

**OPERATION BBQ RELIEF AND AFFILIATE
CONSOLIDATED FINANCIAL STATEMENTS**

**Year Ended December 31, 2023
with
Independent Auditors' Report**

OPERATION BBQ RELIEF AND AFFILIATE

CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

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Keller & Owens, LLC

Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Operation BBQ Relief and Affiliate

We have audited the consolidated financial statements of **Operation BBQ Relief and Affiliate**, which comprise the consolidated statement of financial position as of December 31, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of **Operation BBQ Relief and Affiliate** as of December 31, 2023, and the change in their net assets and their 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Operation BBQ Relief and Affiliate**, 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.

Change in Accounting Principle

As discussed in Note 2 to the consolidated financial statements, in 2023, **Operation BBQ Relief and Affiliate** adopted Financial Accounting Standards Board Accounting Standards Update 2016-13, *Financial Instruments – Credit losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about **Operation BBQ Relief and Affiliate**'s ability to continue as a going concern for one year after the date that the consolidated 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 consolidated 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 consolidated financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **Operation BBQ Relief and Affiliate**'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered the aggregate, that raise substantial doubt about **Operation BBQ Relief and Affiliate**'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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary consolidating information is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position, net assets, and cash flow of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Report on Summarized Comparative Information

We have previously audited **Operation BBQ Relief and Affiliate's** December 31, 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated April 21, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

A handwritten signature in black ink that reads "Keller & Owens, LLC". The signature is written in a cursive, flowing style.

Overland Park, Kansas
April 18, 2024

OPERATION BBQ RELIEF AND AFFILIATE

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2023

(With comparative totals as of December 31, 2022)

ASSETS

	2023	2022
Cash and Cash Equivalents	\$ 1,303,204	\$ 3,764,237
Investments	5,754,473	4,274,499
Promises to Give	235,588	2,795,121
Accounts Receivable	12,333	35,419
Inventories, net	1,385,195	1,240,092
Prepaid Expenses	120,552	38,683
Right-of-Use Asset - Operating Lease	152,204	20,353
Property and Equipment:		
Land	717,535	717,857
Buildings and building improvements	2,432,000	2,314,065
Motor vehicles and trailers	1,831,656	1,716,840
Other equipment	902,300	592,267
Construction in progress	1,733,249	228,965
	7,616,740	5,569,994
Less accumulated depreciation	(1,762,447)	(1,307,461)
Property and Equipment, net	5,854,293	4,262,533
Total Assets	<u>\$ 14,817,842</u>	<u>\$ 16,430,937</u>

LIABILITIES AND NET ASSETS

Liabilities:		
Accounts payable	\$ 540,606	\$ 289,389
Deferred revenue	268,956	39,330
Accrued liabilities	111,078	72,332
Lease liability - operating	153,006	20,625
Total Liabilities	1,073,646	421,676
Net Assets:		
Without donor restrictions:		
Undesignated	12,865,295	12,019,108
Board-designated for new facility construction campaign	500,000	500,000
Total without donor restrictions	13,365,295	12,519,108
With donor restrictions	378,901	3,490,153
Total Net Assets	13,744,196	16,009,261
Total Liabilities and Net Assets	<u>\$ 14,817,842</u>	<u>\$ 16,430,937</u>

See accompanying notes

OPERATION BBQ RELIEF AND AFFILIATE

CONSOLIDATED STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

(With comparative totals for the year ended December 31, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenue:				
Contributions and grants	\$ 3,145,168	\$ 827,001	\$ 3,972,169	\$ 9,495,376
Contributions of nonfinancial assets	468,277	398,695	866,972	1,151,124
Royalties	23,729	-	23,729	49,561
Storefront sales, net of discounts	12,163	-	12,163	30,460
Special events, net cost of direct benefits to donors of \$55,012 and \$81,063 in 2023 and 2022, respectively	102,295	-	102,295	99,172
Net investment return	479,099	-	479,099	(953,907)
Other income	40,496	-	40,496	35,610
Net assets released from restrictions	<u>4,336,948</u>	<u>(4,336,948)</u>	<u>-</u>	<u>-</u>
Total Support and Revenue	8,608,175	(3,111,252)	5,496,923	9,907,396
Expenses:				
Program services:				
Disaster relief	2,258,524	-	2,258,524	3,127,815
Restaurant relief	375,495	-	375,495	534,004
Always Serving project	444,348	-	444,348	433,572
Camp OBR	351,810	-	351,810	138,856
Other programs	<u>2,220,320</u>	<u>-</u>	<u>2,220,320</u>	<u>2,306,051</u>
Total program services	5,650,497	-	5,650,497	6,540,298
Supporting services:				
Management and general	1,089,027	-	1,089,027	976,757
Fundraising	<u>1,022,464</u>	<u>-</u>	<u>1,022,464</u>	<u>878,805</u>
Total supporting services	2,111,491	-	2,111,491	1,855,562
Total Expenses	<u>7,761,988</u>	<u>-</u>	<u>7,761,988</u>	<u>8,395,860</u>
Change in Net Assets	846,187	(3,111,252)	(2,265,065)	1,511,536
Net Asset at Beginning of Year	<u>12,519,108</u>	<u>3,490,153</u>	<u>16,009,261</u>	<u>14,497,725</u>
Net Assets, End of Year	<u>\$ 13,365,295</u>	<u>\$ 378,901</u>	<u>\$ 13,744,196</u>	<u>\$ 16,009,261</u>

See accompanying notes

OPERATION BBQ RELIEF AND AFFILIATE

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES **Year Ended December 31, 2023**

(With comparative totals for year ended December 31, 2022)

	2023										2022
	Program Services						Supporting Services				
	Disaster Relief	Restaurant Relief	Always Serving Project	Camp OBR	Other Programs	Total Program Services	Management and General	Fundraising	Cost of Direct Benefits to Donors	Total	Total
Salaries and wages	\$ 757,480	\$ 158,415	\$ 277,272	\$ 75,213	\$ 747,351	\$ 2,015,731	\$ 254,516	\$ 613,853	\$ -	\$ 2,884,100	\$ 2,409,347
Payroll taxes	53,617	11,596	20,296	6,405	52,095	144,009	18,455	48,654	-	211,118	167,307
Employee benefits	64,884	14,934	26,138	17,099	42,114	165,169	33,496	73,220	-	271,885	202,106
Utilities	-	-	-	11,631	22,039	33,670	1,040	-	-	34,710	25,142
Technology	235	-	-	525	29,401	30,161	208,942	7,756	-	246,859	219,216
Communications	-	-	-	-	10,191	10,191	31,076	-	-	41,267	28,074
Equipment and vehicle expenses	162,989	-	12,286	40,889	275,027	491,191	3,499	25,833	4,889	525,412	682,773
Facility rental	29,650	-	-	-	199,767	229,417	680	-	32,788	262,885	169,392
Occupancy	3,421	-	2,086	10,041	80,189	95,737	-	-	-	95,737	41,071
Depreciation	-	-	-	96,678	378,308	474,986	-	-	-	474,986	381,991
Professional fees and services	9,722	-	1,815	-	19,849	31,386	267,611	65,956	-	364,953	268,182
Advertising and promotion	3,870	-	840	798	24,967	30,475	668	36,792	2,926	70,861	100,714
Memberships and licenses	128	-	210	-	8,325	8,663	10,061	2,130	-	20,854	25,151
Travel	120,352	-	45,385	5,166	98,183	269,086	8,078	108,410	-	385,574	319,063
Training and development	-	-	-	-	1,873	1,873	12,178	279	-	14,330	7,563
Insurance	-	-	-	30,297	-	30,297	174,388	-	-	204,685	106,516
Office expenses	3,095	-	159	490	21,019	24,763	24,016	10,193	1,730	60,702	81,729
Deployment expenses	183,786	-	19,107	50,338	175,646	428,877	31,767	14,716	-	475,360	806,635
Food expenses	865,258	190,550	38,509	6,240	27,450	1,128,007	435	10,610	12,679	1,151,731	2,383,420
Special event meals and entertainment	-	-	-	-	-	-	-	-	-	-	35,835
Miscellaneous	37	-	245	-	6,526	6,808	8,121	4,062	-	18,991	15,696
Total Expenses	2,258,524	375,495	444,348	351,810	2,220,320	5,650,497	1,089,027	1,022,464	55,012	7,817,000	8,476,923
Less expenses included in with revenues on the statement of activities											
Cost of direct benefits to donors	-	-	-	-	-	-	-	-	(55,012)	(55,012)	(81,063)
Total expenses included in the expense section on the statement of activities	\$ 2,258,524	\$ 375,495	\$ 444,348	\$ 351,810	\$ 2,220,320	\$ 5,650,497	\$ 1,089,027	\$ 1,022,464	\$ -	\$ 7,761,988	\$ 8,395,860

See accompanying notes

OPERATION BBQ RELIEF AND AFFILIATE

CONSOLIDATED STATEMENT OF CASH FLOWS Year Ended December 31, 2023

(With comparative totals for the year ended December 31, 2022)

	<u>2023</u>	<u>2022</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ (2,265,065)	\$ 1,511,536
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	474,986	381,991
Reduction in the carrying amount of right-of-use assets - operating leases	33,556	-
Noncash lease expense on operating lease	-	272
Donated property and equipment	(175,924)	(19,883)
Allowance for obsolete inventory	15,896	(38,908)
Net realized and unrealized (gain) loss on investments	(231,115)	1,150,733
(Increase) decrease in:		
Promises to give	2,559,533	(2,327,822)
Accounts receivable	23,086	31,504
Inventories	(160,999)	368,566
Prepaid expenses	(81,869)	(17,563)
Increase (decrease) in:		
Accounts payable	(117,378)	(10,372)
Deferred revenue	229,626	7,863
Accrued liabilities	38,746	21,899
Lease liability	<u>(33,026)</u>	<u>-</u>
Net Cash Provided by Operating Activities	310,053	1,059,816
Cash Flows from Investing Activities:		
Proceeds from sale of investments	793,904	1,340,590
Purchases of investments	(2,042,763)	(537,415)
Purchases of property and equipment	<u>(1,522,227)</u>	<u>(768,483)</u>
Net Cash (Used) Provided by Investing Activities	(2,771,086)	34,692
Net Change in Cash and Cash Equivalents	(2,461,033)	1,094,508
Cash and Cash Equivalents at Beginning of Year	<u>3,764,237</u>	<u>2,669,729</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,303,204</u>	<u>\$ 3,764,237</u>

NONCASH INVESTING AND FINANCING ACTIVITIES

Purchases of property and equipment using trade payables	<u>\$ 368,595</u>	<u>\$ -</u>
Right-of-use assets obtained in exchange for lease liabilities	<u>\$ 165,407</u>	<u>\$ -</u>

See accompanying notes

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

1. NATURE OF ORGANIZATION

Operation BBQ Relief (“OBR”) is a Missouri non-profit corporation founded in 2011 in response to a need for relief efforts within the United States of America impacted by natural disasters and is supported by contributions from donors throughout the USA. OBR provides comfort to those in need by connecting, inspiring, serving, and educating in communities far and wide. Program services include the following:

- Disaster Relief is the genesis and core of OBR's mission. OBR truly believes in the healing power of BBQ and the one hot meal that provides immediate relief to those who may not have access to food. As natural disasters like floods, hurricanes, tornados, and fire continue to cause damage, OBR wants to be on site to serve those in need. Since their first response to the 2011 tornado in Joplin, MO, OBR has been dedicated to providing hot meals when it matters most.
- Restaurant Relief is a program created in 2020 to respond to COVID-19. Due to social distancing guidelines, many states ordered the closure of all bars and restaurants. Other states limited bar and restaurant hours. As the shelter orders were in place throughout the country there were shortages of supplies and volunteers for communities that needed to rely on the bandwidth and resources of OBR. OBR created the Restaurant Relief Program to reverse the restaurant closures, put employees back to work, and provide free meals to local communities each day. OBR provides the food and necessary supplies, provides the restaurants with a small stipend to facilitate rehiring some of the laid-off/furloughed employees, and utilizes the restaurant's kitchen staff to prepare the meals. Many of the meals are donated to the homeless, veterans, first responders, healthcare workers, and families.
- The Always Serving Project serves military, veterans, first responders and their families. Together OBR connects, inspires and serves communities throughout the year with the Healing Power of BBQ. OBR aims to serve those that serve our community. We do this through several key programs to include BBQ Basics, BBQ Academy, and Days of Giving. We can't do enough for those that give so much to our nation.
- Camp OBR is a 180-acre facility on the Lake of the Ozarks. Through this inspiring location, surrounded by the insulating natural beauty of the lake, OBR will connect, inspire, educate, and feed our veterans, military, and first responders. Camp OBR will utilize Culinary Therapy, the great outdoors, and kindle the bonds of service by providing 3- , 5- , and 7-day all-inclusive camps to those who do so much for our community.
- OBR's mission is to provide hot meals to those in need and continues to look for new ways to serve the community through various other programs and services.

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

1. NATURE OF ORGANIZATION (continued)

Lake Camp Properties, LLC is a wholly-owned subsidiary of OBR founded in June 2021 and is operated at the direction of OBR.

Principles of Consolidation – The consolidated financial statements include the accounts of OBR and Lake Camp Properties, LLC, collectively referred to as the Organization. All significant intra-entity transactions and accounts have been eliminated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accounts Receivable – Accounts receivable is stated at the amount management expects to collect. Management makes a regular assessment of the collectability of outstanding accounts. Balances that remain outstanding after reasonable collection efforts are written off against the allowance account. At December 31, 2023 and 2022, the allowance was \$-0- and \$5,770, respectively.

Advertising – The Organization expenses advertising costs as they are incurred. Total advertising costs during the fiscal years ended December 31, 2023 and 2022 were \$70,861 and \$100,714, respectively.

Basis of Accounting – The Organization prepares its consolidated financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”).

Cash and Cash Equivalents – The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Comparative Financial Information – The consolidated financial statements are presented with certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should read in conjunction with the Organization’s financial statements for the year ended December 31, 2022, from which the summarized information was derived.

Concentrations of Credit Risk – The Organization maintains its cash and cash equivalents in bank accounts that may exceed federally insured limits at times. The Organization has not experienced any losses in these accounts in the past, and management believes the Organization is not exposed to significant credit risks as they periodically evaluate the strength of the financial institutions in which it deposits funds. At December 31, 2023, the Organization had approximately \$719,000 in deposits in excess of FDIC-insured limits.

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Contributions of Nonfinancial Assets – In addition to receiving cash contributions, the Organization receives nonfinancial contributions of primarily food from various donors. It is the policy of the Organization to record the estimated fair value of certain nonfinancial donations as an expense in its consolidated financial statements, and similarly increase contribution revenue by the same amount.

Donated goods, materials, and equipment are utilized in the program services including disaster relief services, restaurant relief, and other programs. Certain of these nonfinancial donations were restricted for the disaster relief services, restaurant relief, and fundraising.

Nonfinancial donations are valued based upon estimates of fair market or wholesale values that would be received for selling the goods in their principal market considering their condition and utility for use at the time the goods are contributed by the donor. If a fair market value cannot be determined, the Organization values food based on a cost study conducted for Feeding America. Contributed foods products were valued at the estimated average fair value of one pound of donated food product at the national level of \$1.93 and \$1.92 for the years ending on June 30, 2023 and 2022, respectively.

Contributed services are recognized as in-kind revenues at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. The Organization received donated legal services that were used for management and general and are valued at the standard hourly rates charged for those services. In addition to contributed nonfinancial services, volunteers contribute significant amount of time to our programs services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by GAAP. The Organization also receives the use of donated facilities for its program operations.

Donated space is valued at its estimated fair value of similar properties available in commercial real estate listings and is used for program operations. The Organization receives items to be sold at its annual auction. Contributed auction items are recognized net of proceeds.

Estimates – The preparation of consolidated financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities at the date of the consolidated financial statements. Accordingly, actual results could differ from those estimates.

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses – The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function. The expenses that are allocated include salaries and wages, payroll taxes, and employee benefits, which are allocated on the basis of estimates of time and effort.

Income Taxes – OBR is exempt from income tax, except for taxes on unrelated business income, if any, under Section 501(c)(3) of the Internal Revenue Code (“IRC”) and state law. Contributions to the entity are tax deductible under IRC Section 170 (b)(1)(A)(vi), and OBR has been determined by the IRS not to be a private foundation under IRC Section 509 (a) of the Code. OBR has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions.

Lake Camp Properties, LLC is a domestic single member LLC to be treated as a disregarded entity for federal income tax purposes under 501(a) of the Internal Revenue Code.

The Organization’s policy with respect to uncertain tax positions that are beneficial to the Organization, is to record a liability, including any related interest and penalties, when it is more likely than not the position taken by management with respect to the transaction or class of transactions will be overturned by a taxing authority upon examination. Management believes there are no such positions as of December 31, 2023 and, accordingly, no liability has been accrued.

Inventory – Inventory consists primarily of food and is stated at the lower of cost or net realizable value, with cost determined under the first-in first-out method. If donated, inventory is initially stated at fair value on the date of donation. Inventory is stated net of the \$146,770 and \$130,874 allowance for inventory obsolescence as determined by the Organization as of December 31, 2023 and 2022, respectively.

Investments – The Organization records investment purchases at cost, or if donated, at fair value on date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return (loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Assets – Net assets are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets are classified and reported as follows:

Net assets without donor restrictions – Net assets available for use in general operations and not subject to donor-imposed restrictions. They also include any designations by the governing board. The governing board has designated, from net assets without donor restrictions, net assets to support a future capital campaign.

Net assets with donor restrictions – Net assets subject to donor- or certain grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Promises to Give – Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions.

The value recorded for each contribution is recognized as follows:

Nature of the Gift	Value Recognized
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

In addition to the amount initially recognized, revenue for unconditional gifts to be collected in future years is also recognized each year as the present-value discount is amortized using the level-yield method.

When a donor-stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-lived assets are reported when those assets are placed in service.

Conditional contributions and investment income having donor stipulations which are satisfied in the period the gift is received and the investment income is earned are recorded as revenue with donor restrictions and then released from restriction. During years ended December 31, 2023 and 2022, contributions approximating \$262,000 and \$-0- have not been recognized in the accompanying consolidated statement activities because the condition(s) on which they depend has not yet been met and are recorded in deferred revenue in the accompanying consolidated financial position.

Property and Equipment – The Organization records property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The estimated useful lives are as follows:

Buildings and building improvements	10 – 30 years
Motor vehicles and trailers	5 – 7 years
Other equipment	5 – 7 years

When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred.

Management reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. There was no impairment applied to property and equipment at December 31, 2023 or 2022.

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Recently Issued Accounting Pronouncements – Effective January 1, 2023, the Organization has adopted the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Updated (“ASU”) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren’t measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing a Company’s exposure to credit risk and the measurement of credit losses. The impact of the adoption was not considered material to the consolidated financial statements.

Reclassifications – Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The following represents the Organization’s financial assets available for general expenditures within one year as of December 31:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,303,204	\$ 3,764,237
Investments	5,754,473	4,274,499
Promises to give	235,588	2,795,121
Accounts receivable	12,333	35,419
Less amount designated by the Board for future purposes	<u>(500,000)</u>	<u>(500,000)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures within One Year	<u>\$ 6,805,598</u>	<u>\$ 10,369,276</u>

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization regularly monitors liquidity required to meet its operating needs and other contractual agreements and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. All underlying investments are readily available to be converted to cash to be drawn upon in the short-term, if needed.

The Organization receives a significant number of contributions from donors and considers contributions restricted for programs which are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

4. FAIR VALUE MEASUREMENTS

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3).

The three-tier hierarchy of inputs is summarized in the three broad levels as follows:

- Level 1 – inputs are unadjusted quoted market prices in active, independent markets for identical assets and liabilities;
- Level 2 – inputs are directly or indirectly observable estimates from quotes for similar but not identical assets and liabilities, market trades for identical assets not actively traded, or other external independent means;
- Level 3 – inputs are unobservable and reflect assumptions on the part of the reporting entity.

Fair values for Level 2 assets are based on the following valuation methodologies. There have been no changes in the methodologies used at December 31, 2023 as compared to those used at December 31, 2022.

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

4. FAIR VALUE MEASUREMENTS (continued)

Preferred stocks – Market value determined by using quoted market prices, broker or dealer quotes, or alternate pricing sources with reasonable levels of price transparency.

Corporate bonds – Market value derived based on market interest rates for the same or similar bonds.

The following tables set forth information about the levels within the fair value hierarchy at which the Organization's financial assets and liabilities are measured on a recurring basis at December 31:

<u>2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Cash (at cost)	\$ -	\$ -	\$ -	\$ 1,052,678
Money market	269,970	-	-	269,970
Stocks				
Common	29,613	-	-	29,613
Preferred	-	1,022,415	-	1,022,415
Mutual funds	1,342,158	-	-	1,342,158
Exchange-traded funds	1,122,438	-	-	1,122,438
Fixed-rate securities	-	290,750	-	290,750
Corporate bonds:				
BBB+ to BBB-	-	624,451	-	624,451
Total	<u>\$ 2,764,179</u>	<u>\$ 1,937,616</u>	<u>\$ -</u>	<u>\$ 5,754,473</u>

<u>2022</u>				
Investments:				
Cash (at cost)	\$ -	\$ -	\$ -	\$ 23,848
Stocks				
Common	25,139	-	-	25,139
Preferred	158,590	837,395	-	995,985
Mutual funds	1,404,623	-	-	1,404,623
Exchange-traded funds	1,009,528	-	-	1,009,528
Fixed-rate securities	167,970	46,700	-	214,670
Corporate bonds:				
BBB+ to B-	-	600,706	-	600,706
Total	<u>\$ 2,765,850</u>	<u>\$ 1,484,801</u>	<u>\$ -</u>	<u>\$ 4,274,499</u>

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

5. PROMISES TO GIVE

Unconditional promises to give consisted of the following at December 31:

	<u>2023</u>	<u>2022</u>
Due in less than one year	\$ <u>235,588</u>	\$ <u>2,795,121</u>
Total Promises to Give	\$ <u>235,588</u>	\$ <u>2,795,121</u>

6. INVENTORIES

Inventories consisted of the following at December 31:

Food	\$ 1,467,693	\$ 1,308,825
Gift cards	33,529	39,630
Merchandise	<u>30,743</u>	<u>22,511</u>
	1,531,965	1,370,966
Reserve for obsolete, excess, and slow-moving inventories	<u>(146,770)</u>	<u>(130,874)</u>
Inventories, net	\$ <u>1,385,195</u>	\$ <u>1,240,092</u>

7. CONCENTRATIONS

Disaster Relief funding from the State of Florida compromised 35% and 51% of the Organization's revenue during 2023 and 2022, respectively.

Two donors accounted for approximately 72% of total promises to give in 2023.

Three donors accounted for approximately 96% of total promises to give in 2022. In 2022, 88% is related to the funding from the State of Florida.

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

8. NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2023</u>	<u>2022</u>
Time restrictions:		
Promises to give	\$ 235,588	\$ 2,795,121
Purpose restrictions:		
Disaster relief	22,585	8,895
Camp OBR	120,728	180,612
Other	-	5,525
Time and purpose restrictions:		
Disaster relief	<u>-</u>	<u>500,000</u>
 Total Net Assets With Donor Restrictions	 <u>\$ 378,901</u>	 <u>\$ 3,490,153</u>

The following expenses were incurred which satisfied the restricted purpose or occurrence of events specified by donors as of December 31:

Purpose restrictions accomplished	\$ 1,661,828	\$ 2,099,912
Time restrictions expired	<u>2,675,120</u>	<u>466,139</u>
 Total Net Assets Released from Restrictions	 <u>\$ 4,336,948</u>	 <u>\$ 2,566,051</u>

9. DEFINED CONTRIBUTION PLAN

The Organization has established a qualified 401(k) plan for the benefit of all eligible employees. The eligible employees may make voluntary contributions to the plan, with the Organization matching 100% of the first 3% of employee wages contributed and 50% of the next 2%. The Organization's matching contributions for 2023 and 2022 was \$51,069 and \$79,368, respectively.

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

10. LEASE COMMITMENT

The Organization has an operating lease for office space that expired on September 30, 2023. This lease was renewed for an additional three years. Rent expense associated with this lease for the years ended December 31, 2023 and 2022 was \$40,493 and \$34,308, respectively.

The ROU asset for the operating lease consists of the following at December 31, 2023:

	<u>2023</u>	<u>2022</u>
Right-of-use asset	\$ 165,407	\$ 34,036
Accumulated amortization	<u>(13,203)</u>	<u>(13,683)</u>
ROU Asset – operating, net	<u>\$ 152,204</u>	<u>\$ 20,353</u>
Weighted-average remaining lease term (in years):	2.75	0.75
Weighted-average discount rate (as a %):	4.84	0.78

Future minimum lease payments under this operating lease are as follows:

<u>Year ending December 31:</u>	
2024	\$ 53,178
2025	59,440
2026	<u>50,562</u>
Total remaining cash payments	163,180
Less: present value discount	<u>(10,174)</u>
Total Lease Liability	<u>\$ 153,006</u>

11. COMMITMENTS

During 2023, the Organization entered into an agreement to build out the construction of Lake Camp Properties for a total, with change orders, of approximately \$4,100,000. The balance left to complete at the year then ended is approximately \$2,750,000, including approximately \$57,000 in retainage.

OPERATION BBQ RELIEF AND AFFILIATE

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2023

12. CONTRIBUTIONS OF NONFINANCIAL ASSETS

Nonfinancial contributions are stated at the values described in Note 2 and include the following at December 31:

	<u>2023</u>	<u>2022</u>
Food	\$ 604,152	\$ 1,072,235
Furniture and supplies	160,924	15,383
Equipment	40,928	45,236
Use of facilities	24,559	-
Flights	22,390	-
Legal services	11,000	-
Engineering services	-	5,613
Video production	-	2,755
Other	<u>3,019</u>	<u>9,902</u>
Total Contributions of Nonfinancial Assets	<u>\$ 866,972</u>	<u>\$ 1,151,124</u>

13. SUBSEQUENT EVENTS

Management has evaluated events and transactions have occurred since December 31, 2023 and reflected their effects, if any, in these financial statements through April 18, 2024, the date the financial statements were available to be issued.

On January 16, 2024, the Organization received a \$500,000 unconditional promise to give in 2024.

On February 28, 2024, the Organization received a \$500,000 unconditional promise to give restricted for disaster relief and sponsorship for a special event.

SUPPLEMENTARY INFORMATION

OPERATION BBQ RELIEF AND AFFILIATE

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

December 31, 2023

ASSETS

	Operation BBQ Relief	Lake Camp Properties, LLC	Eliminations	Consolidated Total
Cash and Cash Equivalents	\$ 1,203,204	\$ 100,000	\$ -	\$ 1,303,204
Investments	5,754,473	-	-	5,754,473
Investment in Affiliate	2,278,451	-	(2,278,451)	-
Promises to Give	235,588	-	-	235,588
Accounts Receivable	12,333	-	-	12,333
Inventories, net	1,385,195	-	-	1,385,195
Prepaid Expenses	97,689	22,863	-	120,552
Right-of-Use Asset - Operating Lease	152,204	-	-	152,204
Property and Equipment:				
Land	235,000	482,535	-	717,535
Buildings and building improvements	642,434	1,789,566	-	2,432,000
Motor vehicles and trailers	1,831,656	-	-	1,831,656
Other equipment	902,300	-	-	902,300
Construction in progress	1,733,249	-	-	1,733,249
	5,344,639	2,272,101	-	7,616,740
Less accumulated depreciation	(1,645,934)	(116,513)	-	(1,762,447)
Property and Equipment, net	3,698,705	2,155,588	-	5,854,293
Total Assets	<u>\$ 14,817,842</u>	<u>\$ 2,278,451</u>	<u>\$ (2,278,451)</u>	<u>\$ 14,817,842</u>

LIABILITIES AND NET ASSETS

Liabilities:				
Accounts payable	\$ 540,606	\$ -	\$ -	\$ 540,606
Deferred revenue	268,956	-	-	268,956
Accrued liabilities	111,078	-	-	111,078
Lease liability - operating	153,006	-	-	153,006
Total Liabilities	1,073,646	-	-	1,073,646
Member's Equity	-	2,278,451	(2,278,451)	-
Net Assets:				
Without donor restrictions:				
Undesignated	12,865,295	-	-	12,865,295
Board-designated	500,000	-	-	500,000
Total without donor restrictions	13,365,295	-	-	13,365,295
With donor restrictions	378,901	-	-	378,901
Total Net Assets	13,744,196	-	-	13,744,196
Total Liabilities and Net Assets	<u>\$ 14,817,842</u>	<u>\$ 2,278,451</u>	<u>\$ (2,278,451)</u>	<u>\$ 14,817,842</u>

OPERATION BBQ RELIEF AND AFFILIATE

CONSOLIDATING STATEMENT OF ACTIVITIES

Year Ended December 31, 2023

	Operation BBQ Relief	Lake Camp Properties, LLC	Eliminations	Consolidated Total
Support and Revenue:				
Contributions and grants	\$ 3,972,169	\$ -	\$ -	\$ 3,972,169
Contributions of nonfinancial assets	866,972	-	-	866,972
Royalties	23,729	-	-	23,729
Storefront sales, net of discounts	12,163	-	-	12,163
Special events, net	102,295	-	-	102,295
Net investment return (loss)	479,099	-	-	479,099
Other income	40,496	-	-	40,496
Equity in earnings of subsidiary	(88,763)	-	88,763	-
Total Support and Revenue	5,408,160	-	88,763	5,496,923
Expenses:				
Salaries and wages	2,884,100	-	-	2,884,100
Payroll taxes	211,118	-	-	211,118
Employee benefits	271,885	-	-	271,885
Utilities	34,710	-	-	34,710
Technology	246,859	-	-	246,859
Communications	41,267	-	-	41,267
Equipment and vehicle expenses	520,523	-	-	520,523
Facility rental	230,097	-	-	230,097
Occupancy	95,737	-	-	95,737
Depreciation	414,194	60,792	-	474,986
Professional fees and services	364,953	-	-	364,953
Advertising and promotion	67,935	-	-	67,935
Memberships and licenses	20,854	-	-	20,854
Travel	385,574	-	-	385,574
Training and development	14,330	-	-	14,330
Insurance	182,201	22,484	-	204,685
Office expenses	58,972	-	-	58,972
Deployment expenses	475,360	-	-	475,360
Food expenses	1,139,052	-	-	1,139,052
Miscellaneous	13,504	5,487	-	18,991
Total Expenses	7,673,225	88,763	-	7,761,988
Change in Net Assets/Net Income	(2,265,065)	(88,763)	88,763	(2,265,065)
Net Assets, Beginning of Year	16,009,261	2,104,920	(2,104,920)	16,009,261
Capital Contributions	-	262,294	(262,294)	-
Net Assets, End of Year	\$ 13,744,196	\$ 2,278,451	\$ (2,278,451)	\$ 13,744,196