HIDDEN HARVEST
Saginaw, Michigan

FINANCIAL STATEMENTS
September 30, 2023

Gardner | Provenzano
Thomas & Luplow
CERTIFIED PUBLIC ACCOUNTANTS

Contents

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INDEPENDENT AUDITOR'S REPORT

February 17, 2024

To the Board of Trustees
Hidden Harvest
Saginaw, Michigan

Opinion

We have audited the accompanying financial statements of Hidden Harvest (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

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

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hidden Harvest and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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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 Hidden Harvest's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 circumstance, but not for the purpose of expressing an opinion on the effectiveness of Hidden Harvest'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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Hidden Harvest'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.

Report on Summarized Comparative Information

We have previously audited Hidden Harvest's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 15, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Certified Public Accountants

HIDDEN HARVEST
STATEMENTS OF FINANCIAL POSITION
September 30, 2023 AND 2022

	2023	2022
Assets		
Current assets		
Cash	$ 431,659	$ 588,915
Morgan Stanley cash	31,044	-
Sub-total cash	462,703	588,915
Certificates of deposit	26,865	26,665
Gift certificates	25,372	17,746
Promises to give, net	250,000	-
Total current assets	764,940	633,326
Long-term assets		
Long-term promises to give, net	453,425	-
Investments	2,681,485	2,392,476
Investments - Preservation Fund	646,753	591,676
Beneficial interest - BACF	12,227	10,716
Beneficial interest - MACF	6,320	5,486
Total long-term assets	3,800,210	3,000,354
Fixed assets		
Land	81,336	75,306
Building and improvements	2,421,994	2,421,994
Vehicles, furniture, and equipment	628,357	460,119
Allowance for depreciation	(1,568,331)	(1,486,269)
Total fixed assets	1,563,356	1,471,150
Total assets	$ 6,128,506	$ 5,104,830
Liabilities and Net Assets		
Liabilities		
Accounts payable	$ 9,822	$ 5,841
Total liabilities	9,822	5,841
Net assets		
Without donor restrictions		
Designated for cash flow	400,000	400,000
Designated for capital improvement	400,000	400,000
Investment in fixed assets	1,563,356	1,471,150
Undesignated	2,619,946	2,383,598
Total without donor restrictions	4,983,302	4,654,748
With donor restrictions	1,135,382	444,241
Total net assets	6,118,684	5,098,989
Total liabilities and net assets	$ 6,128,506	$ 5,104,830

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

HIDDEN HARVEST
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)

	Without donor Restrictions	With donor Restrictions	Totals 2023	Totals 2022
Operating activities				
Special events				
Gross special event revenue	$ 116,972	$ -	$ 116,972	$ 113,519
Less direct expenses	(27,348)	-	(27,348)	(27,954)
Net special event revenue	89,624	-	89,624	85,565
Other support and revenue				
Contributions	3,820,116	706,025	4,526,141	3,127,168
Grants	107,450	193,418	300,868	198,596
United Way	93,699	-	93,699	80,582
Rental	35,000	-	35,000	35,000
Total revenue and support before releases	4,145,889	899,443	5,045,332	3,526,911
Net assets released from restriction	208,302	(208,302)	-	-
Total revenue and support	4,354,191	691,141	5,045,332	3,526,911
Operating expenses				
Food rescue service	4,372,133	-	4,372,133	3,560,937
Management and general	67,306	-	67,306	54,392
Fund raising	33,133	-	33,133	30,126
Total expenses	4,472,572	-	4,472,572	3,645,455
Change in net assets from operating activities	(118,381)	691,141	572,760	(118,544)
Nonoperating activities				
Interest	57,376	-	57,376	42,708
Dividends	67,873	-	67,873	78,879
Realized and unrealized gains (losses), net of fees	321,686	-	321,686	(662,843)
Change in net assets from nonoperating activities	446,935	-	446,935	(541,256)
Change in net assets	328,554	691,141	1,019,695	(659,800)
Net assets, beginning of year	4,654,748	444,241	5,098,989	5,758,789
Net assets, end of year	$ 4,983,302	$ 1,135,382	$ 6,118,684	$ 5,098,989

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

HIDDEN HARVEST
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED SEPTEMBER 30, 2023
(With Comparative Totals for the Year Ended September 30, 2022)

	Program Service	Support Services		Totals	
	Food Rescue Service	Management and General	Fund Raising	2023	2022
Salaries	$ 334,967	$ 39,408	$ 19,704	$ 394,079	$ 366,490
Employee benefits	50,271	5,914	2,957	59,142	48,575
Payroll taxes	35,284	4,151	2,076	41,511	35,061
Total salaries and related expenses	420,522	49,473	24,737	494,732	450,126
Professional fees	-	10,469	-	10,469	4,748
Food	3,651,332	-	-	3,651,332	2,903,254
Supplies	21,899	2,436	-	24,335	4,467
Telephone	4,062	452	-	4,514	5,348
Postage	2,132	112	-	2,244	2,824
Occupancy	28,462	3,163	-	31,625	27,887
Public relations	-	924	8,396	9,320	6,830
Equipment rental and maintenance	14,217	-	-	14,217	35,292
Vehicle maintenance	82,169	-	-	82,169	57,480
Membership dues	2,870	-	-	2,870	1,904
Conferences	1,057	-	-	1,057	744
Printing	3,076	-	-	3,076	3,116
Miscellaneous	87	-	-	87	43
Repairs & maintenance - HSC	23,463	-	-	23,463	37,990
Contribution - ESSK	35,000	-	-	35,000	35,000
Sub-total	3,869,826	17,556	8,396	3,895,778	3,126,927
Total before depreciation expense	4,290,348	67,029	33,133	4,390,510	3,577,053
Depreciation expense	81,785	277	-	82,062	68,402
Total expenses	$ 4,372,133	$ 67,306	$ 33,133	$ 4,472,572	$ 3,645,455

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

HIDDEN HARVEST
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022

	2023	2022
Cash flows from operating activities		
Increase (decrease) in net assets	$ 1,019,695	$ (659,800)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	82,062	68,402
Market value change of investments	(344,086)	635,176
Market value change of beneficial interests	(2,345)	3,943
Certificates of deposit	(200)	-
Changes in operating assets		
Promises to give (net)	(703,425)	-
Gift certificates	(7,626)	1,419
Changes in operating liabilities		
Accounts payable	3,981	(2,045)
Net cash provided (used) by operating activities	48,056	47,095
Cash flows from investing activities		
Purchase of land	(6,030)	-
Purchase of capital assets	(168,238)	-
Net cash provided (used) by investing activities	(174,268)	-
Net increase (decrease) in cash and cash equivalents	(126,212)	47,095
Beginning cash and cash equivalents	588,915	541,820
Ending cash and cash equivalents	$ 462,703	$ 588,915

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

NOTE 1--Summary of Significant Accounting Policies

Nature of Organization

Hidden Harvest Organization is a not-for-profit organization whose mission is to alleviate hunger and end food waste primarily in Saginaw, Bay, and Midland Counties by providing a safe and coordinated system of rescuing surplus food and redistributing it to feed people in need. Hidden Harvest receives donated food from various sources, and its revenue comes from donor contributions, grants, and the United Way. Hidden Harvest also generates revenue through fundraisers.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America. The financial statements are presented in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, and the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" (the "Guide"). (ASC) 958-205 was effective January 1, 2018.

Under the provisions of the Guide, net assets and revenues, and gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified as follows:

> Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. The Organization's board may designate net assets without restrictions for specific operational purposes from time to time.
>
> Net assets with donor restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Not-for-Profit Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

NOTE 1--Summary of Significant Accounting Policies (continued)

Contributions

Unconditional contributions are recognized when pledged and recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Gifts of cash and other assets are reported with donor-restricted support if they are received with donor stipulations that limit the use of the donated assets.

When a restriction expires, that is, when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as net assets without donor restriction support. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Contributions restricted for the acquisition of land, buildings, and equipment are reported as net assets without donor restriction upon acquisition of the assets and the assets are placed in service.

Measure of Operations

The statement of activities reports all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing activities. Non-operating activities are limited to resources that generate return from investments, endowment contributions, financing costs, and other activities considered to be of a more unusual or nonrecurring nature.

Income Taxes

Hidden Harvest is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes is included in the accompanying financial statements.

Estimates

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

NOTE 1--Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

For the purpose of the statement of cash flows, the Organization considers all certificates of deposit purchased with a maturity of three months or less to be cash equivalents. Certificates of deposit with original maturities over three months are classified as short-term investments.

Date of Management's Review

Subsequent events were evaluated through February 17, 2024, which is the date the financial statements were available to be issued.

NOTE 2--Donations

Contributed food, materials, rent, and services are reflected in the financial statements at the fair market value of the services received. The contributions of services are recognized if the services received (a) create or enhance nonfinancial assets or (b) require specialized skills that would typically need to be purchased if not provided by donation. The fair market value of donated food is estimated to be one dollar per pound.

For the years ended September 30, 2023 and 2022 donations were as follows:

	2023	2022
Food	$ 3,572,914	$ 2,807,835

NOTE 3--Functional Allocation of Expenses

Functional Expenses

The costs of providing program and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among program services, fundraisers, and supporting services benefited. Such allocations are determined by management on an equitable basis.

The expenses that are allocated include the following:

Expense	Method of Allocation
Salaries	Time and effort
Employee benefits	Time and effort
Payroll taxes	Time and effort
Supplies	Time and effort
Telephone	Time and effort
Postage	Time and effort
Occupancy	Time and effort
Public relations	Time and effort
Printing	Time and effort

NOTE 4--Concentration of Credit Risk

Cash and certificates of deposit are held in financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) and by a brokerage investment firm insured by the Securities Investors Protection Corporation (SIPC). Both the FDIC and SIPC insure up to $250,000 per demand deposit account. However, separately named accounts may not be treated as separate deposits for the purpose of applying the $250,000 limit.

The following summarizes Hidden Harvest's cash bank balances at September 30, 2023:

	Insured	Uninsured	Total Bank balances	Carrying value
Cash	$ 465,336	$ -	$ 465,336	$ 462,703

NOTE 5--Fixed Assets

Hidden Harvest's land, building and improvements, vehicles, furniture, and equipment are stated at cost. Contributed furniture and equipment are recorded at the fair market value at the time of donation. Expenditures in excess of $500 for new acquisitions and renewals and betterments which increase productive capacity or prolong service lives of the furniture and equipment are capitalized. Maintenance and repairs, which do not enhance the value or extend the useful life, are expensed as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets. Depreciation expense for the years ended September 30, 2023 and 2022 is $82,062 and $68,402, respectively.

At September 30, 2023 and 2022, land, vehicles, furniture, and equipment and related accumulated depreciation were as follows:

	2023	2022
Land	$ 81,336	$ 75,306
Building and improvements	2,421,994	2,421,994
Signs	11,455	11,455
Vehicles	327,534	164,685
Furniture	8,798	8,798
Equipment	280,570	275,181
Less: accumulated depreciation	(1,568,331)	(1,486,269)
Net fixed assets	$ 1,563,356	$ 1,471,150

NOTE 6--Retirement

Hidden Harvest maintains a non-contributory, defined contribution Simplified Employee Pension (SEP) Plan that covers all employees with one or more years of service. Hidden Harvest contributes 5% of the eligible employee's compensation to the plan. Hidden Harvest made contributions to the plan of $18,546 and $16,981 for the years ended September 30, 2023 and 2022, respectively.

NOTE 7--Comparative Financial Statements

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended September 30, 2022, from which the summarized information was derived.

NOTE 8--Assets with Donor Restrictions

Resources are restricted for the following purposes at September 30, 2023 and September 30, 2022.

	2023	2022
Hunger Solution Center preservation	$ 325,701	$ 325,701
Refrigerated truck	-	76,000
Expansion project	705,652	-
Special projects	26,230	26,230
Food grants	77,799	16,310
Assets with donor restrictions	$ 1,135,382	$ 444,241

NOTE 9--Preservation Fund Investments

The Hunger Solution Center Preservation Fund (Fund) was established by Hidden Harvest to maintain, refurbish, or replace building components and systems and in-place site improvements to the Hunger Solution Center. Specific investment transactions are directed by the investment manager in conformance with Hidden Harvest's investment guidelines. Hidden Harvest's target investment allocation is eighty percent of its funds to equity investments and twenty percent to fixed income and cash and cash equivalents. Depending on market conditions and the recommendation of the investment manager, the allocations may be adjusted up to fifty percent fixed income and cash and cash equivalents and fifty percent equity investments.

NOTE 10--Fair Value Measurements

The Organization's investments are reported at fair value in the accompanying statements of financial position. The methods used to measure fair value may produce an amount that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization's management believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine fair value of certain financial instruments could result in a different fair value at reporting date.

	Fair Value Measurements at Reporting Date Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
September 30, 2023				
Cash and equivalents	$ 244,599	$ -	$ -	$ 244,599
Corporate stock	780,879	-	-	780,879
Mutual funds	883,793	-	-	883,793
Fixed income	1,418,967	-	-	1,418,967
Beneficial interests	-	18,547	-	18,547
	$ 3,328,238	$ 18,547	$ -	$ 3,346,785

	Fair Value Measurements at Reporting Date Using:			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Fair Value
September 30, 2022				
Cash and equivalents	$ 286,770	$ -	$ -	$ 286,770
Corporate stock	653,158	-	-	653,158
Mutual funds	376,900	-	-	376,900
Fixed income	1,667,324	-	-	1,667,324
Beneficial interests	-	16,202	-	16,202
	$ 2,984,152	$ 16,202	$ -	$ 3,000,354

The fair value measurement authoritative literature establishes a fair value hierarchy that prioritizes the inputs to valuation techniques to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority, using unobservable inputs.

NOTE 10--Fair Value Measurements (continued)

The Organization's management uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization's management measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 are not available.

NOTE 11--Endowments

Hidden Harvest participated in the Saginaw Community Foundation Kresge Challenge to create community capital. Hidden Harvest committed to raise $300,000, and reached this goal by June 30, 2004. As a result of meeting its goal, Hidden Harvest received an additional $100,000 in matching funds and received an unrestricted grant in the amount of $50,000 that was deposited in its endowment fund at the Saginaw Community Foundation during the year ended September 30, 2005.

Because the Saginaw Community Foundation has variance power over these assets, the funds are held at the Saginaw Community Foundation and are not included in these financial statements. The balance of the endowment fund was $826,841 at September 30, 2023.

Hidden Harvest also maintains endowment funds at the Midland Area Community Foundation and the Bay Area Community Foundation. The MACF and the BACF maintain variance power over these assets and are not included in these financial statements. At September 30, 2023, the balance maintained at the MACF was $71,839 and the balance maintained at the BACF was $19,214.

NOTE 12--Beneficial Interests in Community Foundations

During the year ended September 30, 2022, Hidden Harvest established agency accounts with the Bay Area Community Foundation (BACF) and the Midland Area Community Foundation (MACF). The accounts will be used for the support of the mission of Hidden Harvest. Hidden Harvest's agreements with the community foundations grant variance power over those assets to the community foundations. The community foundations maintain legal ownership of the accounts and administers and preserves the funds.

Hidden Harvest recognizes these assets on the Statements of Financial Position as indicated below.

	9/30/23	9/30/22
Beneficial interest - BACF	$ 12,227	$ 10,716
Beneficial interest - MACF	6,320	5,486
Total	$ 18,547	$ 16,202

NOTE 13--Rental Revenue

In collaboration with the East Side Soup Kitchen, Hidden Harvest constructed the Hunger Solution Center. The Hunger Solution Center houses the operations of both Hidden Harvest and the East Side Soup Kitchen. Under the terms of the agreement, Hidden Harvest owns the building and the East Side Soup Kitchen leases its portion of the building with an annual rental payment of $1. The fair value of the rent is estimated to be $35,000 and is recorded as revenue and expense in the statement of activities.

NOTE 14--Liquidity and Availability of Financial Assets

The following reflects Hidden Harvest's financial assets at the statement of financial position date, reduced by amounts not available for general use.

	2023	2022
Assets at year end	$ 6,128,506	$ 5,104,830
Less those unavailable for general expenditures within one year		
Gift certificates	(25,372)	(17,746)
Promises to give (net) - restricted by donor	(703,525)	-
Long-term investments	(3,086,639)	(2,713,584)
Beneficial interests	(18,547)	(16,202)
Property and equipment, net of accumulated depreciation	(1,563,356)	(1,471,150)
Assets available to meet general expenditures within one year	$ 731,067	$ 886,148

NOTE 15--Promises to Give

Hidden Harvest began a capital campaign during 2023 to raise funds for the expansion of the Hunger Solutions Center. The campaign promises are recorded as assets with donor restrictions at September 30, 2023. Promises to give receivable in more than one year are discounted at 4% at September 30, 2023.

Promises to give at September 30, 2023 are as follows:

	2023
Total promises to give	$ 750,000
Less discount to present value	(46,575)
Net promises to give	$ 703,425
Amount due in less than one year	$ 250,000
Amount due in more than one year	453,425
	$ 703,425

NOTE 16--Reclassification

Certain 2022 amounts have been reclassified to conform with the 2023 presentation.