

**Freestore Foodbank, Inc. and Affiliates**

Combined and Consolidated Financial Statements and  
Additional Financial Information  
June 30, 2022 and 2021  
with Independent Auditors' Report

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**INDEPENDENT AUDITORS' REPORT**

The Board of Trustees  
Freestore Foodbank, Inc. and Affiliates:

**Report on the Audit of the Combined and Consolidated Financial Statements****Opinion**

We have audited the accompanying combined and consolidated financial statements of Freestore Foodbank, Inc. and Affiliates (a not-for-profit organization), which comprise the statements of financial position as of June 30, 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 combined and consolidated financial statements.

In our opinion, the combined and consolidated financial statements present fairly, in all material respects, the financial position of Freestore Foodbank, Inc. and Affiliates as of June 30, 2022 and 2021, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Combined and Consolidated Financial Statements section of our report. We are required to be independent of Freestore Foodbank, Inc. and Affiliates 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 opinions.

**Responsibilities of Management for the Combined and Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the combined and 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 combined and consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the combined and consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Freestore Foodbank, Inc. and Affiliates' ability to continue as a going concern within one year after the date that the combined and consolidated financial statements are available to be issued.

### **Auditors' Responsibilities for the Audit of the Combined and Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the combined and 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 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 combined and consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined and 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 combined and 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 Freestore Foodbank, Inc. and Affiliates' 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 combined and consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Freestore Foodbank, Inc. and Affiliates' 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 combined and consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and supplemental schedules, are presented for purposes of additional analysis and are not a required part of the combined and 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 combined and consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined and 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 combined and consolidated financial statements or to the combined and 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 combined and consolidated financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 20, 2022 on our consideration of Freestore Foodbank, Inc. and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Freestore Foodbank, Inc. and Affiliates' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Freestore Foodbank, Inc. and Affiliates' internal control over financial reporting and compliance.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
September 20, 2022

Freestore Foodbank, Inc. and Affiliates  
Combined and Consolidated Statements of Financial Position  
June 30, 2022 and 2021

Assets:	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents	\$ 9,213,668	14,789,343
Restricted cash - Facility maintenance reserve	529,323	1,625,248
Cash held for others - Representative Payee	815,073	1,180,402
Cash held for others	2,121	153,639
Restricted cash - Loan reserve	17,830,920	-
Accounts receivable	1,116,512	975,824
Pledges receivable	5,155,284	5,312,061
Inventory	3,752,300	4,029,007
Prepaid expenses and other	<u>251,152</u>	<u>124,101</u>
Total current assets	<u>38,666,353</u>	<u>28,189,625</u>
Property and equipment:		
Land	6,109,709	6,109,709
Buildings and improvements	12,288,608	12,288,608
Furniture, fixtures and equipment	3,106,153	2,686,757
Construction in progress	13,981,306	774,899
Vehicles	<u>1,574,387</u>	<u>1,680,267</u>
	37,060,163	23,540,240
Less accumulated depreciation	<u>(9,369,527)</u>	<u>(8,666,513)</u>
Total property and equipment	<u>27,690,636</u>	<u>14,873,727</u>
Other assets:		
Investments	16,547,021	19,988,028
Beneficial interest in charitable trusts	1,220,071	1,445,049
Pledges receivable, net of current portion	6,262,292	10,942,150
Note receivable	17,804,100	-
Other	<u>36,423</u>	<u>40,249</u>
Total other assets	<u>41,869,907</u>	<u>32,415,476</u>
Total assets	<u>\$ 108,226,896</u>	<u>75,478,828</u>
Liabilities and net assets:		
Current liabilities:		
Accounts payable	\$ 2,347,358	1,453,980
Cash held for others - Representative Payee	815,073	1,180,402
Cash held for others	2,121	153,639
Accrued expenses	<u>1,451,598</u>	<u>1,138,752</u>
Total current liabilities	<u>4,616,150</u>	<u>3,926,773</u>
Notes payable	<u>30,638,266</u>	-
Total liabilities	<u>35,254,416</u>	<u>3,926,773</u>
Net assets:		
Without donor restrictions	36,496,010	40,095,979
With donor restrictions	<u>36,476,470</u>	<u>31,456,076</u>
Total net assets	<u>72,972,480</u>	<u>71,552,055</u>
Total liabilities and net assets	<u>\$ 108,226,896</u>	<u>75,478,828</u>

See accompanying notes to the combined and consolidated financial statements.

Freestore Foodbank, Inc. and Affiliates  
Combined and Consolidated Statement of Activities  
Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Public support:			
Contributions and grants	\$ 7,879,320	11,168,259	19,047,579
Government agencies	4,769,977	-	4,769,977
United Way/Community Chest	-	467,242	467,242
Change in interest in irrevocable trusts	-	(224,978)	(224,978)
	<u>12,649,297</u>	<u>11,410,523</u>	<u>24,059,820</u>
Revenues:			
Program services:			
Private organizations	123,584	-	123,584
Member agency fees/product resale	1,335,750	-	1,335,750
Client services - individuals	89,123	-	89,123
Social enterprises	18,161	-	18,161
Special events	1,360,434	-	1,360,434
In-kind goods and services:			
Advertising services	28,500	-	28,500
Foodbank donations - food and products	52,396,370	-	52,396,370
Investment return, net	(2,856,830)	(126,186)	(2,983,016)
Net gain on disposal of property and equipment	300	-	300
Other	138,803	-	138,803
Net assets released from restriction:			
Satisfaction of program and purpose restrictions	3,104,224	(3,104,224)	-
Satisfaction of time restrictions	3,159,719	(3,159,719)	-
	<u>58,898,138</u>	<u>(6,390,129)</u>	<u>52,508,009</u>
	<u>71,547,435</u>	<u>5,020,394</u>	<u>76,567,829</u>
Expenses:			
Client services	5,011,084	-	5,011,084
Workforce development	1,928,445	-	1,928,445
Foodbank:			
In-kind expenses	52,538,502	-	52,538,502
Foodbank supportive services	10,117,229	-	10,117,229
Social enterprises	24,760	-	24,760
Management and general	2,712,288	-	2,712,288
Fundraising	2,815,096	-	2,815,096
	<u>75,147,404</u>	<u>-</u>	<u>75,147,404</u>
Change in net assets	(3,599,969)	5,020,394	1,420,425
Net assets at beginning of year	<u>40,095,979</u>	<u>31,456,076</u>	<u>71,552,055</u>
Net assets at end of year	\$ <u><u>36,496,010</u></u>	<u><u>36,476,470</u></u>	<u><u>72,972,480</u></u>

See accompanying notes to the combined and consolidated financial statements.

Freestore Foodbank, Inc. and Affiliates  
Combined and Consolidated Statement of Activities  
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public support:			
Contributions and grants	\$ 12,424,169	15,043,019	27,467,188
Government agencies	6,030,990	-	6,030,990
United Way/Community Chest	-	275,763	275,763
Change in interest in irrevocable trusts	-	128,925	128,925
	<u>18,455,159</u>	<u>15,447,707</u>	<u>33,902,866</u>
Revenues:			
Program services:			
Private organizations	82,497	-	82,497
Member agency fees/product resale	291,440	-	291,440
Client services - individuals	95,945	-	95,945
Social enterprises	1,832	-	1,832
Special events	1,464,533	-	1,464,533
In-kind goods and services:			
Advertising services	34,000	-	34,000
Foodbank donations - food and products	49,336,130	-	49,336,130
Investment return, net	2,625,604	97,130	2,722,734
Net loss on disposal of property and equipment	(2,226)	-	(2,226)
Other	324,243	-	324,243
Net assets released from restriction:			
Satisfaction of program and purpose restrictions	3,552,610	(3,552,610)	-
Satisfaction of time restrictions	3,444,289	(3,444,289)	-
	<u>61,250,897</u>	<u>(6,899,769)</u>	<u>54,351,128</u>
	<u>79,706,056</u>	<u>8,547,938</u>	<u>88,253,994</u>
Expenses:			
Client services	5,420,114	-	5,420,114
Workforce development	1,457,237	-	1,457,237
Foodbank:			
In-kind expenses	49,890,676	-	49,890,676
Foodbank supportive services	12,074,578	-	12,074,578
Social enterprises	9,513	-	9,513
Management and general	2,091,914	-	2,091,914
Fundraising	2,988,385	-	2,988,385
	<u>73,932,417</u>	<u>-</u>	<u>73,932,417</u>
Change in net assets	5,773,639	8,547,938	14,321,577
Net assets at beginning of year	<u>34,322,340</u>	<u>22,908,138</u>	<u>57,230,478</u>
Net assets at end of year	\$ <u>40,095,979</u>	<u>31,456,076</u>	<u>71,552,055</u>

See accompanying notes to the combined and consolidated financial statements.



Freestore Foodbank, Inc. and Affiliates  
Combined and Consolidated Statement of Functional Expenses  
Year Ended June 30, 2022

	Program Services					Supporting Services		Total
	Client Services	Workforce Development	Foodbank	Social Enterprises	Total Program Services	Management and General	Fundraising	
Salaries	\$ 2,138,709	684,936	2,395,623	1,916	5,221,184	1,234,255	855,645	7,311,084
Employee benefits	383,323	97,979	496,330	342	977,974	451,071	153,977	1,583,022
Payroll taxes	152,403	48,935	165,340	158	366,836	175,879	66,610	609,325
	<u>2,674,435</u>	<u>831,850</u>	<u>3,057,293</u>	<u>2,416</u>	<u>6,565,994</u>	<u>1,861,205</u>	<u>1,076,232</u>	<u>9,503,431</u>
In-kind food and products distributed	-	-	52,538,502	-	52,538,502	-	-	52,538,502
Specific assistance to individuals	1,354,869	308,959	3,194,730	-	4,858,558	-	-	4,858,558
Fleet	454	15,402	294,184	-	310,040	-	232	310,272
Occupancy	258,242	163,050	422,186	-	843,478	47,419	15,211	906,108
Data and communications	73,973	17,161	98,990	-	190,124	137,675	89,525	417,324
Equipment, supplies and repairs	48,671	56,482	209,851	1,529	316,533	13,359	213,846	543,738
Office and mailings	147,057	2,103	8,471	-	157,631	24,989	764,178	946,798
Advertising	147,320	1,181	50	-	148,551	3,250	230,331	382,132
Dues and fees	31,945	32,297	164,309	299	228,850	199,088	59,444	487,382
Travel, conferences and conventions	23,818	4,017	9,299	-	37,134	114,280	5,718	157,132
Professional fees	11,000	127,569	412,398	-	550,967	80,068	20,159	651,194
Contracted services	12,143	144,839	296,898	8,619	462,499	53,295	314,657	830,451
Interest expense	-	31,481	103,966	-	135,447	89,310	4,257	229,014
Bad debt	-	-	-	-	-	-	1,151	1,151
Miscellaneous	-	-	1,279	-	1,279	1,172	-	2,451
Insurance	12,110	5,297	16,128	-	33,535	28,510	3,767	65,812
Product purchases	-	-	1,466,463	9,946	1,476,409	-	-	1,476,409
Total expenses before depreciation	<u>4,796,037</u>	<u>1,741,688</u>	<u>62,294,997</u>	<u>22,809</u>	<u>68,855,531</u>	<u>2,653,620</u>	<u>2,798,708</u>	<u>74,307,859</u>
Depreciation	<u>215,047</u>	<u>186,757</u>	<u>360,734</u>	<u>1,951</u>	<u>764,489</u>	<u>58,668</u>	<u>16,388</u>	<u>839,545</u>
Total expenses	\$ <u>5,011,084</u>	<u>1,928,445</u>	<u>62,655,731</u>	<u>24,760</u>	<u>69,620,020</u>	<u>2,712,288</u>	<u>2,815,096</u>	<u>75,147,404</u>

See accompanying notes to the combined and consolidated financial statements.

Freestore Foodbank, Inc. and Affiliates  
Combined and Consolidated Statement of Functional Expenses  
Year Ended June 30, 2021

	Program Services					Supporting Services		Total
	Client Services	Workforce Development	Foodbank	Social Enterprises	Total Program Services	Management and General	Fundraising	
Salaries	\$ 1,850,953	630,854	2,217,035	128	4,698,970	1,009,408	838,208	6,546,586
Employee benefits	316,375	83,699	457,812	64	857,950	377,759	138,298	1,374,007
Payroll taxes	134,851	46,457	154,909	199	336,416	152,190	66,055	554,661
	<u>2,302,179</u>	<u>761,010</u>	<u>2,829,756</u>	<u>391</u>	<u>5,893,336</u>	<u>1,539,357</u>	<u>1,042,561</u>	<u>8,475,254</u>
In-kind food and products distributed	-	-	49,890,676	-	49,890,676	-	-	49,890,676
Specific assistance to individuals	2,306,767	215,081	7,108,023	-	9,629,871	-	-	9,629,871
Fleet	-	17,459	313,300	2,991	333,750	-	84	333,834
Occupancy	255,362	133,114	386,843	2,519	777,838	3,612	14,444	795,894
Data and communications	48,751	13,136	89,274	23	151,184	88,466	94,154	333,804
Equipment, supplies and repairs	31,717	47,196	322,479	-	401,392	19,739	252,723	673,854
Office and mailings	108,147	224	7,247	-	115,618	18,135	790,181	923,934
Advertising	20,080	-	-	-	20,080	-	173,621	193,701
Dues and fees	32,269	788	38,197	118	71,372	226,648	45,077	343,097
Travel, conferences and conventions	5,554	1,888	5,661	-	13,103	17,150	6,933	37,186
Professional fees	9,666	6,045	10,623	37	26,371	30,165	8,404	64,940
Contracted services	81,929	74,122	160,554	32	316,637	54,897	373,928	745,462
Bad debt	-	-	-	-	-	-	166,860	166,860
Miscellaneous	22	-	-	-	22	746	-	768
Insurance	11,437	4,318	12,789	96	28,640	29,751	4,047	62,438
Product purchases	-	-	406,773	522	407,295	-	-	407,295
	<u>5,213,880</u>	<u>1,274,381</u>	<u>61,582,195</u>	<u>6,729</u>	<u>68,077,185</u>	<u>2,028,666</u>	<u>2,973,017</u>	<u>73,078,868</u>
Total expenses before depreciation								
Depreciation	<u>206,234</u>	<u>182,856</u>	<u>383,059</u>	<u>2,784</u>	<u>774,933</u>	<u>63,248</u>	<u>15,368</u>	<u>853,549</u>
Total expenses	\$ <u>5,420,114</u>	<u>1,457,237</u>	<u>61,965,254</u>	<u>9,513</u>	<u>68,852,118</u>	<u>2,091,914</u>	<u>2,988,385</u>	<u>73,932,417</u>

See accompanying notes to the combined and consolidated financial statements.

Freestore Foodbank, Inc. and Affiliates  
Combined and Consolidated Statements of Cash Flows  
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ 1,420,425	14,321,577
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation	839,545	853,549
Realized and unrealized losses (gains) on investments	3,510,195	(2,607,083)
Contributions restricted for capital campaign	(5,291,538)	(8,331,940)
(Gain) loss on disposal of property and equipment	(300)	2,226
Contribution of beneficial interest in trusts	-	(411,873)
Bad debt expense	1,151	166,860
Effects of change in operating assets and liabilities:		
Accounts receivable	(140,688)	622,002
Pledges receivable	4,835,484	2,493,686
Inventory	276,707	921,321
Prepaid expenses and other	(127,051)	64,272
Beneficial interest in charitable trust	224,978	(128,925)
Other assets	3,826	(5,565)
Cash held for others	(516,847)	(179,886)
Accounts payable	(284,982)	(424,028)
Accrued expenses	312,846	185,952
Net cash provided by operating activities	<u>5,063,751</u>	<u>7,542,145</u>
Cash flows from investing activities:		
Proceeds from sale of investments	15,886,876	7,479,099
Purchase of investments	(15,956,064)	(13,167,271)
Capital expenditures	(12,478,094)	(5,551,999)
Proceeds from sale of capital assets	300	4,000
Advance on notes receivable	(17,804,100)	-
Net cash used by investing activities	<u>(30,351,082)</u>	<u>(11,236,171)</u>
Cash flows from financing activities:		
Proceeds from long term debt	34,675,000	-
Principal payments on long term debt	(4,036,734)	-
Contributions restricted for capital campaign	5,291,538	8,331,940
Net cash provided by financing activities	<u>35,929,804</u>	<u>8,331,940</u>
Net change in cash, cash equivalents and restricted cash	10,642,473	4,637,914
Cash, cash equivalents and restricted cash - beginning of the year	<u>17,748,632</u>	<u>13,110,718</u>
Cash, cash equivalents and restricted cash - end of the year	\$ <u>28,391,105</u>	<u>17,748,632</u>
Reconciliation to Combined and Consolidated Statements of Financial Position:		
Cash and cash equivalents	\$ 9,213,668	14,789,343
Restricted cash - facility maintenance reserve	529,323	1,625,248
Restricted cash - Loan reserve	17,830,920	-
Restricted cash - cash held for others	817,194	1,334,041
	\$ <u>28,391,105</u>	<u>17,748,632</u>
Supplemental cash flow information:		
Property and equipment included in accounts payable	\$ <u>1,819,528</u>	<u>641,168</u>
Interest paid	\$ <u>229,014</u>	<u>-</u>

See accompanying notes to the combined and consolidated financial statements.

## **1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

Freestore Foodbank, Inc. is a not-for-profit corporation that exists to help people throughout the tri-state area of Ohio, Kentucky, and Indiana who are facing crisis because they are unable to meet their basic survival needs. The primary mission of Freestore Foodbank, Inc. is to improve lives by eliminating hunger in partnership with our community. Additionally, Freestore Foodbank, Inc. strives for a hunger-free, healthy and thriving community.

The Freestore Foodbank Foundation is a not-for-profit corporation, whose governing board is comprised of Freestore Foodbank, Inc. trustees and independent trustees. The Foundation grants funds to Freestore Foodbank, Inc. for operations and raises money on its behalf. Corwine Foundation, Inc. is a not-for-profit corporation, whose governing board is comprised of Freestore Foodbank, Inc. trustees and independent trustees, for the purpose of holding property for Freestore Foodbank, Inc. FG-GBH LLC is a not-for-profit limited liability corporation, whose governing board is comprised of Freestore Foodbank, Inc. trustees, for the purpose of constructing, owning, and leasing a distribution warehouse and training center for Freestore Foodbank, Inc. FG-Hope Inc. is a not-for-profit corporation that was formed in 2021 to be used as a leveraged lender as part of a New Markets Tax Credit ("NMTC") arrangement.

A summary of significant accounting policies applied in the preparation of the accompanying combined and consolidated financial statements follows.

### **Principles of combination and consolidation**

These combined and consolidated financial statements (the "financial statements") are the result of the combination of the operations of Freestore Foodbank, Inc., Corwine Foundation, Inc. and The Freestore Foodbank Foundation and FG-Hope, Inc. and consolidation of the operations of FG-GBH LLC ("FG-GBH") (the "Agency"). All intercompany transactions are eliminated upon combination and consolidation.

### **Net assets with donor restrictions**

The Agency reports gifts of cash and other assets as support with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a 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 restriction.

The Agency reports gifts of land, buildings and equipment as support without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, and gifts of cash or other assets that must be used to acquire long-lived assets are reported as support with donor restrictions. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Agency reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Net assets that are subject to donor-imposed stipulations that require the assets be maintained in perpetuity by the Agency are recorded as net assets with donor restrictions. Generally, the donors of these assets permit the Agency to use all or part of the income earned on related investments for general or specific purposes.

**Food contributions and other in-kind donations/inventory**

Receipt and subsequent distribution of in-kind food contributions are reported in the statements of activities at \$1.81 and \$2.00 per pound for non-United States Department of Agriculture (USDA) and USDA, respectively, in 2022. In-kind food contributions are reported in the statement of activities at \$1.72 per pound for both non-USDA and USDA products in 2021. Inventory on hand at year-end is also valued at the same amounts per pound. The price per pound is based on price indexes from a Feeding America survey. In December 2016, USDA issued a new version of FD-104 which was intended to update out-of-date references and provide additional clarification on valuing USDA foods. This memo still allows the use of the fair market value (FMV), which the Agency obtains from the Feeding America survey, it just clarifies the FMV of USDA foods must exclude all non-food items. As such, the Agency prepared two product valuations for FY22 and FY21 – one specifically for USDA product received (which excludes non-food items), and one for all other product received. The following table summarizes food inventory activity, in pounds, as of and for the years ended June 30:

	Total Pounds	
	<u>2022</u>	<u>2021</u>
Beginning balance	2,811,729	3,587,220
Donated product	27,707,763	28,657,526
Purchased product	4,494,194	8,813,878
Donated product distributed	(27,543,173)	(28,694,627)
Purchased product distributed	(4,588,862)	(9,130,785)
Physical inventory variance and spoilage	<u>(784,841)</u>	<u>(421,483)</u>
Ending balance	<u>2,096,810</u>	<u>2,811,729</u>

Products distributed by the Agency which have both been donated by others and purchased from outside vendors are carried at fair value. Purchased and donated inventory amounts to \$3,752,300 and \$4,029,007 at June 30, 2022 and 2021, respectively.

Food contributions decreased 949,763 pounds in 2022 to 27,707,763 pounds versus 28,657,526 pounds in 2021. The decrease in donated product was due to a mix of COVID-19 restrictions and supply chain shortages.

The Agency worked with Northern Kentucky Area Development District (“NKADD”) during FY21 to distribute federal food commodities to other non-profits in Northern Kentucky. While these pounds are not included above, the total amounts distributed were 2,601,537 pounds in the year ended June 30, 2021. The Agency ended their vendor relationship with NKADD in March 2021.

**Donated materials and services**

Donated vehicles, equipment, investments and services are recorded as public support contributions in the accompanying statements at their estimated fair value at the date of receipt.

Donated services are recorded as public support only if they create or enhance non-financial assets or require specialized services. Donated services, all of which were advertising services, were estimated at \$28,500 and \$34,000 in 2022 and 2021, respectively. The Agency received volunteer services of approximately 52,000 and 48,000 hours for the years ended June 30, 2022 and 2021, respectively, which are not recorded in these financial statements as public support in accordance with generally accepted accounting principles.

### Functional expense allocation

The financial statements report certain categories of expenses that are attributable to one or more programs or supporting functions of the Agency. Expenses are directly applied when applicable and are allocated to programs or support services based on periodic time studies, full time employees, square footage, and management's estimate of time and effort of individual employees and their related duties. Allocated expenses include the following:

<u>Expense</u>	<u>Allocation Method</u>
Salaries, benefits and taxes	Periodic time studies, time and effort, full time employees
Occupancy	Square footage, time and effort, full time employees
Data and communications	Full time employees
Office and mailings	Full time employees
Professional fees	Full time employees
Contracted services	Full time employees
Miscellaneous	Full time employees
Insurance	Full time employees

### Depreciation

Property and equipment is recorded at cost. Depreciation is provided by the straight-line method over the estimated useful lives of the depreciable assets. The estimated useful lives are:

Buildings	20 - 40 years
Building improvements	10 - 20 years
Furniture, fixtures and equipment	5 - 8 years
Vehicles	3 - 6 years

### Use of estimates in financial statements

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures 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 could differ from those estimates.

### Cash and cash equivalents

For purposes of the statements of cash flows, the Agency considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Agency maintains its cash in deposit accounts, which at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash.

The Agency maintains funds for the maintenance and replacement of its facilities and improvements which is shown as restricted cash in the financial statements. Amounts held for this purpose were \$529,323 and \$1,625,248 at June 30, 2022 and 2021, respectively.

The Agency also maintains funds for the use of others which is shown as cash held for others on the statements of financial position. Cash held for others totaled \$817,194 and \$1,334,041 at June 30, 2022 and 2021, respectively, which includes amounts for the Representative Payee program. See Note 13 for a description of the Representative Payee program.

Cash accounts which are restricted by loan documents in the amount of \$17,830,920 at June 30, 2022 are included on the statement of financial position as restricted cash- loan reserves.

#### **Investments and beneficial interest in charitable trusts**

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statements of financial position. Dividends, interest income, realized and unrealized gains and losses on investments and investment fees, are included as investment return, net on the statements of activities. The beneficial interest in charitable trusts are valued at the estimated fair value of the assets held, which consists of actively traded common stocks and fixed income securities without adjustment by management.

#### **Accounts receivable**

The majority of the Agency's accounts receivable are due from other not-for-profit or governmental agencies. It is the opinion of management that the receivables are all collectible. Therefore, an allowance for doubtful accounts has not been provided for in these financial statements.

#### **Pledges receivable**

As of June 30, 2022 and 2021, contributors to the Agency have promised to give \$11,417,566 and \$16,254,211. Multi-year pledges are discounted to net present value using the risk-free rate of return in the year pledged. See Note 2 for information on the Capital Campaign. An allowance for uncollectible pledges is recorded when the Agency determines, based on historical experience and collection efforts, that a pledge receivable (carried over from a prior year) is uncollectible. Pledges receivable were net of an allowance for uncollectible pledges of \$100,871 and \$151,860 at June 30, 2022 and 2021, respectively. During the years ended June 30, 2022 and 2021, \$1,151 and \$15,000, respectively, was written off as uncollectible.

Pledges are reviewed quarterly and compared to scheduled payments for collectability. Pledges receivable at June 30, are as follows:

	<u>2022</u>	<u>2021</u>
Due within one year	\$ 5,155,284	5,312,061
Due within two to five years	6,178,766	10,521,690
Due thereafter	<u>695,434</u>	<u>867,403</u>
	12,029,484	16,701,154
Less allowance for uncollectible pledges	(100,871)	(151,860)
Less discount	<u>(511,037)</u>	<u>(295,083)</u>
	\$ <u>11,417,576</u>	<u>16,254,211</u>

### **Subsequent events**

The Agency evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through September 30, 2022, the date on which the financial statements were available to be issued.

### **2. CAPITAL CAMPAIGN:**

The “Growing Beyond Hunger” capital officially ended during 2022. The campaign prioritized investments in infrastructure, capacity building, and service expansion. The campaign and comprehensive long-term response plan will transform Freestore Foodbank’s ability to address emergency relief and ultimately achieve its vision of a hunger-free, healthy, and thriving community. During the years ended June 30, 2022 and 2021, the agency recognized \$5,291,538 and \$8,331,940, respectively, of revenue in pledges and donations from this campaign.

### **3. NEW MARKETS TAX CREDIT TRANSACTION:**

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to attract investment capital to low-income communities by permitting investors to receive tax credit incentives in exchange for making equity investments in certified Community Development Entities (CDEs). Under this program, certain commercial banks and other investors are able to subsidize eligible projects that meet the NMTC Program requirements.

Freestore Foodbank is building a new distribution center located within a census tract that is eligible for the NMTC Program. In order to benefit under the NMTC Program, on December 23, 2021, Freestore Foodbank entered into a series of agreements and transactions with three CDEs, two new affiliated companies (FG-Hope, Inc. & FG-GBH LLC) and Freestore Foodbank Investment Fund, LLC (Investment Fund) affiliated with a commercial bank. Freestore Foodbank formed the Corporation to facilitate the transaction, by issuance of a \$17,804,100 note receivable (See Note 4) to the Investment Fund. A portion of the funds loaned were financed by a \$11,200,000 bridge loan agreement with the bank (see note 7), proceeds of which will fund construction costs. The bridge loan will be repaid using funds raised by the Growing Beyond Hunger capital campaign. Also, see Note 7 for a notes payable to the CDEs totaling \$23,475,000.

### **4. NOTE RECEIVABLE:**

During 2022, the Agency advanced funds to an organization under a note receivable arrangement. The note requires interest only payments charged at 1% through June 30, 2029. The note then matures on December 31, 2050. The Agency recognized \$92,977 of interest income during the year ended June 30, 2022. The principal balance as of June 30, 2022 totals \$17,804,100 and will start requiring principal payments in September 2029.

### **5. INCOME TAXES:**

Freestore Foodbank, Inc., Corwine Foundation, Inc., Freestore Foodbank Foundation, and FG-Hope, Inc. have been classified as exempt organizations under Internal Revenue Code Sections 501(c)(3), 501(c)(2) 501(c)(3), and 509(a)(1), respectively. Freestore Foodbank, Inc. has been classified as a public charity qualified for charitable contributions under Internal Revenue Code Section 170. In addition, Freestore Foodbank Foundation and Corwine Foundation, Inc. are not classified as private foundations as defined in Section 509(a)(1) of the Internal Revenue Code.



## 6. LINE OF CREDIT:

The Agency has a \$2,000,000 line of credit with a financial institution with interest at daily Bloomberg Short-Term Bank Yield (BSBY) plus 2.75% for the year ended June 30, 2022 and LIBOR plus 2.75% for the year ended June 30, 2021 (4.36% and 2.84% at June 30, 2022 and 2021, respectively) and is due November 30, 2022. There were no borrowings on the line at June 30, 2022 and 2021. The line of credit is secured by all assets of the Agency.

## 7. NOTES PAYABLE:

Long-term debt consists of the following at December 31:

	<u>2022</u>	<u>2021</u>
Note payable to a bank with no monthly required payments. Interest is charged at the BSBY rate plus 1.75% (3.36% at June 30, 2022); note matures in December 2026 and is secured by certain donor pledge agreements.	\$ 7,163,266	-
Note payable to a company with quarterly interest only payments at 1.25%, principal payments beginning September 2029 until maturity in December 2055.	14,700,000	-
Note payable to a company with quarterly interest only payments at 1.25%, principal payments beginning September 2029 until maturity in December 2055.	4,775,000	-
Note payable to a bank with quarterly interest only payments at 1.25%, principal payments beginning September 2029 until maturity in December 2055.	<u>4,000,000</u>	<u>-</u>
	<u>\$30,638,266</u>	<u>-</u>

Notes payable mature are follows as of June 30:

2023	\$ -
2024	-
2025	-
2026	-
2027	7,163,266
Thereafter	<u>23,475,000</u>
	<u>\$ 30,638,266</u>

## 8. BENEFICIAL INTEREST IN CHARITABLE TRUSTS:

A donor established a perpetual trust with a bank naming the Agency as one of the beneficiaries. Under terms of the split-interest agreement, the Agency is to receive the investment income earned annually for its use into perpetuity. The fair value of the Agency's interest in this perpetual trust was recorded as a contribution with donor restrictions and as beneficial interest in a charitable trust. Income received from the trust in 2022 and 2021 was \$1,968 and \$18,597, respectively. The principal amount totaled \$229,537 and \$271,371 as of June 30, 2022 and 2021, respectively. Distributions are intended for programs and activities which provide food and clothing to underprivileged persons. The Trust is held by a trustee, in accordance with the trust agreement, and is classified as net assets with donor restrictions.

A donor established an irrevocable trust naming the Agency an income beneficiary. The principal amount of this irrevocable trust totaled \$990,534 and \$1,173,678 as of June 30, 2022 and 2021, respectively.

## 9. NET ASSETS WITH DONOR RESTRICTIONS:

Net assets with donor restrictions consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Subject to expenditure for specific purpose:		
Workforce Development	\$ 315,765	427,938
Endowment	669,342	627,103
Childhood Feeding	489,727	506,863
Client Services	14,217	75,515
Management & General	197,790	225,290
Capital Campaign	31,818,916	26,700,870
Foodbank	196,003	139,324
Fundraising/Special events	<u>38,245</u>	<u>1,846</u>
	<u>33,740,005</u>	<u>28,704,749</u>
Subject to time restrictions	<u>1,486,394</u>	<u>1,276,278</u>
Investments held in perpetuity:		
Beneficial interest in charitable trusts	1,220,071	1,445,049
Endowment	<u>30,000</u>	<u>30,000</u>
	<u>1,250,071</u>	<u>1,475,049</u>
Total net assets with donor restrictions	\$ <u>36,476,470</u>	<u>31,456,076</u>

## 10. EMPLOYEE BENEFITS:

The Agency offers retirement benefits for all of its eligible employees through a defined contribution plan, which meets the requirements of Internal Revenue Code Section 403(b) and is funded by contributions from the Agency and employees. Contributions are paid as accrued. Employees vest over five years in employer contributions. Agency contributions were \$318,104 and \$284,710 for the years ended June 30, 2022 and 2021, respectively.

## 11. FAIR VALUE:

Generally accepted accounting principles define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. 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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income or cost approach are used to measure fair value. The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Agency has the ability to access.

- Level 2 inputs are inputs (other than quoted prices included within level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability.

Equity and mutual funds are valued at the net asset value of shares held by the Agency at year end. Corporate debt obligations, hedge funds and beneficial interest in charitable trusts are valued at the estimated fair value of the asset held, which consists of actively traded common stocks and fixed income securities without adjustment by management.

The following table presents the Agency's fair value hierarchy for assets measured at fair value on a recurring basis as of June 30, 2022.

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment securities:				
Cash and cash equivalents	\$ 1,192,756	1,192,756	-	-
Equity securities:				
Healthcare	673,043	673,043	-	-
Financial	596,211	596,211	-	-
Energy	90,507	90,507	-	-
Basic materials	101,146	101,146	-	-
Technology	940,786	940,786	-	-
Communication services	181,088	181,088	-	-
Utilities	83,587	83,587	-	-
Real estate	143,193	143,193	-	-
Consumer staples	162,273	162,273	-	-
Consumer discretionary	607,911	607,911	-	-
Industrial goods	<u>574,970</u>	<u>574,970</u>	<u>-</u>	<u>-</u>
	<u>5,347,471</u>	<u>5,347,471</u>	<u>-</u>	<u>-</u>
Mutual funds and ETFs:				
Foreign equity	2,068,674	2,068,674	-	-
Real estate	351,152	351,152	-	-
Large cap	<u>3,196,132</u>	<u>3,196,132</u>	<u>-</u>	<u>-</u>
	<u>5,615,958</u>	<u>5,615,958</u>	<u>-</u>	<u>-</u>
Corporate debt obligations	<u>4,606,851</u>	<u>-</u>	<u>4,606,851</u>	<u>-</u>
Hedge funds	<u>976,741</u>	<u>-</u>	<u>976,741</u>	<u>-</u>
Beneficial interest in charitable trusts	<u>1,220,071</u>	<u>-</u>	<u>1,220,071</u>	<u>-</u>
	<u>\$17,767,092</u>	<u>10,963,429</u>	<u>6,803,663</u>	<u>-</u>

The following table presents the Agency's fair value hierarchy for assets measured at fair value on a recurring basis as of June 30, 2021.

	<u>Fair Value Measurements at Reporting Date Using</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investment securities:				
Cash and cash equivalents	\$ 2,783,213	2,783,213	-	-
Equity securities:				
Healthcare	753,211	753,211	-	-
Financial	659,260	659,260	-	-
Energy	66,162	66,162	-	-
Basic materials	158,701	158,701	-	-
Technology	1,150,143	1,150,143	-	-
Communication services	258,910	258,910	-	-
Utilities	60,449	60,449	-	-
Real estate	140,371	140,371	-	-
Consumer staples	120,001	120,001	-	-
Consumer discretionary	790,965	790,965	-	-
Industrial goods	<u>633,233</u>	<u>633,233</u>	<u>-</u>	<u>-</u>
	<u>4,791,406</u>	<u>4,791,406</u>	<u>-</u>	<u>-</u>
Mutual funds and ETFs:				
Foreign equity	2,476,826	2,476,826	-	-
Real estate	307,252	307,252	-	-
Large cap	<u>4,380,610</u>	<u>4,380,610</u>	<u>-</u>	<u>-</u>
	<u>7,164,688</u>	<u>7,164,688</u>	<u>-</u>	<u>-</u>
Corporate debt obligations	<u>5,248,721</u>	<u>-</u>	<u>5,248,721</u>	<u>-</u>
Beneficial interest in charitable trusts	<u>1,445,049</u>	<u>-</u>	<u>1,445,049</u>	<u>-</u>
	<u>\$21,433,077</u>	<u>14,739,307</u>	<u>6,693,770</u>	<u>-</u>

## 12. ENDOWMENT FUNDS:

The Agency implemented guidance requiring that the net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, to be classified and reported based on the existence or absence of donor-imposed restrictions. The Agency's endowment consists of both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments, which is held within The Freestore Foodbank Foundation. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

**Interpretation of relevant law**

The Agency has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Agency classifies as net assets with donor restrictions (a) the original value of gifts donated to the donor restricted endowment, (b) the original value of subsequent gifts to the donor restricted endowment, and (c) accumulations to the donor restricted endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that are subject to purpose and/or time restrictions are classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Agency in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Agency considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: the duration and preservation of the fund; the purposes of the Agency and the donor-restricted endowment fund; general economic conditions; the possible effect of inflation and deflation; the expected total return from income and the appreciation of investments; other resources of the Agency; and the investment policies of the Agency.

**Funds with deficiencies**

From time to time, the fair value of assets associated with individual endowment funds with donor restrictions may fall below the level that the donor requires to be retained in perpetuity. Such deficiencies result from unfavorable market fluctuations and continued appropriation for certain programs that was deemed prudent by the Board of Trustees. Deficiencies of this nature are reported as part of net assets without donor restrictions.

**Return objectives and risk parameters**

The Agency has adopted investment and spending policies for endowment assets that attempt to provide for long-term growth in excess of inflation, annual distributions and expenses. The return objective shall be accomplished utilizing a strategy of equities, fixed income and cash equivalents. The performance objectives will be measured against appropriate industry benchmarks such as the S&P 500 Index, Russell 3000 Stock Index, and other indexes.

**Strategies employed for achieving objectives**

To satisfy its long-term rate-of-return objectives, the Agency relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Agency targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

**Spending policy and how the investment objectives relate to spending policy**

The Agency has a policy of annually appropriating five percent of its previous twelve quarter moving average endowment fund balance as needed. Any distributions in excess of the normal annual distribution require approval of the Board of Trustees of The Freestore Foodbank Foundation. In establishing this policy, the Agency considered the long-term expected return on its endowment. Accordingly, this spending policy should, over time, protect the inflation-adjusted value of the endowment and, consequently, allow inflation-adjusted spending to occur in the distant future. This is consistent with the Agency's objective to maintain purchasing power of the endowment assets held in perpetuity or for a specified term as well as to provide additional real growth through new gifts and investment return.

The Agency's endowment includes both donor-restricted endowment funds and funds designated by the Board of Trustees to function as endowments. The portion of the Agency's endowment funds classified as with donor restrictions are donor-restricted and the portion classified as without donor restrictions are board-designated endowment funds.

The changes in endowment net assets are as follows for the years ended June 30, 2022 and 2021 were as follows:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Endowment net assets, July 1, 2020	\$ 11,260,430	432,343	11,692,773
Investment return, net	2,396,158	97,130	2,493,288
Contributions	6,597,388	129,130	6,726,518
Appropriation of assets for expenditures	<u>(953,094)</u>	<u>(1,500)</u>	<u>(954,594)</u>
Endowment net assets, June 30, 2021	19,300,882	657,103	19,957,985
Investment return, net	(2,639,118)	(126,186)	(2,765,304)
Contributions	297,435	168,425	465,860
Appropriation of assets for expenditures	<u>(1,134,672)</u>	<u>-</u>	<u>(1,134,672)</u>
Endowment net assets, June 30, 2022	\$ <u>15,824,527</u>	<u>699,342</u>	<u>16,523,869</u>

### 13. COMMITMENTS:

Freestore Foodbank, Inc. leases office and warehouse space from Corwine Foundation, Inc. Under the lease agreements, which expire in June 2032, monthly lease payments were \$45,750 for the years ended June 30, 2022 and 2021. These transactions are eliminated upon the combination of the financial statements.

The Agency leases warehouse space under a lease that expires in December 2022. Rent expense for the warehouse was \$137,950 for the years ended June 30, 2022 and 2021. At June 30, 2022, future minimum lease payments are \$68,975 for fiscal year 2023.

### 14. REPRESENTATIVE PAYEE PROGRAM:

The Agency is appointed by the Social Security Administration to act as a representative payee. The Agency receives Social Security and/or SSI benefits for customers who cannot manage or cannot direct someone else to manage their money. The main responsibilities of a payee are to use the benefits to pay for the current and foreseeable needs of the beneficiary and properly save any benefits not needed to meet current needs. The Agency managed monthly receipts averaging \$541,338 and \$633,658 for the years ended June 30, 2022 and 2021, respectively.

**15. LIQUIDITY:**

The Agency is substantially supported by federal grants and food and product donations. The Agency also receives contributions with and without donor restrictions. Because some donor restrictions require resources to be used in a particular manner or in a future period, the Agency must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Agency'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. The Agency has a line of credit available to meet cash flow needs (Note 6). The following table presents the financial assets available to meet cash needs for general expenditures within one year at June 30:

	<u>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 9,213,668	14,789,343
Restricted cash	19,177,437	2,959,289
Accounts receivable	1,116,512	975,824
Current pledges receivable	5,155,284	5,312,061
Investments	<u>16,547,021</u>	<u>19,988,028</u>
Financial assets available at year-end	<u>51,209,922</u>	<u>44,024,545</u>
Less those unavailable for general expenditures within one year due to:		
Restricted cash – Representative Payee	815,073	1,180,402
Restricted cash – Cash held for others	2,121	153,639
Restricted cash – Loan reserve	17,830,920	-
Restricted cash – Facility maintenance reserve	529,323	1,625,248
Pledges receivable with purpose restriction	4,717,290	4,904,451
Donor restricted endowment	663,342	657,103
Assets with donor purpose restrictions	<u>22,983,503</u>	<u>12,891,627</u>
	<u>47,541,572</u>	<u>21,412,470</u>
Financial assets available to meet cash needs for general expenditures within one year	\$ <u>3,668,350</u>	<u>22,612,075</u>

**16. CONDITIONAL PROMISES TO GIVE:**

During the year ended June 30, 2022 and 2021, the Agency received conditional promises to give of approximately \$666,000 and \$912,000, respectively, related to reimbursement and matching grants with contract terms spanning multiple fiscal years. No amounts have been recognized during 2022 as the conditions have not been satisfied.

**17. CONTINGENCIES:**

During 2022, the Agency entered into a New Markets Tax Credit arrangement. The arrangement was used to finance construction costs of a new facility. As a requirement of the tax credit arrangement, the Agency created FG-GBH, LLC to hold and operate the new facility.

The Agency has provided repayment guarantees for construction loans used for the development of the property. The Agency has also provided construction completion guarantees. There are no significant completion delays in the current Agency development.

The Agency's maximum exposure to the guarantees is not determinable with any degree of accuracy, as determination of the ultimate amount is dependent upon the Agency's ability to oversee, manage and optimize cash flows of the above-mentioned project. Therefore, no amounts have been accrued for the commitments noted above as of June 30, 2022.

**18. RISKS AND UNCERTAINTIES:**

Management continues to monitor the impact of events happening nationally and internationally and how they impact the Agency's operations and financial performances. Management believes the increased food prices and high demand for rent/utility assistance will continue into fiscal year 2023. The Agency will continue to invest in stabilizing the community into the next fiscal year and beyond.

**19. NEW ACCOUNTING PRONOUNCEMENT:**

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of the lease commencement. Leases will be classified as either financing or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Agency's year ending June 30, 2023.

The Agency is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.



Freestore Foodbank, Inc. and Affiliates  
Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

Federal Grantor/Program Title	Assistance Listing Number	Pass-Through Agency	Expenditures
<b><u>U.S. Department of Agriculture:</u></b>			
Food Distribution Cluster:			
Commodity Supplemental Food Program	10.565	Ohio Department of Job & Family Services	\$ 330,287
Commodity Supplemental Food Program - Distributed Product	10.565	Ohio Department of Job & Family Services	2,684,646
Emergency Food Assistance Program (Administrative Costs)	10.568	Ohio Department of Job & Family Services	839,142
Emergency Food Assistance Program (Food Commodities)	10.569	Ohio Department of Job & Family Services	9,420,651
COVID-19 - Emergency Food Assistance Program (Administrative Costs)	10.568	Ohio Department of Job & Family Services	426,412
COVID-19 - Emergency Food Assistance Program (Distributed Product)	10.569	Ohio Department of Job & Family Services	4,783,302
Emergency Food Assistance Program (Administrative Costs)	10.568	Indiana State Department of Health	14,291
Emergency Food Assistance Program (Food Commodities)	10.569	Indiana State Department of Health	457,629
Commodity Supplemental Food Program	10.565	Indiana State Department of Health	7,137
Commodity Supplemental Food Program - Distributed Product	10.565	Indiana State Department of Health	89,515
COVID-19 - Emergency Food Assistance Program (Administrative Costs)	10.568	Indiana State Department of Health	70,401
COVID-19 - Emergency Food Assistance Program - Distributed Product	10.569	Indiana State Department of Health	261,221
			<u>19,384,634</u>
Trade Mitigation Program Eligible Recipient Agency Operational Funds Distributed Product	10.178	Ohio Department of Job & Family Services	188,079
Trade Mitigation Program Eligible Recipient Agency Operational Funds Distributed Product	10.178	Indiana State Department of Health	19,789
			<u>207,868</u>
Child and Adult Care Food Program	10.558	Ohio Department of Education	162,115
Summer Food Service Program for Children - Child Nutrition Cluster	10.559	Ohio Department of Education	77,096
Summer Food Service Program for Children - Child Nutrition Cluster	10.559	Kentucky Department of Education	3,610
			<u>80,706</u>
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program- SNAP Cluster	10.561	Ohio Association of Foodbanks	233,281
<b>Total U.S. Department of Agriculture</b>			<b><u>20,068,604</u></b>
<b><u>U.S. Department of Housing and Urban Development:</u></b>			
Community Development Block Grants/Entitlement Grants - CDBG Entitlement Grant cluster	14.218	City of Cincinnati, Ohio	213,601
Community Development Block Grants/Entitlement Grants - CDBG Entitlement Grant cluster	14.218	Hamilton County, Ohio	125,000
			<u>338,601</u>
COVID-19 - Emergency Solutions Grant Program (CARES)	14.231	Strategies to End Homelessness	104,274
<b>Total U.S. Department of Housing and Urban Development</b>			<b><u>442,875</u></b>
<b><u>U.S. Department of Treasury:</u></b>			
COVID-19 - Coronavirus Relief Fund	21.019	Ohio Association of Foodbanks	950,000
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	United Way of Greater Cincinnati	99,116
<b>Total U.S. Department of Treasury</b>			<b><u>1,049,116</u></b>
<b><u>U.S. Department of Health and Human Services:</u></b>			
Health Center Program - Health Center Program Cluster	93.224	Cincinnati Health Network	320,713
Cooperative Agreement to Support Navigators in Federally-Facilitated Exchanges	93.332	Ohio Association of Foodbanks	266,266
Temporary Assistance For Needy Families	93.558	Ohio Department of Job & Family Services	73,835
Temporary Assistance For Needy Families	93.558	Ohio Association of Foodbanks	393,345
Temporary Assistance For Needy Families- Food Commodities	93.558	Ohio Association of Foodbanks	9,437,506
			<u>9,904,686</u>
Social Services Block Grant (Administrative Costs)	93.667	Ohio Association of Foodbanks	32,789
Social Services Block Grant (Food Commodities)	93.667	Ohio Association of Foodbanks	929,962
			<u>962,751</u>
Mental Health Block Grant	93.958	Hamilton County Mental Health & Recovery Services Board	5,000
<b>Total U.S. Department of Health and Human Services</b>			<b><u>11,459,416</u></b>
<b><u>U.S. Department of Homeland Security:</u></b>			
Emergency Food and Shelter National Board Program	97.024	United Way of Greater Cincinnati	56,199
<b>Total U.S. Department of Homeland Security</b>			<u>56,199</u>
<b>Total expenditures of federal awards</b>			<b><u>\$ 33,076,210</u></b>

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS:**

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Freestore Foodbank, Inc. and Affiliates under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Freestore Foodbank, Inc. and Affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Freestore Foodbank, Inc. and Affiliates.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**NOTE C - INDIRECT COST RATE**

Freestore Foodbank, Inc. and Affiliates has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE D - DONATED COMMODITIES**

The amounts reported as commodities or distributed products represent federal commodities distributed through states to local agencies under the programs with Assistance Listing Numbers 10.178, 10.565, 10.569, 93.558 and 93.667. The amount of commodities on hand for these programs is \$2,911,133 at June 30, 2022.

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Board of Trustees  
Freestore Foodbank, Inc. and Affiliates:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the combined and consolidated financial statements of Freestore Foodbank, Inc. and Affiliates (a not-for-profit organization), which comprise the combined and consolidated statement of financial position as of June 30, 2022, and the related combined and consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the combined and consolidated financial statements, and have issued our report thereon dated September 20, 2022.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the combined and consolidated financial statements, we considered Freestore Foodbank, Inc. and Affiliates' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined and consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Freestore Foodbank, Inc. and Affiliates' internal control. Accordingly, we do not express an opinion on the effectiveness of Freestore Foodbank, Inc. and Affiliates' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Freestore Foodbank, Inc. and Affiliates' combined and consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the combined and consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
September 20, 2022

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Board of Trustees  
Freestore Foodbank, Inc. and Affiliates:

**Report on Compliance for Each Major Federal Program****Opinion on Each Major Federal Program**

We have audited Freestore Foodbank, Inc. and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Freestore Foodbank, Inc. and Affiliates' major federal programs for the year ended June 30, 2022. Freestore Foodbank, Inc. and Affiliates' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Freestore Foodbank, Inc. and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Freestore Foodbank, Inc. and Affiliates and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Freestore Foodbank, Inc. and Affiliates' compliance with the compliance requirements referred to above.

**Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Freestore Foodbank, Inc. and Affiliates' federal programs.

### **Auditors' Responsibility for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Freestore Foodbank, Inc. and Affiliates' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Freestore Foodbank, Inc. and Affiliates' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Freestore Foodbank, Inc. and Affiliates' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Freestore Foodbank, Inc. and Affiliates' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Freestore Foodbank, Inc. and Affiliates' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

### **Report on Internal Control over Compliance**

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibility for the Audit of Compliance Section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses as defined above. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Clark, Schaefer, Hackett & Co.*

Cincinnati, Ohio  
September 20, 2022

**Section I - Summary of Auditors' Results**  
**Financial Statements**

Type of report issued on financial statements:	unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	no
Significant deficiency(ies) identified not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

**Federal Awards**

Internal Control over major programs:	
Material weakness(es) identified?	no
Significant deficiency(ies) identified not considered to be material weaknesses?	no
Type of auditors' report issued on compliance for major programs:	unmodified
Any audit findings that are required to be reported in accordance with Uniform Guidance?	no

Identification of major programs:

*Food Distribution Cluster:*

Assistance Listing Number

10.565	Commodity Supplement Food Program
10.568	Emergency Food Assistance Program- Administrative Costs
10.569	Emergency Food Assistance Program - Food Commodities

Dollar threshold to distinguish between Type A and Type B Programs:	\$992,286
Auditee qualified as low-risk auditee?	yes

**Section II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None

Freestore Foodbank, Inc. and Affiliates  
Combining and Consolidating Statement of Financial Position  
June 30, 2022

	Freestore Foodbank, Inc.	FG-GBH LLC	Consolidated Total	FG-Hope Inc.	Corwine Foundation, Inc.	The Freestore Foodbank Foundation, Inc.	Combined Total
<b>Assets:</b>							
Current assets:							
Cash and cash equivalents	\$ 9,120,178	513	9,120,691	92,977	-	-	9,213,668
Restricted cash - Facility maintenance reserve	-	-	-	-	529,323	-	529,323
Cash held for others - Representative Payee	815,073	-	815,073	-	-	-	815,073
Cash held for others	2,121	-	2,121	-	-	-	2,121
Restricted cash - Loan reserves	4,000,178	13,830,742	17,830,920	-	-	-	17,830,920
Accounts receivable	1,116,512	-	1,116,512	-	-	-	1,116,512
Pledges receivable	5,082,682	-	5,082,682	-	-	72,602	5,155,284
Inventory	3,752,300	-	3,752,300	-	-	-	3,752,300
Prepaid expenses and other	239,656	-	239,656	-	11,496	-	251,152
Total current assets	<u>24,128,700</u>	<u>13,831,255</u>	<u>37,959,955</u>	<u>92,977</u>	<u>540,819</u>	<u>72,602</u>	<u>38,666,353</u>
Property and equipment:							
Land	-	4,772,479	4,772,479	-	1,337,230	-	6,109,709
Buildings and improvements	-	-	-	-	12,288,608	-	12,288,608
Furniture, fixtures and equipment	2,456,136	-	2,456,136	-	650,017	-	3,106,153
Construction in progress	-	13,981,306	13,981,306	-	-	-	13,981,306
Vehicles	<u>1,574,387</u>	<u>-</u>	<u>1,574,387</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,574,387</u>
	4,030,523	18,753,785	22,784,308	-	14,275,855	-	37,060,163
Less accumulated depreciation	<u>(2,533,661)</u>	<u>-</u>	<u>(2,533,661)</u>	<u>-</u>	<u>(6,835,866)</u>	<u>-</u>	<u>(9,369,527)</u>
Total property and equipment	<u>1,496,862</u>	<u>18,753,785</u>	<u>20,250,647</u>	<u>-</u>	<u>7,439,989</u>	<u>-</u>	<u>27,690,636</u>
Other assets:							
Investments	23,152	-	23,152	-	-	16,523,869	16,547,021
Beneficial interest in charitable trusts	229,537	-	229,537	-	-	990,534	1,220,071
Pledges receivable, net of current portion	5,531,719	-	5,531,719	-	-	730,573	6,262,292
Note receivable	-	-	-	17,804,100	-	-	17,804,100
Other	<u>31,423</u>	<u>-</u>	<u>31,423</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>36,423</u>
Total other assets	<u>5,815,831</u>	<u>-</u>	<u>5,815,831</u>	<u>17,804,100</u>	<u>5,000</u>	<u>18,244,976</u>	<u>41,869,907</u>
Total assets	<u>\$ 31,441,393</u>	<u>32,585,040</u>	<u>64,026,433</u>	<u>17,897,077</u>	<u>7,985,808</u>	<u>18,317,578</u>	<u>108,226,896</u>
<b>Liabilities and net assets:</b>							
Current liabilities:							
Accounts payable	\$ 635,442	1,711,916	2,347,358	-	-	-	2,347,358
Cash held for others - Representative Payee	815,073	-	815,073	-	-	-	815,073
Cash held for others	2,121	-	2,121	-	-	-	2,121
Accrued expenses	<u>1,438,864</u>	<u>-</u>	<u>1,438,864</u>	<u>-</u>	<u>-</u>	<u>12,734</u>	<u>1,451,598</u>
Total current liabilities	<u>2,891,500</u>	<u>1,711,916</u>	<u>4,603,416</u>	<u>-</u>	<u>-</u>	<u>12,734</u>	<u>4,616,150</u>
Long term debt	<u>7,163,266</u>	<u>23,475,000</u>	<u>30,638,266</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,638,266</u>
Total liabilities	<u>10,054,766</u>	<u>25,186,916</u>	<u>35,241,682</u>	<u>-</u>	<u>-</u>	<u>12,734</u>	<u>35,254,416</u>
Net assets:							
Without donor restrictions	(12,632,792)	7,398,124	(5,234,668)	17,897,077	7,985,808	15,847,793	36,496,010
With donor restrictions	<u>34,019,419</u>	<u>-</u>	<u>34,019,419</u>	<u>-</u>	<u>-</u>	<u>2,457,051</u>	<u>36,476,470</u>
Total net assets	<u>21,386,627</u>	<u>7,398,124</u>	<u>28,784,751</u>	<u>17,897,077</u>	<u>7,985,808</u>	<u>18,304,844</u>	<u>72,972,480</u>
Total liabilities and net assets	<u>\$ 31,441,393</u>	<u>32,585,040</u>	<u>64,026,433</u>	<u>17,897,077</u>	<u>7,985,808</u>	<u>18,317,578</u>	<u>108,226,896</u>

See independent auditors' report



Freestore Foodbank, Inc. and Affiliates  
Combining and Consolidating Statement of Activities  
Year Ended June 30, 2022

	Freestore Foodbank, Inc.			FG-GBH LLC	FG-Hope, Inc.	Corwine Foundation, Inc.	The Freestore Foodbank Foundation, Inc.			Total		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Public support:												
Contributions and grants	\$ 7,585,896	10,999,834	18,585,730	-	-	-	293,424	168,425	461,849	7,879,320	11,168,259	19,047,579
Government agencies	4,769,977	-	4,769,977	-	-	-	-	-	-	4,769,977	-	4,769,977
United Way/Community Chest	-	467,242	467,242	-	-	-	-	-	-	-	467,242	467,242
Change in interest in irrevocable trusts	-	(41,834)	(41,834)	-	-	-	-	(183,144)	(183,144)	-	(224,978)	(224,978)
	<u>12,355,873</u>	<u>11,425,242</u>	<u>23,781,115</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>293,424</u>	<u>(14,719)</u>	<u>278,705</u>	<u>12,649,297</u>	<u>11,410,523</u>	<u>24,059,820</u>
Revenues:												
Program services:												
Private organizations	123,584	-	123,584	-	-	-	-	-	-	123,584	-	123,584
Member agency fees/product resale	1,335,750	-	1,335,750	-	-	-	-	-	-	1,335,750	-	1,335,750
Client services - individuals	89,123	-	89,123	-	-	-	-	-	-	89,123	-	89,123
Social enterprises	18,161	-	18,161	-	-	-	-	-	-	18,161	-	18,161
Special events	1,360,434	-	1,360,434	-	-	-	-	-	-	1,360,434	-	1,360,434
In-kind goods and services:												
Advertising services	28,500	-	28,500	-	-	-	-	-	-	28,500	-	28,500
Foodbank donations - food and products	52,396,370	-	52,396,370	-	-	-	-	-	-	52,396,370	-	52,396,370
Investment return, net	(4,576)	-	(4,576)	-	-	-	(2,852,254)	(126,186)	(2,978,440)	(2,856,830)	(126,186)	(2,983,016)
Gain on disposal of property and equipment	300	-	300	-	-	-	-	-	-	300	-	300
Other	42,027	-	42,027	2,443	92,977	-	1,356	-	1,356	138,803	-	138,803
Intercompany:												
Rental revenue/(expense)	(548,998)	-	(548,998)	-	-	548,998	-	-	-	-	-	-
Donation to/(from)	(23,675,597)	-	(23,675,597)	8,506,169	17,804,100	(1,500,000)	(1,134,672)	-	(1,134,672)	-	-	-
Net assets released from restriction:												
Satisfaction of program and purpose restrictions	3,104,224	(3,104,224)	-	-	-	-	-	-	-	3,104,224	(3,104,224)	-
Satisfaction of time restrictions	2,892,119	(2,892,119)	-	-	-	-	267,600	(267,600)	-	3,159,719	(3,159,719)	-
	<u>37,161,421</u>	<u>(5,996,343)</u>	<u>31,165,078</u>	<u>8,508,612</u>	<u>17,897,077</u>	<u>(951,002)</u>	<u>(3,717,970)</u>	<u>(393,786)</u>	<u>(4,111,756)</u>	<u>58,898,138</u>	<u>(6,390,129)</u>	<u>52,508,009</u>
Total public support and revenues	<u>49,517,294</u>	<u>5,428,899</u>	<u>54,946,193</u>	<u>8,508,612</u>	<u>17,897,077</u>	<u>(951,002)</u>	<u>(3,424,546)</u>	<u>(408,505)</u>	<u>(3,833,051)</u>	<u>71,547,435</u>	<u>5,020,394</u>	<u>76,567,829</u>
Expenses:												
Client services	4,803,370	-	4,803,370	-	-	207,714	-	-	-	5,011,084	-	5,011,084
Workforce development	1,571,208	-	1,571,208	228,318	-	128,919	-	-	-	1,928,445	-	1,928,445
Foodbank:												
In-kind expenses	52,538,502	-	52,538,502	-	-	-	-	-	-	52,538,502	-	52,538,502
Supportive services	9,082,945	-	9,082,945	754,021	-	280,263	-	-	-	10,117,229	-	10,117,229
Social enterprises	24,760	-	24,760	-	-	-	-	-	-	24,760	-	24,760
Management and general	2,566,422	-	2,566,422	97,279	-	38,884	9,703	-	9,703	2,712,288	-	2,712,288
Fundraising	2,767,594	-	2,767,594	30,870	-	16,632	-	-	-	2,815,096	-	2,815,096
	<u>73,354,801</u>	<u>-</u>	<u>73,354,801</u>	<u>1,110,488</u>	<u>-</u>	<u>672,412</u>	<u>9,703</u>	<u>-</u>	<u>9,703</u>	<u>75,147,404</u>	<u>-</u>	<u>75,147,404</u>
Change in net assets	(23,837,507)	5,428,899	(18,408,608)	7,398,124	17,897,077	(1,623,414)	(3,434,249)	(408,505)	(3,842,754)	(3,599,969)	5,020,394	1,420,425
Net assets at beginning of year	11,204,715	28,590,520	39,795,235	-	-	9,609,222	19,282,042	2,865,556	22,147,598	40,095,979	31,456,076	71,552,055
Net assets (deficit) at end of year	\$ (12,632,792)	34,019,419	21,386,627	7,398,124	17,897,077	7,985,808	15,847,793	2,457,051	18,304,844	36,496,010	36,476,470	72,972,480

See independent auditors' report.

