

CENTRAL MARKET TRUST

Financial Statements

Year Ended June 30, 2023

CENTRAL MARKET TRUST
FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2023

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BERTZ, HESS & CO., LLP

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BUSINESS AND FINANCIAL CONSULTANTS

36 EAST KING STREET
LANCASTER, PA 17602-2896

(717) 393-0767
FAX: (717) 293-8560
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INDEPENDENT AUDITORS' REPORT

To the Board of Directors

Central Market Trust

Lancaster, Pennsylvania

Opinion

We have audited the accompanying financial statements of Central Market Trust (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities and other changes in net assets, 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 Central Market Trust as of June 30, 2023 and 2022, and the changes in its net assets 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Central Market Trust 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 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 Central Market Trust's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

To the Board of Directors
Central Market Trust
Lancaster, Pennsylvania

Auditors' 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 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 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 Central Market Trust'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 Central Market Trust'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.

Adoption of New Accounting Standards

As discussed in Note 2, Central Market Trust adopted the new accounting standard guidance required by the Financial Accounting Standards Board's Accounting Standards Update 2020-07, Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets, which requires additional disclosure for in-kind contributions. This change has been applied retrospectively to the prior period presented. Our conclusion is not modified with respect to this matter.

Bertz, Hess & Co., LLP

BERTZ, HESS & CO., LLP
Lancaster, Pennsylvania
January 29, 2024

CENTRAL MARKET TRUST
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS	2023	2022
CURRENT ASSETS		
Cash	\$ 531,988	\$ 933,908
Rents receivable, net	8,356	12,101
Inventory	16,069	17,474
Prepaid expenses	8,522	7,819
Security deposits	275	275
Total Current Assets	565,210	971,577
INVESTMENTS		
Investments	124,867	-
PROPERTY AND EQUIPMENT, At Cost		
Equipment	94,644	87,268
Less accumulated depreciation	(58,891)	(61,993)
Net Property and Equipment	35,753	25,275
TOTAL ASSETS	\$ 725,830	\$ 996,852
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 32,208	\$ 41,857
Accrued wages and taxes	66	-
Deferred rental revenue	18,368	2,822
Total Liabilities	50,642	44,679
NET ASSETS		
Without donor restrictions	535,945	563,734
With donor restrictions	139,243	388,439
TOTAL NET ASSETS	675,188	952,173
TOTAL LIABILITIES AND NET ASSETS	\$ 725,830	\$ 996,852

See notes to financial statements.

CENTRAL MARKET TRUST
STATEMENTS OF ACTIVITIES AND OTHER CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	Without Donor Restrictions	With Donor Restrictions	2023 Totals
REVENUE AND SUPPORT			
Rent	\$ 400,093	\$ -	\$ 400,093
Contributions	156,153	-	156,153
Merchandise sales, net	22,775	-	22,775
In-kind contributions	13,615	-	13,615
Investment income	5,117	-	5,117
Other revenue	8,944	-	8,944
Total Revenue and Support	606,697	-	606,697
EXPENSES			
Program expenses	703,076	-	703,076
Supporting services			
Management and general	100,928	-	100,928
Fundraising	79,678	-	79,678
Total Expenses	883,682	-	883,682
NET ASSETS RELEASED FROM RESTRICTIONS	249,196	(249,196)	-
CHANGE IN NET ASSETS	\$ (27,789)	\$ (249,196)	\$ (276,985)
NET ASSETS, BEGINNING	\$ 563,734	\$ 388,439	\$ 952,173
Change in Net Assets	(27,789)	(249,196)	(276,985)
NET ASSETS, ENDING	\$ 535,945	\$ 139,243	\$ 675,188

See notes to financial statements.

	Without Donor Restrictions	With Donor Restrictions	2022 Totals
REVENUE AND SUPPORT			
Rent	\$ 391,802	\$ -	\$ 391,802
Contributions	40,423	1,865	42,288
Merchandise sales, net	19,801	-	19,801
In-kind contributions	24,300	-	24,300
Other revenue	<u>7,981</u>	<u>-</u>	<u>7,981</u>
Total Revenue and Support	484,307	1,865	486,172
EXPENSES			
Program expenses	372,752	-	372,752
Supporting Services			
Management and general	64,854	-	64,854
Fundraising	<u>3,253</u>	<u>-</u>	<u>3,253</u>
Total Expenses	440,859	-	440,859
NET ASSETS RELEASED FROM RESTRICTIONS	9,967	(9,967)	-
CHANGE IN NET ASSETS	\$ 53,415	\$ (8,102)	\$ 45,313
NET ASSETS, BEGINNING	\$ 510,319	\$ 396,541	\$ 906,860
Change in Net Assets	<u>53,415</u>	<u>(8,102)</u>	<u>45,313</u>
NET ASSETS, ENDING	\$ 563,734	\$ 388,439	\$ 952,173

CENTRAL MARKET TRUST
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	Program	Management and General	Fundraising	2023 Totals
Advertising	\$ 3,760	\$ 3,761	\$ 1,546	\$ 9,067
Bank charges	-	141	2,678	2,819
Board expenses	-	653	-	653
Consulting	1,144	-	-	1,144
Depreciation	8,877	2,959	-	11,836
Dues and subscriptions	-	2,614	-	2,614
Insurance	5,063	1,581	-	6,644
Maintenance	117,641	-	-	117,641
Miscellaneous	12,575	-	-	12,575
Office supplies	20,518	7,251	7,986	35,755
Payroll services	-	2,226	-	2,226
Payroll taxes	11,953	2,812	4,317	19,082
Postage	-	203	-	203
Professional services	22,796	23,085	5,525	51,406
Renovation expenses	255,264	-	-	255,264
Rent	-	16,159	-	16,159
Salaries	146,035	34,809	55,001	235,845
Security	2,840	-	-	2,840
Special events	-	292	2,625	2,917
Telephone	7,147	2,382	-	9,529
Utilities	87,463	-	-	87,463
Total Expenses	\$ 703,076	\$ 100,928	\$ 79,678	\$ 883,682

See notes to financial statements.

	Program	Management and General	Fundraising	2022 Totals
Advertising	\$ 3,265	\$ 3,265	\$ -	\$ 6,530
Bank charges	-	97	1,841	1,938
Depreciation	3,765	1,255	-	5,020
Dues and subscriptions	-	688	-	688
Insurance	4,207	1,581	-	5,788
Maintenance	98,443	-	-	98,443
Miscellaneous	4,089	-	-	4,089
Office supplies	13,572	4,524	-	18,096
Payroll services	-	1,583	-	1,583
Payroll taxes	9,892	1,746	-	11,638
Postage	-	524	-	524
Professional services	25,236	13,675	-	38,911
Renovation expenses	11,659	-	-	11,659
Rent	-	12,927	-	12,927
Salaries	119,790	21,139	-	140,929
Security	3,002	-	-	3,002
Special events	-	157	1,412	1,569
Telephone	5,077	1,693	-	6,770
Utilities	70,755	-	-	70,755
Total Expenses	\$ 372,752	\$ 64,854	\$ 3,253	\$ 440,859

CENTRAL MARKET TRUST
STATEMENTS OF CASH FLOWS
FOR YEARS ENDED JUNE 30, 2023 AND 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (276,985)	\$ 45,313
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	11,836	5,020
Income on investments	(5,117)	-
(Increase) decrease in:		
Rents receivable, net	3,745	(9,304)
Inventory	1,405	(1,814)
Prepaid expenses	(703)	3,539
Increase (decrease) in:		
Accounts payable	(9,649)	24,434
Accrued wages and taxes	66	(1,481)
Deferred rental revenue	15,546	(38,613)
Cash (Used) Provided by Operating Activities	(259,856)	27,094
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of equipment	(22,314)	(7,411)
Purchase of investments	(119,750)	-
Cash Used by Investing Activities	(142,064)	(7,411)
NET (DECREASE) INCREASE IN CASH	(401,920)	19,683
Cash at Beginning of Year	933,908	914,225
Cash at End of Year	\$ 531,988	\$ 933,908

See notes to financial statements.

CENTRAL MARKET TRUST
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 1: ORGANIZATION DATA

The Central Market Trust (the "Trust") is a not-for-profit corporation which was established in 2006 in Lancaster, Pennsylvania to facilitate the local community's access to fresh foods and produce through operation of the Lancaster Central Market (the "Market") and maintenance and renovation of the market building. In the process, the Trust helps protect the building, which dates back to 1889, as the centerpiece of the historic urban community of Lancaster.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Trust have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses when incurred.

Adoption of New Accounting Standard

Effective July 1, 2022, the Trust adopted ASU 2020-07, Not-for-Profit Entities: Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets and all subsequent amendments to the ASU, which requires additional disclosure of in-kind contributions. The accounting standard has been applied retrospectively to all periods presented.

Financial Statement Presentation

The Trust reports information regarding its financial position and activities according to two classes of net assets as follows:

Net Assets without Donor Restrictions

Net assets without donor restrictions are not subject to donor-imposed restrictions. Net assets without donor restrictions may be designated for specific purposes by action of the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

The Trust holds investments which have been designated by the Board of Directors for the long-term capital needs of the Trust.

Net Assets with Donor Restrictions

Net assets with donor restrictions are subject to donor-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. Donor-imposed restrictions are released 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.

Reclassifications

Certain prior year amounts have been reclassified for consistency with the current year presentation. These reclassifications had no effect on the reported results of operations.

CENTRAL MARKET TRUST
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

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 and disclosure of contingent assets and liabilities at the date of the financial statements. Estimates also affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash

For purposes of the statements of cash flows, the Trust considers all cash accounts which are not subject to withdrawal restrictions or penalties to be cash.

Rents Receivable

Rents receivable are stated at outstanding balances, less an allowance for doubtful accounts. Accounts deemed to be uncollectible are charged against the allowance and subsequent recoveries, if any, are credited to the allowance. The allowance for doubtful accounts is maintained at a level considered adequate to provide for losses that can be reasonably anticipated. Management's periodic evaluation of the adequacy of the allowance is based on past experience, aging of the receivables, adverse situations that may affect a customer's ability to pay, current economic conditions and other relevant factors. This evaluation is inherently subjective as it requires estimates that may be susceptible to significant change. Unpaid balances remaining after the stated payment terms are considered past due. There was no allowance made for doubtful accounts as of June 30, 2023 and 2022. No bad debt expense was incurred during the years ended June 30, 2023 and 2022. Rents receivable, net, as of July 1, 2021, was \$2,797.

Inventory

Inventory consists of items for resale, which are stated at the lower of cost or market. Cost is determined by the invoice amount plus shipping charges. Inventory is relieved using the first in, first out method.

Property and Equipment

Property and equipment are recorded at cost or, if donated for use by the Trust, at the approximate fair value at the date of donation, less accumulated depreciation calculated on the straight-line basis over useful lives of 5 to 15 years. The Trust reviews all items purchased with a unit price of \$1,000 or more for capitalization. Maintenance and repairs are charged to expense as incurred; major renewals and betterments are capitalized.

The Trust operates the Central Market Building in Lancaster, Pennsylvania under the management agreement with the City of Lancaster (the "City"), described in Note 7. However, it does not own or lease the property as the building is owned by the City.

Investments

The Trust holds investments in an investment account and records those investments at their fair value, with the exception of "Beneficial interest in assets held by LCCF" (Note 4), in the statements of financial position. Interest, dividends, and realized and unrealized gains or losses are included in investment income on the accompanying statements of activities and other changes in net assets.

CENTRAL MARKET TRUST
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

The Trust's revenue is derived from rents and utility usage fees charged to standholders in the Market under annual leases. Lease amounts are calculated based on stand square footage and remitted to the Trust quarterly. There were approximately 66 stands under annual leases as of June 30, 2023 and 2022. Total estimated minimum future rental revenue as of June 30, 2023, is \$293,242. Revenue is recorded when these charges become due and are recorded as deferred rental revenue when paid to the Trust in advance.

The Trust records revenues from sales of merchandise at the point in time that title for the merchandise passes to the customer. The Trust records revenues from ATM fees at the point in time that such revenues are due and remitted to the Trust by the ATM owner.

Contributions are recorded as support without or with donor restrictions, depending on the existence and/or nature of any donor restrictions. Support that is restricted by donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. When a restriction expires (that is, when a stipulated time restriction ends or purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and other changes in net assets as net assets released from restrictions. Restricted gains and investment income are treated in a similar fashion.

Contributed Services

The Trust receives contributed services from unpaid volunteers and the Board of Directors. No amounts have been recognized for contributed services on the accompanying statement of activities and other changes in net assets.

Donations In-Kind

The City provides water and sewer utilities for the market building at no cost to the Trust. The Trust records the fair value of the donated utilities as in-kind contributions with a corresponding utility expense. The Trust also receives donations of professional services. The Trust records the fair value of the donated services as in-kind contributions with a corresponding professional services expense. All miscellaneous in-kind contributions are recorded at fair value with a corresponding expense. Fair value amounts were determined from vendor invoices specifying the in-kind amounts. In-kind contributions for the years ended June 30 were as follows:

	2023	2022
Donated utilities	\$ 6,000	\$ 8,000
Professional services		
Accounting services	6,500	6,300
Donated staffing agency services	-	10,000
Miscellaneous in-kind contributions	1,115	-
In-kind contributions, total	\$ 13,615	\$ 24,300

CENTRAL MARKET TRUST
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Rental Revenue

At times, the Trust receives payments of rent and utility fees from standholders prior to issuing invoices or in excess of invoiced balances. The Trust records these payments as deferred revenue until it has issued invoices to the standholders. At that time, the deferred revenue is recognized as revenue. Deferred rental revenue as of July 1, 2021, was \$41,435.

Expense Allocation

Direct expenses are assigned to the functional reporting classifications to which they apply. Management, overhead and general and administrative costs which are not identifiable with a single program or fund-raising activity but are indispensable to the conduct of those activities and to the Trust's existence are allocated to all program and supporting services which benefit from the expenses. Salaries and wages are allocated on the basis of time spent on various functions. Other expenses are allocated based on personnel time or other reasonable estimates.

Income Taxes

Central Market Trust is a not-for-profit entity as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related activities pursuant to Section 509(a) of the Code. The Trust has evaluated its tax filings for the open tax years for uncertain tax positions. Tax returns are open for examination by the Internal Revenue Service for three years from the due date of the returns. Returns filed with the State of Pennsylvania are subject to examination for an unlimited number of years.

Advertising

The Trust expenses advertising costs as they are incurred. Advertising expense was \$9,067 and \$6,530 for the years ended June 30, 2023 and 2022, respectively.

Compensated Absences

The Trust has a formal vacation policy allowing for paid time off for full-time employees. Paid time off may be carried over at the discretion of the Board. There were no accrued time off balances for the years ended June 30, 2023 or 2022.

Management's Evaluation of Subsequent Events

Events that occurred subsequent to June 30, 2023, have been evaluated by the Trust's management through January 29, 2024, which is the date the financial statements were available to be issued.

CENTRAL MARKET TRUST
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 3: CONCENTRATIONS

Cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) which provides up to \$250,000 for interest and non-interest bearing accounts. At June 30, 2023 and 2022, the Trust had uninsured cash balances of \$41,315 and \$683,628, respectively.

During the year ended June, 30, 2023, two donors provided 43.74% of all contributions. During the year ended June 30, 2022, one donor provided 15.02% of all contributions.

NOTE 4: BENEFICIAL INTEREST IN ASSETS HELD BY LCCF

The Trust has transferred assets to the Lancaster County Community Foundation (the "Foundation") which is holding them as an endowed fund (the "Fund") for the benefit of the Trust. The Trust has granted the Foundation variance power which gives the Foundation's Board of Trustees the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies.

NOTE 5: FAIR VALUE

The fair value of a financial instrument represents the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation. Fair value estimates are made at a specific point in time, based on relevant market information about the financial instrument. These estimates are subjective in nature and involve uncertainties and matters of significant judgment, and cannot be determined with precision. The assumptions used have a significant effect on the estimated amounts reported.

The following are the major categories of assets measured at fair value on a recurring basis during the year ended June 30, 2023, using quoted prices in active markets for identical assets (Level 1); significant other observable inputs (Level 2); and significant unobservable inputs (Level 3):

	Level 1: Quoted Prices in Active Markets for Identical Assets	Level 2: Significant Other Observable Inputs	Level 3: Significant Unobservable Inputs	Total
Investments	\$ 124,867	\$ -	\$ -	\$ 124,867

There were no investments held by the Trust at June 30, 2022.

Investment income as reported on the statements of activities and other changes in net assets is summarized as follows:

	2023	2022
Dividends and interest	\$ 1,342	\$ -
Realized and unrealized gains	4,140	-
Investment fees	(365)	-
Investment income	\$ 5,117	\$ -

CENTRAL MARKET TRUST
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 6: LINE OF CREDIT

The Trust has entered into a line of credit agreement with Fulton Bank in connection with major renovations performed at the Market. The line of credit, which matures on September 30, 2024, and is considered for renewal annually, is secured by the Trust's receivables, inventory, equipment and furnishings and has a limit of \$150,000. The interest is based on the bank's prime rate, subject to a floor of 4.5%. The applicable interest rate in effect was 8.75% and 5.25% at June 30, 2023 and 2022, respectively. No amounts were borrowed against the line of credit during the years ending June 30, 2023 and 2022; correspondingly, interest expense was \$0 for both years.

NOTE 7: MANAGEMENT AGREEMENT

In November 2015, the Trust and the City amended their management agreement for a five-year period. This initial term may be extended for additional five year terms. In November 2020, the management agreement was renewed for an additional five-year period. The Trust does not pay rent for the market site, which is housed in a building owned by the City.

The agreement stipulates the following allocation of excess operating revenues over operating expenses from the Market House for each profitable year:

1. The Trust shall retain 50% of the excess for the ongoing support of ordinary and usual day-to-day business and affairs relating to the operation of the Market.
2. The remaining 50% balance shall be retained in a self-compounding "Maintenance Reserve Fund for Perpetual Market Support." Expenditures from this fund require the approval of both the Trust and the City.

In accordance with the management agreement, the Trust performed an annual calculation to determine if a contribution was required to be made to the Maintenance Reserve Fund for Perpetual Market Support. The contributions are recorded as net assets without donor restrictions since the contributions are contractually limited, rather than donor-restricted. As of June 30, 2023 and 2022, no amount was due from the Trust to the Maintenance Reserve Fund for Perpetual Market Support.

NOTE 8: RELATED PARTIES

As described in Note 7, the Trust has a management agreement with the City. During the years ended June 30, 2023 and 2022, the Trust incurred no expenses related to its profit-sharing arrangement with the City. Additionally, no amount was due from the Trust to the Maintenance Reserve Fund for Perpetual Market Support as of June 30, 2023 and 2022.

NOTE 9: OPERATING LEASES

Since October 14, 2017, the Trust has maintained a lease for office space, which has been renewed on an annual basis for a one-year term. Monthly rent was \$845 and \$822 for the lease periods ending October 31, 2023 and 2022, respectively.

During January 2018, a 60-month copier lease was signed. Monthly rent expense for the copier was \$85 plus applicable taxes. The lease ended in March 2023, at which time the Trust purchased a copier.

CENTRAL MARKET TRUST
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 9: OPERATING LEASES (Continued)

In July 2016, the Trust entered into a month-to-month lease for parking spaces with the Lancaster Parking Authority. The rate was \$75 per month for each parking space for the years ended June 30, 2023 and 2022.

Total rent expense for the years ended June 30, 2023 and 2022, was \$16,159 and \$12,927, respectively. The approximate remaining annual minimum lease payments under non-cancellable operating leases for the years ending June 30 are as follows:

	2024	\$	3,380
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NOTE 10: LIQUIDITY

The Trust's current financial assets as of June 30 are as follows:

		2023		2022
Cash	\$	531,988	\$	933,908
Rents receivable, net		8,356		12,101
Investments		124,867		-
<u>Financial assets, at year-end</u>	<u>\$</u>	<u>665,211</u>	<u>\$</u>	<u>946,009</u>

The following reflects the Trust's financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of June 30:

		2023		2022
Financial assets, at year-end	\$	665,211	\$	946,009
Less those unavailable for general expenditures within one year, due to:				
Contractual limitations		(7,546)		(7,546)
Board designation		(124,867)		-
Donor purpose restrictions		(139,243)		(388,439)
<u>Financial assets available to meet cash needs for general expenditures within one year</u>	<u>\$</u>	<u>393,555</u>	<u>\$</u>	<u>550,024</u>

The Trust is substantially supported by standholder rents and public support. As part of the Trust's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In the event of unanticipated liquidity need, the Trust also could draw upon its \$150,000 available line of credit as further discussed in Note 6.

As stated in Notes 2 and 7, the Trust operates the Central Market Building under the management agreement with the City of Lancaster. The agreement stipulates the allocations that must be made for each profitable year. In accordance with the management agreement, the Trust performs an annual calculation to determine if a contribution should be made to the Maintenance Reserve Fund for Perpetual Market Support. The contributions are recorded as net assets without donor restrictions since the contributions are contractually restricted. \$7,546 of net assets without donor restrictions was contractually restricted as of June 30, 2023 and 2022.

CENTRAL MARKET TRUST
NOTES TO FINANCIAL STATEMENTS
FOR YEARS ENDED JUNE 30, 2023 AND 2022

NOTE 11: NET ASSETS WITH DONOR RESTRICTIONS

Raise the Roof Fund

The Raise the Roof fund is a capital campaign fund that consists of donor restricted contributions to replace the Central Market Building roof. After receiving the contributions, the Trust remits the funds to the City to pay for contractor fees. As stated in Note 2 and Note 7, the Trust does not own the market building and the City is responsible for the upkeep costs of the building. The Trust received donor restricted contributions for the Raise the Roof fund in the amount of \$7,933 and \$1,692 during the years ended June 30, 2023 and 2022, respectively. Net assets released from donor restrictions by incurring expenses that satisfied the restricted purposes specified by donors was \$255,264 and \$11,659 for the years ended June 30, 2023 and 2022, respectively. Total net assets with donor restrictions for the Raise the Roof fund amounted to \$139,243 and \$386,574 at June 30, 2023 and 2022, respectively.

1730 Fund

The 1730 fund is a fund that consists of donor restricted contributions to fund purchases of investments. The Trust received donor restricted contributions for the 1730 fund in the amount of \$86,850 and \$1,865 during the years ended June 30, 2023 and 2022, respectively. Net assets released from restrictions for the 1730 fund during the year ended June 30, 2023 was \$88,715. There were no net assets released from restrictions for the 1730 fund during the year ended June 30, 2022. Total net assets with donor restrictions for the 1730 fund amounted to \$0 and \$1,865 at June 30, 2023 and 2022, respectively.