

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**(A Nonprofit Organization)**  
**Financial Statements and**  
**Independent Auditors' Report**  
**For the Years Ended**  
**December 31, 2022 and 2021**

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
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## **Independent Auditors' Report**

Board of Directors  
Mothers' Milk Bank at Austin, Inc.

### **Opinion**

We have audited the accompanying financial statements of Mothers' Milk Bank at Austin, Inc., a nonprofit organization (the Organization), which comprise the statements of financial position as of December 31, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years 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 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are issued.

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

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

In performing an audit in accordance with GAAS, we:

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

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Atchley & Associates, LLP*

Austin, Texas

June 16, 2023

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Statements of Financial Position**  
**December 31, 2022 and 2021**

**ASSETS**

	2022	2021
Current assets		
Cash	\$ 1,811,012	\$ 3,201,511
Receivables		
Program service fees and other, net of allowance for uncollectible receivables of \$31,816 and \$31,816, respectively	736,525	837,190
Grants	11,756	74,000
Prepaid expenses	261,388	160,472
Inventory	91,771	40,442
Total current assets	2,912,452	4,313,615
Investments	4,973,399	3,185,669
Fixed assets		
Building	5,416,433	5,360,296
Land	1,605,060	1,605,060
Refrigerators and other equipment	461,805	457,298
Furniture and office equipment	216,265	219,164
Less accumulated depreciation	(1,280,120)	(1,143,487)
Net fixed assets	6,419,443	6,498,331
Deposits held by others	250	250
Total assets	\$ 14,305,544	\$ 13,997,865

The Notes to Financial Statements are an integral part of these financial statements.

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Statements of Financial Position - Continued**  
**December 31, 2022 and 2021**

**LIABILITIES AND NET ASSETS**

	2022	2021
Current liabilities		
Accounts payable	\$ 56,804	\$ 74,046
Accrued salaries and taxes	10,460	3,560
Accrued vacation	76,517	84,816
Deferred revenue	1,216	-
Note payable, current portion (see note 4)	188,716	188,716
Security deposits	7,656	7,656
Total current liabilities	341,369	358,794
 Note payable, noncurrent (see note 4)	 1,525,640	 1,635,948
 Total liabilities	 1,867,009	 1,994,742
 Net assets		
Net assets without donor restrictions		
Available for current operations	5,550,167	4,957,859
Investment in fixed assets	6,419,443	6,498,331
Total net assets without donor restrictions	11,969,610	11,456,190
Net assets with donor restrictions (see note 7)	468,925	546,933
Total net assets	12,438,535	12,003,123
 Total liabilities and net assets	 \$ 14,305,544	 \$ 13,997,865

The Notes to Financial Statements are an integral part of these financial statements.

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Statements of Activities**  
**For the years ended December 31, 2022 and 2021**

	2022	2021
<b>Net assets without donor restrictions</b>		
<b>Revenues and other support</b>		
Program service fees		
Clinical service fees	\$ 4,241,224	\$ 4,900,892
Contributions and other revenue		
Bottle revenue	335,368	285,760
Contributions	193,265	183,467
Contributed goods and services (see note 8)	6,419	14,642
Investment return, net	(386,946)	255,295
Other income	124,198	175,127
Net assets released from restrictions (see note 7)	140,728	417,566
Total revenues and other support	4,654,256	6,232,749
<b>Expenses</b>		
Cost of bottles sold	267,742	144,235
Program services		
Milk bank	3,374,383	3,293,741
Supporting services		
Management and general	399,238	351,493
Fundraising	99,473	107,697
Total expenses	4,140,836	3,897,166
Increase (decrease) in net assets without donor restrictions	513,420	2,335,583
<b>Net assets with donor restrictions</b>		
Contributions	62,720	174,061
Net assets released from restrictions (see note 7)	(140,728)	(417,566)
Increase (decrease) in net assets with donor restrictions	(78,008)	(243,505)
Change in net assets	435,412	2,092,078
Net assets, beginning of the year	12,003,123	9,911,045
Net assets, end of the year	\$ 12,438,535	\$ 12,003,123

The Notes to Financial Statements are an integral part of these financial statements.

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Statement of Functional Expenses**  
**For the year ended December 31, 2022**

	Program Services - Milk Bank	Management and General	Fundraising	Total
<b>Expenses</b>				
Salaries	\$ 1,207,656	\$ 161,975	\$ 22,572	\$ 1,392,203
Fringe benefits	165,249	19,182	17,039	201,470
Payroll taxes	88,624	17,507	1,808	107,939
Total personnel costs	<u>1,461,529</u>	<u>198,664</u>	<u>41,419</u>	<u>1,701,612</u>
<b>Other operating expenses</b>				
Bad debt	28,738	-	-	28,738
Bank charges and interest	45,876	26,754	3,825	76,455
Charitable assistance	134,343	-	-	134,343
Clinical operations costs	1,053,631	-	-	1,053,631
Depreciation	163,043	19,961	19,961	202,965
Dues and subscriptions	41,473	4,146	1,513	47,132
Equipment leases	14,124	1,785	1,785	17,694
Events	25,198	-	-	25,198
In-kind expense	-	-	-	-
Insurance	44,964	5,620	5,621	56,205
Interest	-	78,408	-	78,408
Marketing	25,224	-	-	25,224
Meetings	2,289	904	-	3,193
Miscellaneous	1,130	83	82	1,295
Office supplies	50,039	4,244	1,491	55,774
Postage and delivery	8,288	4,553	1,672	14,513
Printing	16,973	1,066	1,420	19,459
Professional fees	29,854	19,078	2,138	51,070
Repairs and maintenance	49,486	19,049	5,282	73,817
Staff development	3,778	1,357	59	5,194
Technology expense	105,079	6,082	6,082	117,243
Telephone and communications	5,734	707	706	7,147
Travel	10,736	250	-	10,986
Utilities	51,338	6,527	6,417	64,282
Volunteer recognition	1,516	-	-	1,516
<b>Total expenses</b>	<u><u>\$ 3,374,383</u></u>	<u><u>\$ 399,238</u></u>	<u><u>\$ 99,473</u></u>	<u><u>\$ 3,873,094</u></u>

The Notes to Financial Statements are an integral part of these financial statements.



**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Statement of Functional Expenses**  
**For the year ended December 31, 2021**

	Program Services - Milk Bank	Management and General	Fundraising	Total
<b>Expenses</b>				
Salaries	\$ 1,039,395	\$ 83,871	\$ 29,289	\$ 1,152,555
Fringe benefits	113,380	13,248	12,590	139,218
Payroll taxes	77,888	6,167	1,714	85,769
Total personnel costs	<u>1,230,663</u>	<u>103,286</u>	<u>43,593</u>	<u>1,377,542</u>
<b>Other operating expenses</b>				
Bad debt	12,792	-	-	12,792
Bank charges and interest	18,567	58,292	2,360	79,219
Charitable assistance	369,461	-	-	369,461
Clinical operations costs	1,139,810	-	-	1,139,810
Depreciation	146,150	18,135	18,135	182,420
Dues and subscriptions	36,314	4,366	1,568	42,248
Equipment leases	15,736	1,957	1,957	19,650
Events	268	-	12,157	12,425
In-kind expense	4,193	775	430	5,398
Insurance	43,562	5,447	5,447	54,456
Interest	-	86,127	-	86,127
Marketing	30,447	-	-	30,447
Meetings	4,635	1,114	100	5,849
Miscellaneous	5,677	665	136	6,478
Office supplies	26,815	4,805	2,761	34,381
Postage and delivery	8,417	1,765	1,253	11,435
Printing	21,534	301	372	22,207
Professional fees	11,944	18,668	1,190	31,802
Repairs and maintenance	27,736	33,287	2,840	63,863
Staff development	4,657	968	95	5,720
Technology expense	78,779	4,903	6,898	90,580
Telephone and communications	5,930	666	667	7,263
Travel	3,855	151	1	4,007
Utilities	45,542	5,737	5,737	57,016
Volunteer recognition	257	78	-	335
<b>Total expenses</b>	<u><u>\$ 3,293,741</u></u>	<u><u>\$ 351,493</u></u>	<u><u>\$ 107,697</u></u>	<u><u>\$ 3,752,931</u></u>

The Notes to Financial Statements are an integral part of these financial statements.

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Statements of Cash Flows**  
**For the years ended December 31, 2022 and 2021**

	2022	2021
<b>Cash flows provided by (used by) operating activities</b>		
Change in net assets	\$ 435,412	\$ 2,092,078
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	202,965	182,420
Bad debt expense	28,738	12,792
Unrealized/realized (gains) losses on investments	426,593	(237,355)
Non-cash interest expense from recoverable grant	78,408	85,731
(Increase) decrease in operating assets		
Receivables	134,171	(209,903)
Prepaid expense	(100,916)	(11,738)
Inventory	(51,329)	2,454
Increase (decrease) in operating liabilities		
Accounts payable	(17,242)	2,673
Accrued salaries and taxes	6,900	(136)
Accrued vacation	(8,299)	25,259
Deferred revenue	1,216	-
Net cash provided by (used by) operating activities	1,136,617	1,944,275
<b>Cash flows provided by (used by) investing activities</b>		
Purchase of fixed assets	(124,077)	(187,574)
Proceeds from sale of investments	350,927	1,153,711
Purchase of investments	(2,565,250)	(1,040,945)
Net cash provided by (used by) investing activities	(2,338,400)	(74,808)
<b>Cash flows provided by (used by) financing activities</b>		
Payments on note payable	(188,716)	(172,990)
Net cash provided by (used by) financing activities	(188,716)	(172,990)
<b>Net increase (decrease) in cash</b>	(1,390,499)	1,696,477
<b>Cash</b>		
Beginning of year	3,201,511	1,505,034
End of year	\$ 1,811,012	\$ 3,201,511
<b>Supplemental disclosures of cash flow information</b>		
Cash paid during the year for:		
Interest	\$ -	\$ 396

The Notes to Financial Statements are an integral part of these financial statements.

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Description of Organization**

Mothers' Milk Bank at Austin, Inc. (the Organization) is a nonprofit corporation whose mission is to save babies' lives by providing prescribed donor human milk. As such, the milk bank screens healthy lactating women, pasteurizes their milk, verifies safe product, and dispenses the milk to multiple hospitals and outpatients in multiple states. The Organization is a member of the Human Milk Banking Association of North America, a nonprofit membership corporation of all nonprofit milk banks on the continent.

The principal source of revenue and support for the Organization's mission is program service fees, supplemented by charitable contributions.

**Summary of Significant Accounting Policies**

**Basis of Accounting:** The accompanying financial statements have been prepared on the accrual basis of accounting.

**Cash and Cash Equivalents:** For the purposes of the statements of cash flows, the Organization considers money market funds and all highly liquid investments with an original maturity of three months or less to be cash equivalents.

**Trade Accounts Receivable:** Trade accounts receivable are recorded at the amount the Organization expects to collect on outstanding balances. The Organization provides for probable uncollectible amounts through an allowance for doubtful accounts. As of December 31, 2022 and 2021, the allowance for doubtful accounts was \$31,816 and \$31,816, respectively.

**Grant and Pledge Receivables:** Grant and pledge receivables are recorded at the amount the Organization expects to collect on outstanding balances. Grant and pledge receivables that are due within one year are classified as current assets.

**Fixed Assets:** Fixed assets are capitalized at cost, if the cost is more than \$1,000 and if the estimated useful service life of the item is more than one year. Contributed property and equipment are recorded at fair value at the date of donation. Depreciation of fixed assets is computed over the estimated useful service life of the asset (generally 5-40 years) using the straight-line method of computation. Depreciation expense and accumulated depreciation reported in the financial statements are considered accounting estimates.

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Summary of Significant Accounting Policies - Continued**

**Inventory:** Inventory is valued at the lower of cost (first-in, first-out method) or net realizable value. Inventory at December 31, 2022 and 2021, consists of bottles to be sold to other milk banks.

**Fair Value Measurements:** Fair value is 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. Fair value accounting requires characterization of the inputs used to measure fair value into a three-level fair value hierarchy as follows:

- Level 1 - Inputs based on quoted prices in active markets for identical assets or liabilities. An active market is a market in which transactions occur with sufficient frequency and volume to provide pricing information on an ongoing basis.
- Level 2 - Observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the organization.
- Level 3 - Unobservable inputs that reflect the organization's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value: 1) market approach - uses prices generated by market transactions involving identical or comparable assets or liabilities, 2) cost approach - uses the amount that currently would be required to replace the service capacity of an asset (replacement cost), and 3) income approach - uses valuation techniques to convert future amounts to present amounts based on current market expectations.

**Investments:** Investments were measured at fair value using the market approach and inputs were considered Level 1 under the fair value hierarchy. Changes in fair value of investments are reported as investment return in the statements of activities.

**Income Taxes:** The Organization is exempt from federal income taxes under Internal Revenue Code Sections 501(c)(3), except for unrelated business income. There were no unrelated business income tax expenses for the years ended December 31, 2022 and 2021.

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Summary of Significant Accounting Policies - Continued**

**Income Taxes (continued):** The Organization has adopted Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, which prescribes a comprehensive model for how an organization should measure, recognize, present, and disclose in its financial statements uncertain tax positions that an organization has taken or expects to take on a tax return.

The Organization's income tax returns are subject to review and examination by federal, state, and local authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The tax returns for the years ending December 31, 2019 to 2022, are open to examination by federal, local, and state authorities.

**Recognition of Donor Restrictions:** Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions upon which they depend are substantially met. Contributions without donor restrictions are recorded as an increase in net assets without donor restrictions available in the period in which the notice of the unconditional promise to give is received.

Contributions or grants, which contain donor-imposed restrictions or stipulations that the contribution cannot be used until a future period, are recorded as contributions with donor restrictions. Contributions or grants, which are restricted with respect to the expenditure of the funds, are recorded as increases in net assets with donor restrictions available in the period in which the notice of contribution or grant award is received. Net assets with donor restrictions are reclassified to net assets without donor restrictions in the period in which the use restriction has been met or the time restriction lapses.

Contributions or grants, which contain donor-imposed restrictions that the contribution be maintained permanently, are recorded as contributions with donor restrictions.

**Accounting Estimates:** The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 1: DESCRIPTION OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**Summary of Significant Accounting Policies - Continued**

**Allocation of Costs:** The Organization allocates common costs between program services, management and general, and fund raising by management's judgment of the estimated costs related to its activities. The estimates are reviewed periodically and the allocation of costs is revised, if necessary, to reflect changes in the activities of the Organization. The allocations reported in the financial statements are considered significant accounting estimates. These estimates may be adjusted as more current information becomes available and any adjustment could be significant. All expenses are allocated based on time and effort.

**Clinical Operations Costs:** Clinical operations costs include items such as microbiology tests of milk, bottles for processing, blood tests, and shipping costs.

**Advertising:** Advertising costs are expensed as incurred.

**Subsequent Events:** Management of the Organization has evaluated subsequent events for disclosure through the date of the independent auditors' report, the date the financial statements were available to be issued.

**Recently Adopted Accounting Standard:** In September 2020, FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-For-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU is expected to increase transparency around contributed nonfinancial assets (also known as "gifts-in-kind") received by not-for-profit organizations, including transparency on how those assets are used and how they are valued. The Organization adopted the ASU during the year ended December 31, 2022, and applied the ASU retrospectively to the year ended December 31, 2021. See Note 8.

**NOTE 2: CONCENTRATION OF CREDIT RISK**

The Organization maintains cash balances at several financial institutions. A portion of such cash and cash equivalents is in excess of insurance limits provided by the Federal Deposit Insurance Corporation and the Securities Investor Protection Corporation. At December 31, 2022, the Organization's uninsured cash balance is \$689,601 and uninsured cash in brokerage accounts is \$239,836. The Organization considers its funds to be in high quality financial institutions, constantly monitors its financial positions with the institutions, and does not anticipate any nonperformance.

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 3: INVESTMENTS**

Investments consisted of the following at December 31:

	2022		2021	
	Cost	Market Value	Cost	Market Value
Cash alternatives	\$ 60,432	\$ 60,432	\$ -	\$ -
Mutual funds	1,759,276	1,617,062	1,836,183	1,941,076
Fixed income	587,865	583,113	-	-
Alternative investments	210,000	146,573	210,000	200,480
Stock	1,001,595	1,010,669	60,000	60,000
Exchange traded funds	921,249	957,062	836,196	984,113
Real estate investment trust	350,000	346,953	-	-
Debt instruments	255,399	251,535	-	-
	<u>\$ 5,145,816</u>	<u>\$ 4,973,399</u>	<u>\$ 2,942,379</u>	<u>\$ 3,185,669</u>

The following summarizes the return on investments for the years ended December 31, 2022 and 2021:

	2022	2021
Interest income	\$ 64,862	\$ 35,154
Net unrealized/realized gains (losses)	(426,593)	237,355
Investment fees	(25,215)	(17,214)
Investment return, net	<u>\$ (386,946)</u>	<u>\$ 255,295</u>

**NOTE 4: NOTE PAYABLE**

Note payable consists of the following at December 31:

	2022	2021
Recoverable grant agreement with a foundation. The agreement requires monthly installments of \$15,726 commencing March 1, 2018, and continuing through March 28, 2026, with a final payment of \$1,305,287 on March 28, 2026. The recoverable grant is interest free.	<u>\$ 1,918,615</u>	<u>\$ 2,107,331</u>
	1,918,615	2,107,331
Less current portion	(188,716)	(188,716)
Less imputed interest from recoverable grant agreements	(204,259)	(282,667)
	<u>\$ 1,525,640</u>	<u>\$ 1,635,948</u>

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 4: NOTE PAYABLE - Continued**

Maturities of note payable under the note agreement as of December 31, 2022, are:

Year	Amount
2023	\$ 188,716
2024	188,716
2025	188,716
2026	1,352,467
	\$ 1,918,615

The carrying value of notes payable with lending institutions approximates fair value as the interest rates approximate market rates available for debt with similar terms. The fair value of recoverable grant agreements are recorded at the discounted present value of future payment obligations.

**NOTE 5: LEASING REVENUES**

The Organization entered into a leasing agreement with a company to lease out a suite from their property. The lease commenced on December 20, 2018, and terminates on June 30, 2024, with two options for extension periods of five years each. The first rent payment was in July 2019. The leasing agreement requires the tenant to pay the Organization between \$7,656 and \$8,644 per month until termination of the lease. Leasing revenue for the years ended December 31, 2022 and 2021, totaled \$99,286 and \$96,322, respectively. Following is a schedule by year of future minimum payments required under the lease agreement.

Year	Amount
2023	\$ 102,249
2024	51,866
	\$ 154,115



**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 6: COMMITMENTS - OPERATING LEASES**

The Organization leases office equipment under long-term, non-cancelable operating lease agreements. The leases require monthly rental payments and expire between August 16, 2023 and August 24, 2026. Management has elected not to adopt FASB ASC 842, *Leases*, as it has determined that adoption would not have a significant impact on the financial statements. Following is a schedule by year of future minimum rental payments required under the operating lease agreements:

Year	Amount
2023	14,551
2024	14,340
2025	14,340
2026	10,755
	\$ 53,986

**NOTE 7: NET ASSETS WITH DONOR RESTRICTIONS**

During 2022 and 2021, net assets with donor restrictions of \$140,728 and \$417,566, respectively, were released from accompanying stipulations due to the Organization's action or due to the passage of time and are reported as net assets released from restrictions in the statements of activities. Net assets released from restriction during the years ended December 31, 2022 and 2021, consisted of:

	2022	2021
Passage of time - contributions	\$ 78,408	\$ 85,731
Program expenses	62,320	331,835
	\$ 140,728	\$ 417,566

At December 31, 2022 and 2021, net assets with donor restrictions consisted of:

	2022	2021
Restricted for research lab expenditures	\$ 59,163	\$ 58,763
Educational program in community	205,503	205,503
Recoverable grant	204,259	282,667
	\$ 468,925	\$ 546,933

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 8: CONTRIBUTED GOODS AND SERVICES**

The valuation of contributed goods and services are considered an accounting estimate. The estimate may be adjusted as more current information becomes available and any adjustment could be significant. Contributed goods and services are reported as contributions at their estimated fair value on the date of receipt and reported as expense when utilized. Contributed goods and services are valued based upon estimates of fair market or wholesale values that would be received for selling the goods or purchasing the service in their principal market considering their condition and utility for use at the time the goods and services are contributed by the donor.

For the years ended December 31, 2022 and 2021, the Organization pasteurized 841,828 and 970,202 ounces of milk, respectively, which were donated to the Organization. As the value of the donated milk cannot be reasonably estimated, no value has been assigned to it. During the years ended December 31, 2022 and 2021, other donated goods and services and items valued at \$6,419 and \$14,642, respectively, were contributed to the Organization. Donated goods and services are used to support programs, management and general, and fundraising expenses.

	2022	2021
Goods	\$ 6,419	\$ 9,244
Services	-	5,398
	\$ 6,419	\$ 14,642

**NOTE 9: EMPLOYEE BENEFIT PLANS**

The Organization administers a 401(k) retirement plan (the Plan) covering all employees who have completed one year of service, which requires a minimum of 1,000 annual service hours, and who have attained age 18. The Organization contributes 2% of annual eligible compensation to all participants and provides a 100% match of salary deferrals up to 4% of eligible compensation and a 50% match of salary deferrals up to the next 4% of eligible compensation. Employees are immediately vested in their salary deferrals. Employer contributions are vested after 2 years of service. The Organization contributed \$46,733 and \$22,314 to the Plan for the years ended December 31, 2022 and 2021, respectively.

**MOTHERS' MILK BANK AT AUSTIN, INC.**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**NOTE 10: LIQUIDITY AND AVAILABILITY**

The table below presents financial assets available for general expenditures within one year at December 31, 2022 and 2021:

	2022	2021
Financial assets at year end:		
Cash	\$ 1,811,012	\$ 3,201,511
Program service fees and other receivable	736,525	837,190
Grants receivable	11,756	74,000
Investments	4,973,399	3,185,669
Total financial assets	7,532,692	7,298,370
Less assets with donor restrictions	(468,925)	(546,933)
Financial assets available to meet general expenditures within one year	\$ 7,063,767	\$ 6,751,437

In addition to financial assets available to meet general expenditures within one year, the Organization operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by donor-restricted resources. The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments. The Organization has various sources of liquidity at its disposal, including cash and cash equivalents, and grants.