481</u>	<u>\$ 13,652,797</u>

See Accompanying Notes to Financial Statements

Statements of Functional Expenses

**Blessings in a Backpack, Inc.**

	Year Ended June 30, 2023				Year Ended June 30, 2022			
	Program Services	General and Administrative	Fundraising	Total	Program Services	General and Administrative	Fundraising	Total
Food and backpack expenses	\$ 11,092,645	\$ 51,182	\$ 1,318	\$ 11,145,145	\$ 8,625,499	\$ 2,858	\$ 188	\$ 8,628,545
Payroll and employee benefits	1,188,152	982,874	1,110,535	3,281,561	1,041,636	855,855	1,051,714	2,949,205
Contract services	39,300	82,220	204,614	326,134	82,884	112,135	100,123	295,142
Lease expense	72,187	40,386	42,030	154,603	50,761	58,413	91,230	200,404
Administrative expenses	111,255	107,295	127,326	345,876	91,851	112,135	180,247	384,233
Depreciation expense		21,225		21,225		11,439		11,439
Marketing expenses	137,413	11,431	51,268	200,112	95,657	7,744	73,845	177,246
Travel	17,732	17,861	5,034	40,627	13,067	16,385	22,684	52,136
	<u>\$ 12,658,684</u>	<u>\$ 1,314,474</u>	<u>\$ 1,542,125</u>	<u>\$ 15,515,283</u>	<u>\$ 10,001,355</u>	<u>\$ 1,176,964</u>	<u>\$ 1,520,031</u>	<u>\$ 12,698,350</u>

See Accompanying Notes to Financial Statements

Statements of Cash Flows

**Blessings in a Backpack, Inc.**

	<b>Year Ended June 30</b>	
	<b>2023</b>	<b>2022</b>
<b>Operating Activities</b>		
Change in net assets	\$ (2,283,896)	\$ (1,182,146)
Adjustments		
Depreciation	21,225	11,439
Amortization expense - right-of-use leased assets	39,724	33,480
Lease liability interest expense	7,101	4,870
Reinvested dividends and interest	153,558	251
Realized gain on sales of investments	(2,193)	
Unrealized (gain) loss on investments	(17,905)	2,335
Payment of lease obligation	(69,630)	(17,138)
Changes in operating assets and liabilities		
Contributions receivable	(65,969)	3,012
Prepaid expenses and other assets	72,956	(76,294)
Accounts payable	(184,379)	69,290
Other accrued expenses	(55,842)	5,640
Deferred event income	198,435	(69,888)
<b>Net Cash Used In Operating Activities</b>	<b>(2,186,815)</b>	<b>(1,215,149)</b>
<b>Investing Activities</b>		
Purchases of equipment	(9,787)	(42,291)
Sales of investments	61,428	
Purchases of investments	(3,288,057)	
<b>Net Cash Used In Investing Activities</b>	<b>(3,236,416)</b>	<b>(42,291)</b>
<b>Net Decrease in Cash and Cash Equivalents</b>	<b>(5,423,231)</b>	<b>(1,257,440)</b>
<b>Cash and Cash Equivalents Beginning of Year</b>	<b>13,861,268</b>	<b>15,118,708</b>
<b>Cash and Cash Equivalents End of Year</b>	<b>\$ 8,438,037</b>	<b>\$ 13,861,268</b>

See Accompanying Notes to Financial Statements



## Notes to Financial Statements

### **Blessings in a Backpack, Inc.**

June 30, 2023 and 2022

#### **Note A--Description of Business**

Blessings in a Backpack, Inc. (the "Organization") is a non-profit organization that provides backpacks of food each weekend during the school year to children whose families qualify for the federal free and reduced price meal program. The Organization's program is run in participating schools across the nation.

The Organization manages the operations of numerous local school food distribution programs. The statements of financial position are segregated between those local food programs and the national office operations, and reflects the various assets and liabilities designated for local food program operations and general and administrative operations, respectively.

The Organization's primary source of support is contributions.

#### **Note B--Summary of Significant Accounting Policies**

The Organization follows generally accepted accounting principles, as outlined in the Financial Accounting Standards Board's ("FASB") *Accounting Standards Codification* ("ASC"). Significant accounting policies are as follows:

Financial Statement Presentation--The Organization is required to report information regarding its financial position and activities according to two classes of net assets (net assets without donor restrictions and net assets with donor restrictions) based upon the existence or absence of donor-imposed restrictions.

Measure of Operations--The Organization's change in net assets from operations on the statements of activities included all operating revenues and expenses that are an integral part of its program and supporting activities, net assets released from donor restrictions to support operating expenditures and other nonoperating funds to support current operating activities.

Cash and Cash Equivalents--The Organization considers all highly-liquid investments with maturities when purchased of three months or less, that are not designated for a specific purpose, to be cash equivalents.

Investments--Investments in equity securities with readily determinable fair values and all investments in debt securities are measured at fair value in the statements of financial position. Investment income or loss (including realized and unrealized gains and losses on investments, interest income, and dividends) is included in the statements of activities. Interest income is recorded on accrual basis. Dividend income is recorded on the ex-dividend date.

Contributions Receivable--Contributions receivable are expected to be collected within one year and are stated net of an allowance for uncollectible contributions. Management of the Organization estimates an allowance for uncollectible contributions based on its specifically identifying questionable accounts, and on the historical collection experience of the Organization. Uncollectible contributions receivable are charged against the allowance account when deemed uncollectible by management. There were no amounts determined uncollectible as of June 30, 2023 or 2022.

Continued

Notes to Financial Statements--Continued

**Blessings in a Backpack, Inc.**

June 30, 2023 and 2022

**Note B--Summary of Significant Accounting Policies--Continued**

Furniture and Equipment--The Organization capitalizes all expenditures for furniture and equipment in excess of \$500, which are recorded at cost, if purchased, or fair market value at date of gift, if donated. Depreciation is computed using the accelerated methods over the estimated useful lives of the related assets.

Contributions--Contributions received are recorded as being either without donor restrictions or with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to support without donor restrictions and reported in the statements of activities as net assets released from donor restrictions. Contributions whose restrictions are met in the same fiscal year are reported as contributions without donor restrictions.

In-Kind Contributions--These contributions of food, supplies and office space are recorded at fair value and recognized as support and program service expenses in the fiscal year when they are received. Contributions of event support costs are likewise recorded at fair value and recognized as administrative and fundraising expenses, respectively. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not donated, are recorded at fair value in the period received. No in-kind contributions were restricted. The Organization does sell donated in-kind gifts.

The Organization also receives free services from a variety of unpaid volunteers. No amounts have been recognized in the accompanying statements of activities because these services do not meet the criteria for recording as support and expenses.

Allocation of Functional Expenses--The costs of providing program services and supporting activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based on personnel time utilized for the related activities.

Advertising Costs--Advertising costs are expensed as incurred. Total advertising and promotion expense was \$200,112 and \$177,246 for the years ended June 30, 2023 and 2022, respectively.

Fair Value of Financial Instruments--The carrying amounts for current assets and liabilities approximate their fair values due to their short maturity.

Use of Estimates--The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of support and expenses during the reporting period. Actual results could differ from those estimates.

Continued

Notes to Financial Statements--Continued

**Blessings in a Backpack, Inc.**

June 30, 2023 and 2022

**Note B--Summary of Significant Accounting Policies--Continued**

Income Taxes--The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is reflected in the accompanying financial statements. The Organization had no unrelated business income during the periods covered by these audits.

GAAP prescribes a comprehensive model for how an entity should measure, recognize, present and disclose in its financial statements uncertain tax positions that an entity has taken or expects to take on a tax return. There was no impact on the Organization's financial statements as a result of the implementation of these accounting principles.

Lease--The Organization determines if an arrangement is a lease at inception. Operating leases are included in right-of-use ("ROU") lease assets, current portion of lease obligations, and long term lease obligations on the Organization's statement of financial position. ROU lease assets represent the Organization's right to use an underlying asset for the lease term, and lease obligations represent the Organization's obligation to make lease payments arising from the lease. Operating ROU lease assets and obligations are recognized at the commencement date based on the present value of lease payments over the lease term. Since the Organization's lease did not provide an implicit interest rate, the Organization used its incremental borrowing rate based on information available at the lease commencement date to determine the present value of lease payments.

The Organization's lease term may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option.

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

**Note C--Cash and Cash Equivalents**

The Organization maintains its cash and cash equivalents at two financial institutions. The Federal Deposit Insurance Corporation ("FDIC") insures these balances up to \$250,000 at each institution. At June 30, 2023 and 2022, the Organization's cash accounts and cash equivalents at both banks exceeded the FDIC insured amount by approximately 3,227,000 and \$6,876,000, respectively.

**Blessings in a Backpack, Inc.**

June 30, 2023 and 2022

**Note D--Investments and Fair Value Measurements**

Generally accepted accounting principles provide a framework for measuring fair value, and expand disclosures required for fair value measurements. They also establish a fair value hierarchy that prioritizes observable and unobservable inputs used to measure fair value into three board levels. These levels, in order of highest to lowest priority are described below:

Level 1 – Quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3 – Inputs to the valuation methodology are based on significant unobservable inputs.

The Organization uses published prices from actively traded markets (Level I inputs) in determining the fair value of its investments, which include money market funds. The amount classified as investments as of June 30, 2023 and 2022 is designated for local food programs.

The following table presents the fair value of investments:

	<b>Assets at Fair Value as of</b>	
	<b>June 30, 2023</b>	<b>June 30, 2022</b>
	<b>Quoted Prices Prices in Active Markets (Level I)</b>	<b>Quoted Prices Prices in Active Markets (Level I)</b>
Cash and money funds	\$ 98,299	\$ 17,762
Mutual funds	724,956	
Government securities	1,216,207	
Corporate bonds	376,603	
Common stock	694,866	
	<b>\$ 3,110,931</b>	<b>\$ 17,762</b>

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Continued

Notes to Financial Statements--Continued

**Blessings in a Backpack, Inc.**

June 30, 2023 and 2022

**Note D--Investments and Fair Value Measurements--Continued**

Investments securities 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 investment securities, it is at least reasonably possible that changes in risks in the near term would result in material changes in the fair value of investments and net assets of the Organization.

Investment income is comprised of the following components in the statements of activities:

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Interest and dividend income	\$ 153,558	\$ 11,786
Net unrealized gain (loss) on investments	17,905	(2,335)
Realized gain on investments	2,193	
Investment fees	(2,408)	
	<hr/>	<hr/>
<b>Total Investment Income</b>	<b>\$ 171,248</b>	<b>\$ 9,451</b>

**Note E--Furniture and Equipment**

Furniture and equipment consists of the following:

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Computers	\$ 51,460	\$ 64,283
Telephone system		8,783
Leasehold improvements	18,233	17,079
Furniture	29,347	29,347
	<hr/>	<hr/>
	99,040	119,492
Less accumulated depreciation	58,696	67,710
	<hr/>	<hr/>
<b>Furniture and Equipment, net</b>	<b>\$ 40,344</b>	<b>\$ 51,782</b>

Notes to Financial Statements--Continued

**Blessings in a Backpack, Inc.**

June 30, 2023 and 2022

**Note F--Leases**

Operating lease right-of-use asset is comprised of the following:

	<u>Office Space</u>
<b>As of July 1, 2021</b>	\$ -
Additions	259,661
Amortization	<u>(33,480)</u>
<b>As of June 30, 2022</b>	226,181
Amortization	<u>(39,724)</u>
<b>As of June 30, 2023</b>	<u>\$ 186,457</u>

During 2022, the Organization has entered into an operating lease for its office space. This lease expires in February 27, 2026. The Organization is using the borrowing rate of 3.25%, which represents the Organization's borrowing rate at the time of lease inception, to calculate the present value of the future lease payments.

The maturity of the operating lease payments is as follows:

<u>Year Ending June 30</u>	
2024	\$ 71,019
2025	72,577
2026	<u>49,207</u>
	192,803
Less amount representing interest	<u>7,939</u>
Operating lease liability	<u>\$ 184,864</u>
Short-term	\$ 71,019
Long-term	<u>113,845</u>
	<u>\$ 184,864</u>

The Organization recorded lease expense of \$60,263 and \$38,350 for the years ended June 30, 2023 and 2022, respectively.

In addition, the Organization recorded other low-value and short-term lease expenses in the statements of activities of \$94,690 and \$162,054, for the years ended June 30, 2023 and 2022, respectively.

Notes to Financial Statements--Continued

**Blessings in a Backpack, Inc.**

June 30, 2023 and 2022

**Note G--Deferred Event Income**

As of June 30, 2023 and 2022, the Organization had received payments totaling \$236,372 and \$37,937, respectively, for tickets, sponsorships and donations for various events supporting local food programs. Since these events did not take place until after the respective year-ends in which the funds were raised, this support has been recorded as deferred event income.

**Note H--Line of Credit**

The Organization has a \$250,000 revolving line of credit agreement with Republic Bank & Trust Company which bears interest at the prime rate (8.25% as of June 30, 2023). The line of credit is collateralized by substantially all the assets of the Organization. There were no outstanding borrowings as of June 30, 2023 or 2022. The line of credit expires on December 8, 2023.

**Note I--In-Kind Contributions**

In-kind contributions consisted of the following:

	<b>June 30</b>		<b>Usage</b>
	<b>2023</b>	<b>2022</b>	
Events	\$ 225,941	\$ 101,584	Program Services
Backpacks		14,500	Program Services
Rent	27,960	34,440	Program Services, general
Supplies and food	532,154	287,730	and administrative, fundraising
	<u>\$ 786,055</u>	<u>\$ 438,254</u>	Program Services

Notes to Financial Statements--Continued

**Blessings in a Backpack, Inc.**

June 30, 2023 and 2022

**Note J--Liquidity and Availability of Financial Assets**

The following table reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year.

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Cash and cash equivalents	\$ 8,438,037	\$ 13,861,268
Investments	3,110,931	17,762
Contributions receivable, net	331,899	265,930
Line of credit available	250,000	250,000
	<hr/>	<hr/>
<b>Total Financial Assets</b>	12,130,867	14,394,960
	<hr/>	<hr/>
Less net assets with donor-imposed restrictions	908,475	1,935,481
	<hr/>	<hr/>
<b>Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year</b>	<b>\$ 11,222,392</b>	<b>\$ 12,459,479</b>
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**Note K--Net Assets with Donor Restrictions**

Net assets with donor restrictions include contributions and grants for which donor imposed restrictions are to be met, and are restricted for the following purposes:

	<b>June 30</b>	
	<b>2023</b>	<b>2022</b>
Restricted for Specified Purpose:		
New upcoming schools	\$ 14,753	\$ 18,288
Corporate employee engagement	14,852	35,852
General operations	43,299	45,099
	<hr/>	<hr/>
	72,904	99,239
	<hr/>	<hr/>
Restricted by Time:		
Program funding for specific future years	835,571	1,836,242
	<hr/>	<hr/>
	<b>\$ 908,475</b>	<b>\$ 1,935,481</b>
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Notes to Financial Statements--Continued

**Blessings in a Backpack, Inc.**

June 30, 2023 and 2022

**Note L--Retirement Plan**

The Organization maintains a 403(b) retirement plan that covers all employees age 21 and older who work more than twenty hours per week. Employees may contribute up to the maximum percentage of compensation and dollar amount permissible under the Internal Revenue Code. The plan contains a provision for a discretionary employer matching contribution. No matching contribution were accrued for the years ended June 30, 2023 and 2022.

**Note M--Employee Retention Tax Credit**

The Organization applied for reimbursement of payroll taxes related to fiscal year 2021 payrolls under the Employee Retention Tax Credit ("ERTC"), of approximately \$386,000. The ERTC is a refundable credit against certain payroll taxes allowed to an eligible employer for qualifying wages, that was established by the Coronavirus Aid Relief and Economic Security Act (the "CARES Act") and further amended by the Consolidated Appropriations Act ("CAA") and American Rescue Plan ("ARP"). The Organization considers it has met the ERTC's eligibility requirements and considers this transaction to be a conditional grant. However, laws and regulations concerning government programs, including the Employee Retention Credit, are complex and subject to varying interpretations. Claims made under the CARES Act may also be subject to retroactive audit and review. There can be no assurance that regulatory authorities will not challenge the Organization's claim to the ERTC, and it is not possible to determine the impact (if any) this would have upon the Organization's financial position or results of operations. Accordingly, the Organization has recorded the credit in 2023 and 2022, the periods in which the funds were received.

**Note N--Subsequent Events**

Events that occur after the statement of financial position date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that exist at the statement of financial position date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the statement of financial position date require disclosure in the accompanying financial statements. Management evaluated the activity of the Organization through November 15, 2023, the date the financial statements were available to be issued.