

SERVE, INC.
FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2022

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Independent Auditor's Report

Board of Directors
SERVE, Inc.
Stafford, Virginia

Opinion

We have audited the accompanying financial statements of SERVE, Inc. which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and net assets and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of SERVE, Inc. as of June 30, 2022, and the results of its operations, 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 audits in accordance with the 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 Financial Statements section of our report. We are required to be independent of SERVE, 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 opinions.

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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about the organization's ability to continue as a going concern 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 it 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 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 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 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 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 the organization's ability to continue as a going concern for the reasonable period of time.

We are required to communicate with those charged and 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.

Fredericksburg, VA
March 6, 2023

SERVE, INC.
STATEMENT OF FINANCIAL POSITION
June 30, 2022

ASSETS

Current Assets	
Cash	\$ 380,509
Inventory	68,620
Prepaid Expense	375
Total Current Assets	<u>449,504</u>
Fixed Assets	
Cost	459,864
Accumulated Depreciation	(168,982)
Net Fixed Assets	<u>290,882</u>
Total Assets	<u><u>\$ 740,386</u></u>

LIABILITIES AND NET ASSETS

Current Liabilities	
Accounts Payable and Accrued Expenses	\$ 21,528
Payroll Taxes Payable	4,260
Total Current Liabilities	<u>25,788</u>
Total Liabilities	25,788
Net Assets	
Net Assets, Unrestricted	<u>714,598</u>
Total Net Assets	<u><u>714,598</u></u>
Total Liabilities and Net Assets	<u><u>\$ 740,386</u></u>

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

SERVE, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS
For the Year ended June 30, 2022

Revenue and Support	
Contributions, direct public support	\$ 241,661
Energy Share Program	205,473
Grants	91,102
In-kind contributions	643,271
Income - Golf Tournament - Net	14,852
Total revenue and support	<u>1,196,359</u>
Expenses	
Program services	1,111,062
Fundraising Expenses	13,045
General and Administrative	86,361
Total expenses	<u>1,210,468</u>
Change in net assets	(14,109)
Net assets, beginning of year	<u>728,707</u>
Net assets, end of year	<u><u>\$ 714,598</u></u>

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

SERVE, INC
STATEMENT OF CASH FLOWS
June 30, 2022

Cash flow from operating activities	
Change in net assets	(14,109)
Reconciling adjustments:	
Depreciation and amortization	9,939
(Increase) decrease in:	
In-kind inventory contributions	(5,636)
Prepaid expenses	(375)
Increase (decrease) in:	
Accounts payable and accrued expenses	16,528
Payroll taxes payable	<u>1,044</u>
Net cash (used) provided by operating activities	<u>7,391</u>
Net (decrease) increase in cash	7,391
Cash, beginning of year	<u>373,118</u>
Cash, end of year	<u><u>380,509</u></u>

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

SERVE, INC
STATEMENT OF FUNCTIONAL EXPENSES
June 30, 2022

	Program Services	Fundraising	General & Administrative	Totals
Executive Director Salary	42,179	6,489	16,223	64,891
Other Salaries and Wages	130,835	-	13,333	144,168
Payroll Taxes	17,303	649	2,956	20,908
Accounting Fees	4,232		2,278	6,510
Advertising	-	5,907	-	5,907
Automobile Expenses	4,786	-	2,578	7,364
Bank Charges	-	-	5,958	5,958
Client Assistance	849,628	-	-	849,628
Disposal	1,060	-	571	1,631
Dues and Subscriptions	1,780	-	616	2,396
Executive Director Expenses	764	-	412	1,176
Postage	276	-	149	425
Printing & Reproduction	1,888	-	1,017	2,905
Office Supplies	4,116	-	2,216	6,332
Other Costs	20,048	-	10,795	30,843
Telephone	2,708	-	1,458	4,166
Utilities	4,136	-	2,227	6,363
Repairs and Maintenance	13,681	-	7,367	21,048
Website & Social Media	5,145	-	2,770	7,915
Insurance	6,497	-	3,498	9,995
Depreciation	-	-	9,939	9,939
Total	<u>\$ 1,111,062</u>	<u>\$ 13,045</u>	<u>\$ 86,361</u>	<u>\$ 1,210,468</u>

SERVE, INC.
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 - NATURE OF ORGANIZATION

Stafford Emergency Relief Through Volunteer Efforts, Inc (SERVE, Inc.) is a non-profit corporation whose primary objective is to provide emergency assistance to those who live in and around Stafford County. The assistance provided includes emergency food and clothing, medical assistance, assistance with mortgage, rental and utility payments, and assisting with special needs such as clothing for school and holiday distributions. SERVE's primary support is through donations, grants and fundraising activities.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Support and revenue recognition

Grants for specific projects and activities are recognized as revenue when expended. Contributions restricted by donors and not yet expended or available for expenditure, if any, are reported as temporarily or permanently restricted net assets. Unrestricted contributions including unconditional promises to give are recognized as revenue when the pledge is received. When a donor restriction expires, that is, when the stipulated time restriction ends, or the purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the accompanying statement of activities as assets released from restrictions. Conditional promises to give are not included as support until the conditions are substantially met.

In-kind contributions

Non-cash contributions consisting of donated food and miscellaneous items have been recorded. The donated food was valued at one dollar and sixty-nine cents per pound. The donations of miscellaneous items were recorded at the thrift shop value. Donations of non-cash items totaled \$643,271 during the fiscal year ended June 30, 2022.

Volunteers

During operations, SERVE utilizes volunteers for carrying out its mission. The value of these volunteer hours has not been recorded in these financial statements.

Cash and cash equivalents

Cash and cash equivalents consist of currency on hand and demand deposits with financial institutions. The Organization maintains its cash a bank deposit account, which at times may exceed federally insured limits. Non-interest bearing accounts are aggregated with any interest bearing accounts, and the combined total is guaranteed by the Federal Deposit Insurance Corporation up to \$250,000. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

Inventories

Inventories consist of donated items for the food pantry. Donated items are valued at one dollar and sixty-nine cents per pound.

Property and equipment

Property and equipment are state at cost. Donated equipment is included at the fair market value as of the date of the donation. Depreciation is determined by the straight-line method based on the estimated useful lives of the assets as follows:

Building and improvements	39 years
Office furniture and fixtures	7 years
Office equipment	5 years

Income taxes

SERVE is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code. The organization is also exempt from state income taxes.

The Organization’s federal income tax returns are generally subject to examination by taxing authorities for three years after the returns are filed, and the Organization’s federal and state income tax returns for 2019, 2020, and 2021 remain open for examination. The Organization continually evaluates expiring statutes of limitations, audits, proposed settlements, changes in tax law, and new authoritative rulings.

Estimates and assumptions

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues, gains and other support and expenses during the reporting period. Actual could differ from those estimates.

NOTE 3 – UNRESTRICTED GRANTS

SERVE received the following unrestricted grants for the year ended June 30, 2022:

<u>Source</u>	<u>Amount</u>
Rappahannock United Way	\$ 15,764
County of Stafford	<u>75,338</u>
	<u>\$ 91,102</u>

NOTE 4 – ENERGY SHARE PROGRAM

SERVE received funds from Energy Share in care of the United Way of Greater Richmond in the amount of \$205,473 during the year ended June 30, 2022. Funds received are immediately disbursed to the approved applicant.

NOTE 5 – SUBSEQUENT EVENTS

In preparing the financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 6, 2023, the date that the financial statements were available to be issued.