



• DRIVEN TO COMBAT FOOD INSECURITY ONE TASTY MEAL AT A TIME •

BRACKEN'S KITCHEN, INC.

FINANCIAL STATEMENTS

DECEMBER 31, 2021

WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Bracken's Kitchen, Inc.:

Opinion

We have audited the accompanying financial statements of Bracken's Kitchen, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 Bracken's Kitchen, Inc. as of December 31, 2021, 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 Bracken's Kitchen, Inc. 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Bracken's Kitchen, Inc.'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 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 generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- 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 Bracken's Kitchen, Inc.'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 Bracken's Kitchen, Inc.'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 Bracken's Kitchen, Inc.'s 2020 financial statements and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 7, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Evergreen Alliance

Los Alamitos, California

May 10, 2022

BRACKEN'S KITCHEN, INC.
STATEMENTS OF FINANCIAL POSITION
AS OF DECEMBER 31, 2021 AND 2020

	December 31,	
	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 3,022,102	\$ 1,924,940
Accounts receivable	169,513	93,873
Contributions receivable	154,200	35,000
Prepaid expenses	17,841	16,933
Total Current Assets	3,363,656	2,070,746
PROPERTY AND EQUIPMENT, NET	179,699	195,619
OTHER NONCURRENT ASSETS		
Deposits	16,352	15,845
TOTAL ASSETS	\$ 3,559,707	\$ 2,282,210
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 58,831	\$ 38,743
Accrued employee related expenses	117,913	93,032
Tenant deposits	4,360	4,360
Total Current Liabilities	181,104	136,135
COMMITMENTS (NOTE 7)		
TOTAL LIABILITIES	181,104	136,135
NET ASSETS		
Without donor restrictions	2,868,403	2,096,509
With donor restrictions	510,200	49,566
TOTAL NET ASSETS	3,378,603	2,146,075
TOTAL LIABILITIES AND NET ASSETS	\$ 3,559,707	\$ 2,282,210

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

BRACKEN'S KITCHEN, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE TOTALS FOR 2020

	Without Donor	With Donor	December 31,	
	Restrictions	Restrictions	2021	2020
REVENUE AND SUPPORT				
Contributions and grants	\$ 1,712,294	\$ 579,950	\$ 2,292,244	\$ 2,176,983
In-kind contributions	2,039,830	--	2,039,830	2,067,076
Community food program partnerships	903,696	--	903,696	535,658
Rental income	27,200	--	27,200	39,066
Catering income	26,438	--	26,438	21,665
Net assets released from restrictions	<u>119,316</u>	<u>(119,316)</u>	<u>--</u>	<u>--</u>
	4,828,774	460,634	5,289,408	4,840,448
SPECIAL EVENTS				
Special events revenue	299,907	--	299,907	131,408
Special events expense	<u>(65,117)</u>	<u>--</u>	<u>(65,117)</u>	<u>(30,145)</u>
	234,790	--	234,790	101,263
TOTAL REVENUE AND SUPPORT	5,063,564	460,634	5,524,198	4,941,711
EXPENSES				
Program services	3,901,030	--	3,901,030	3,660,253
Supporting services:				
Management and general	222,189	--	222,189	184,973
Fundraising	<u>168,451</u>	<u>--</u>	<u>168,451</u>	<u>129,500</u>
TOTAL EXPENSES	<u>4,291,670</u>	<u>--</u>	<u>4,291,670</u>	<u>3,974,726</u>
CHANGE IN NET ASSETS	771,894	460,634	1,232,528	966,985
NET ASSETS AT BEGINNING OF YEAR	<u>2,096,509</u>	<u>49,566</u>	<u>2,146,075</u>	<u>1,179,090</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,868,403</u>	<u>\$ 510,200</u>	<u>\$ 3,378,603</u>	<u>\$ 2,146,075</u>

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

BRACKEN'S KITCHEN, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE TOTALS FOR 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>December 31,</u>	
				<u>2021</u>	<u>2020</u>
PERSONNEL EXPENSES					
Salaries and wages	\$ 880,698	\$ 132,977	\$ 92,406	\$ 1,106,081	\$ 998,591
Employee benefits and taxes	<u>68,746</u>	<u>9,903</u>	<u>7,152</u>	<u>85,801</u>	<u>73,259</u>
TOTAL PERSONNEL EXPENSES	949,444	142,880	99,558	1,191,882	1,071,850
OTHER EXPENSES					
Automobile	21,784	86	14	21,884	18,020
Bad debt expense	--	--	--	--	4,100
Bank and merchant fees	--	20,570	--	20,570	9,316
Depreciation	47,095	--	--	47,095	27,656
Food expense	348,979	118	--	349,097	243,096
Food expense – in kind	1,913,318	--	--	1,913,318	2,014,063
Information technology	2,762	209	--	2,971	12,203
Insurance	34,257	11,057	3,021	48,335	33,908
Meetings and conferences	4,455	3	136	4,594	815
Occupancy	278,268	22,895	--	301,163	257,044
Office expenses	19,585	1,952	239	21,776	25,071
Outreach and advertising	16,155	--	15,455	31,610	16,011
Outside services	4,646	413	--	5,059	4,222
Professional services	656	21,850	49,860	72,366	63,745
Professional services – in-kind	7,677	--	--	7,677	150
Student stipends	12,476	--	--	12,476	--
Supplies	162,922	83	--	163,005	137,751
Supplies – in-kind	73,674	--	--	73,674	33,185
Travel	8	--	--	8	--
Other	<u>2,869</u>	<u>73</u>	<u>168</u>	<u>3,110</u>	<u>2,520</u>
TOTAL OTHER EXPENSES	<u>2,951,586</u>	<u>79,309</u>	<u>68,893</u>	<u>3,099,788</u>	<u>2,902,876</u>
TOTAL EXPENSES	<u>\$ 3,901,030</u>	<u>\$ 222,189</u>	<u>\$ 168,451</u>	<u>\$ 4,291,670</u>	<u>\$ 3,974,726</u>

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

BRACKEN'S KITCHEN, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020

	December 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,232,528	\$ 966,985
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	47,095	27,656
Change in operating assets and liabilities:		
Accounts receivable	(75,640)	(41,367)
Contributions receivable	(119,200)	(13,000)
Prepaid expenses	(908)	448
Deposits	(507)	(1,000)
Accounts payable and accrued expenses	20,088	16,871
Accrued employee related expenses	24,881	22,258
Tenant deposits	(2,300)	(2,300)
Net Cash Provided By Operating Activities	1,128,337	976,551
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(31,175)	(184,008)
Net Cash Used In Investing Activities	(31,175)	(184,008)
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,097,162	792,543
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	1,924,940	1,132,397
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 3,022,102	\$ 1,924,940
SUPPLEMENTAL DISCLOSURES		
Cash paid for interest	NONE	NONE
Cash paid for income taxes	NONE	NONE
Noncash investing transactions	NONE	NONE
Noncash financing transactions	NONE	NONE

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

BRACKEN'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 1 – Organization

Bracken's Kitchen, Inc. (the Organization) is a 501(c)(3) organization based in Orange County, California. Founded in 2013, the Organization is committed to rescuing, re-purposing and restoring food through food rescued, culinary training and community feeding programs.

Bracken's Kitchen delivers hot and nutritious meals in a fun and dignified manner. The Organization strives to serve the highest quality and most nutritious meals that many of the clients will get all week. In order to have the greatest impact with the least effort on its part, Bracken's Kitchen has chosen to partner with select nonprofit organizations. Through these collaborative efforts, the Organization can directly reach those people most in need of a healthy meal. This has also eliminated the steps that the Organization might otherwise need to take to qualify a person's need.

Bracken's Kitchen uses a unique approach to provide healthy and delicious meals to children, working adults, homeless, veterans, and elderly individuals on limited incomes. The Rescue Food program uses surplus food as a basis for healthy meals using expert culinary skills of experienced professional chefs to cook nutritious meals at very low cost. This innovative approach enables reduction of food waste and landfill inflow, increase in availability of healthy meals, and a sustainable model for significantly increasing scale to feed more people.

The Organization receives its revenue from contributions and grants, and compensation from community and corporate partners for catering services.

NOTE 2 – Summary of Significant Accounting Policies

Basis of Presentation of Financial Statements

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with United States Generally Accepted Accounting Principles (US GAAP). The significant accounting policies followed are described below to enhance the usefulness of the financial statements to the reader.

Cash and Cash Equivalents

All cash and highly liquid financial instruments with an original maturity of three months or less when purchased, and which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

BRACKEN'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 2 – Summary of Significant Accounting Policies (*continued*)

Accounts Receivable

Accounts receivable consist primarily of fees for catering services and are stated at the amount that management expects to collect from outstanding balances. Accounts receivable are written off when they are determined to be uncollectible.

Contributions Receivable

Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at fair value, which is measured as the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. The Organization determines the allowance for doubtful contributions based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Contributions are written off when deemed uncollectible. Conditional promises to give are not included as support until the conditions are substantially met.

Property and Equipment

The Organization's policy is to capitalize asset additions over \$5,000. Property and equipment are stated at cost, with the exception of donated equipment, which is recorded at fair market value on the date received. Depreciation has been provided on the straight-line method over the useful lives of the assets, which are generally five to seven years. Expenditures for repairs and maintenance are expensed as incurred.

Classification of Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions.

BRACKEN'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Classification of Net Assets (continued)

Net Assets with Donor Restrictions – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, for example, restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Law may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, laws extend to donor-imposed restrictions. The expirations of donor-imposed restrictions are recognized when a restriction expires, that is when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Program service fees and event sponsorships received in advance are deferred to the applicable period in which the related services are performed, or event occurs.

Donated Services and In-Kind Contributions

Contributed goods and facilities are recorded at fair value at the date of donation. Contributed services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at fair value in the period received. During the years ended December 31, 2021 and 2020, the Organization received \$2,039,830 and \$2,066,926 and \$11,409 and \$150 in contributed goods and professional services, respectively, that were utilized to support programmatic activities and fundraising events.

Outreach and Advertising

Outreach and advertising expenditures are charged to operations when incurred. Outreach and advertising expense for the years ended December 31, 2021 and 2020 was \$31,610 and \$16,011, respectively.

BRACKEN'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Income Tax Status

The Organization has received tax-exempt status from the Internal Revenue Service and California Franchise Tax Board under Section 501(c)(3) of the Internal Revenue Code and under Revenue and Taxation Code Section 23701d, respectively.

Since the Organization is exempt from federal and state income tax liability, no provision is made for current or deferred income taxes. The Organization uses the same accounting methods for tax and financial reporting. Management has considered its tax positions and believes that all of the positions taken in its federal and state exempt Organization returns are more likely than not to be sustained upon examination. The Organization's returns are subject to examination by federal and state taxing authorities, generally for three years and four years, respectively, after they are filed.

Estimates

Management uses estimates and assumptions in preparing financial statements in accordance with generally accepted accounting principles. Those estimates and assumptions affect the reported amounts of assets and liabilities and the reported revenues and expenses. Actual results could differ from such estimates and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentrations are managed by placing cash with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with contributions receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Foundations supportive of the mission.

BRACKEN'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 2 – Summary of Significant Accounting Policies *(continued)*

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. ASU 2016-02 is effective for nonpublic business entities for the annual reporting period beginning after December 15, 2021. The Organization is in the process of evaluating the impact of this statement and potential effects on the financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. ASU 2020-07 is aimed to improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including additional disclosure requirements for recognized contributed services. ASU 2020-07 is effective for nonpublic business entities for the annual reporting period beginning after June 15, 2021. The Organization is in the process of evaluating the impact of this statement and potential effects on the financial statements.

Subsequent Events

The Organization has evaluated subsequent events through May 10, 2022, which is the date the financial statements were available to be issued. See Note 7.

BRACKEN'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 3 – Liquidity and Availability

At December 31, 2021 and 2020, the Organization has the following financial assets available to meet cash needs for general expenditures within one year:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,022,102	\$ 1,924,940
Accounts receivable	169,513	93,873
Contributions receivable	<u>154,200</u>	<u>35,000</u>
Total financial assets	3,345,815	2,053,813
Contractual or donor-imposed restrictions	(<u>510,200</u>)	(<u>49,566</u>)
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,835,615</u>	<u>\$ 2,004,247</u>

As part of the Organization's liquidity management plan, a portion of any operating surplus is maintained in savings accounts.

NOTE 4 – Accounts Receivable

Accounts receivable are summarized as follows at December 31:

	<u>2021</u>	<u>2020</u>
Accounts expected to be collected in less than one year	\$ 169,513	\$ 93,873

There was no allowance for doubtful accounts deemed necessary by management at December 31, 2021 or 2020.

NOTE 5 – Contributions Receivable

Contributions receivable are summarized as follows at December 31:

	<u>2021</u>	<u>2020</u>
Unconditional contributions expected to be collected in one year	\$ 154,200	\$ 35,000

There was no net present value discount deemed necessary by management at December 31, 2021 or 2020 as all items were expected to be collected within one year. There was no allowance for doubtful accounts as of December 31, 2021 or 2020.

BRACKEN'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 6 – Property and Equipment

Property and equipment are summarized as follows at December 31:

	<u>2021</u>	<u>2020</u>
Machinery and equipment	\$ 84,531	\$ 53,356
Vehicles	<u>196,559</u>	<u>196,559</u>
	281,090	249,915
Less accumulated depreciation	<u>(101,391)</u>	<u>(54,296)</u>
Total	<u>\$ 179,699</u>	<u>\$ 195,619</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$47,095 and \$27,656, respectively.

NOTE 7 – Commitments

Operating Lease

The Organization is committed under an operating lease for the use of kitchen facilities through December 2023. The lease requires monthly payments which include reimbursement for certain property related expenses.

Future minimum lease commitments are as follows for the year ending December 31:

2022	\$ 183,648
2023	<u>186,840</u>
Total	<u>\$ 370,488</u>

Lease expense for the years ended December 31, 2021 and 2020 was \$181,192 and \$177,692, respectively.

Subsequent to the year ended December 31, 2021 the Organization entered into an operating lease for an additional facility.

BRACKEN'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 8 – Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at December 31:

	<u>2021</u>	<u>2020</u>
Subject to expenditure for specified purpose:		
Food truck	\$ 50,000	\$ --
Kitchen improvements	106,000	14,566
Kitchen equipment	35,000	--
Culinary training workforce program	<u>165,000</u>	<u>--</u>
	356,000	14,566
Contributions receivable that are not restricted by donors, but which are unavailable for expenditure until due	<u>154,200</u>	<u>35,000</u>
Total	<u>\$ 510,200</u>	<u>\$ 49,566</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose, or the passage of time or other events specified by donors, during the years ended December 31:

	<u>2021</u>	<u>2020</u>
Expiration of time restrictions	\$ --	\$ 22,000
Satisfaction of purpose restrictions:		
Recovered food program	54,750	27,450
Kitchen equipment	--	92,434
Food truck	<u>64,566</u>	<u>65,000</u>
	<u>119,316</u>	<u>184,884</u>
Total	<u>\$ 119,316</u>	<u>\$ 206,884</u>

BRACKEN'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 9 – Paycheck Protection Program (PPP) Loan

In May of 2020, the Organization received loan proceeds under the Paycheck Protection Program (the PPP). The PPP, established as part of the Coronavirus Aid, Relief and Economic Security Act (CARES Act), provides for loans to qualifying organizations for amounts up to 2.5 times of the average monthly payroll expenses of the qualifying organizations. The loans and accrued interest are forgivable after eight or twenty-four weeks as long as the borrower uses the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintains its full time equivalent (FTE) headcount levels. The amount of loan forgiveness will be reduced if the borrower terminates employees or reduces salaries during the eight or twenty-four-week period following loan funding. In December of 2020, the Organization's application for forgiveness was approved and the full amount of the PPP loan was recognized as grant revenue on the statement of activities.

While the Organization currently believes that the loan forgiveness was based on meeting the eligibility criteria, the Small Business Administration (SBA) reserves the right to re-review the loan application and subsequent forgiveness within six years following the date of loan forgiveness.

NOTE 10 – Concentrations

Accounts Receivable

Accounts receivable from one account comprises 84% and 75% of the balance at December 31, 2021 and 2020, respectively.

Contributions Receivable

Contributions receivable from two and one donors comprises 91% and 100% of the balance at December 31, 2021 and 2020, respectively.

BRACKEN'S KITCHEN, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2021
WITH SUMMARY COMPARATIVE INFORMATION FOR 2020

NOTE 11 – Functional Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural and functional classification detail of expenses. Certain costs have been allocated among the programs and supporting services benefited. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and wages, employee benefits and taxes, automobile, food expense, information technology, insurance, meetings and conferences, occupancy, office expenses, outreach and advertising, outside services, professional services, supplies, and other, which are allocated on the basis of estimates of time and effort.

NOTE 12 – Related Party

A member of management, who is also a member of the Board of Directors, and another member of the Board of Directors are married.

NOTE 13 – Economic Uncertainty

Global economies and financial markets have been impacted during the pandemic that began in December 2019 and continues in various capacities through the date the Organization's financial statements were available for issuance. Although management continues to monitor and assess the effects of the pandemic on the Organization, the ultimate impact of the outbreak or a similar health epidemic is highly uncertain and subject to change.