



**THE FOOD BANK FOR CENTRAL AND NORTHEAST  
MISSOURI**

**FINANCIAL STATEMENTS**

For the years ended December 31, 2022 and 2021





## INDEPENDENT AUDITORS' REPORT

To the Board of Directors

### THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the accompanying financial statements of The Food Bank for Central and Northeast Missouri (the "Organization") which comprise the statements of financial position as of December 31, 2022 and 2021 and the related statements of activities and 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 accompanying financial statements present fairly, in all material respects, the financial position of The Food Bank for Central and Northeast Missouri as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

##### *Basis for Opinion*

We conducted our audits in accordance with auditing standards generally accepted in the United States of America ("GAAS"). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### *Change in Accounting Principle*

As discussed in Note 1 to the financial statements, the Organization changed its method of accounting for leases as a result of the adoption of Accounting Standards Codification Topic 842, *Leases*, effective January 1, 2022, under the modified retrospective transition method. Our opinion is not modified with respect to this matter.

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

Management is responsible for the preparation and fair presentation of the 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 the Organization's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

##### *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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

*Mayer Hoffman McCann P.C.*

Kansas City, Missouri  
July 25, 2023

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI**

**STATEMENTS OF FINANCIAL POSITION**

December 31, 2022 and 2021

|  | <u>2022</u>          | <u>2021</u>          |
|--|----------------------|----------------------|
| <b><u>ASSETS</u></b>   |                      |                      |
| CURRENT ASSETS   |                      |                      |
| Cash and restricted cash   | \$ 5,789,946         | \$ 6,431,457         |
| Cash - quasi-endowment   | 250,629              | 258,973              |
| Contributions receivable   | 777,945              | 2,013,271            |
| Inventory  | 2,669,285            | 2,271,734            |
| Prepaid expenses and other assets  | 187,208              | 141,360              |
| TOTAL CURRENT ASSETS   | <u>9,675,013</u>     | <u>11,116,795</u>    |
| CONTRIBUTIONS RECEIVABLE, less<br>current portion, net of unamortized discount | 217,678              | -                    |
| PROPERTY AND EQUIPMENT, at cost, less accumulated depreciation                 | 7,748,892            | 7,477,164            |
| RIGHT OF USE ASSETS - OPERATING LEASES   | 724,633              | -                    |
| INVESTMENTS  | 2,911,122            | 2,227,453            |
| INVESTMENTS - QUASI-ENDOWMENT  | 1,376,215            | 1,552,454            |
| TOTAL ASSETS   | <u>\$ 22,653,553</u> | <u>\$ 22,373,866</u> |
| <b><u>LIABILITIES</u></b>  |                      |                      |
| CURRENT LIABILITIES  |                      |                      |
| Accounts payable   | \$ 742,480           | \$ 273,238           |
| Accrued expenses   | 365,893              | 364,558              |
| Current portion of operating lease liabilities                                 | 18,000               | -                    |
| Refundable advance   | 822,298              | 1,138,266            |
| TOTAL CURRENT LIABILITIES  | <u>1,948,671</u>     | <u>1,776,062</u>     |
| OPERATING LEASE LIABILITIES  | 706,633              | -                    |
| LONG-TERM DEBT   | 19,000               | 19,000               |
| TOTAL LIABILITIES  | <u>2,674,304</u>     | <u>1,795,062</u>     |
| <b><u>NET ASSETS</u></b>   |                      |                      |
| NET ASSETS WITHOUT DONOR RESTRICTIONS  |                      |                      |
| Undesignated   | 13,175,966           | 15,214,163           |
| Operating reserve  | 3,159,779            | 2,525,744            |
| Board designated - quasi-endowment   | 1,626,844            | 1,811,427            |
| Total foodbank   | <u>17,962,589</u>    | <u>19,551,334</u>    |
| Contributed food   | -                    | -                    |
| TOTAL NET ASSETS WITHOUT DONOR RESTRICTIONS                                    | <u>17,962,589</u>    | <u>19,551,334</u>    |
| NET ASSETS WITH DONOR RESTRICTIONS   | 2,016,660            | 1,027,470            |
| TOTAL NET ASSETS   | <u>19,979,249</u>    | <u>20,578,804</u>    |
| TOTAL LIABILITIES AND NET ASSETS   | <u>\$ 22,653,553</u> | <u>\$ 22,373,866</u> |

See Notes to Financial Statements

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI**  
**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

For the Years December 31, 2022 and 2021

|   | <b>2022</b>          | <b>2021</b>          |
|---|----------------------|----------------------|
| <b><u>NET ASSETS WITHOUT DONOR RESTRICTIONS</u></b>         |                      |                      |
| <b>OPERATING SUPPORT AND REVENUE</b>                        |                      |                      |
| Contributions   | \$ 8,041,756         | \$ 10,984,657        |
| Contributed food received                                   | 46,281,541           | 43,798,788           |
| Contributed non-financial assets                            | 722,696              | 416,306              |
| Handling fees and other revenues                            | 65,180               | 113,329              |
| Other income  | 123,433              | 85,327               |
| Net assets released from restriction                        | 141,554              | -                    |
| <b>TOTAL OPERATING SUPPORT AND REVENUE</b>                  | <b>55,376,160</b>    | <b>55,398,407</b>    |
| <b>EXPENSES</b>   |                      |                      |
| Food distribution   | 51,425,409           | 49,495,507           |
| Food pantry   | 621,815              | 480,163              |
| Children's programs   | 1,382,903            | 1,764,681            |
| Management and general                                      | 842,096              | 709,916              |
| Fund development  | 1,483,542            | 1,255,806            |
| <b>TOTAL EXPENSES</b>                                       | <b>55,755,765</b>    | <b>53,706,073</b>    |
| <b>CHANGES IN NET ASSETS BEFORE OTHER INCOME (EXPENSES)</b> | <b>(379,605)</b>     | <b>1,692,334</b>     |
| <b>OTHER INCOME (EXPENSE)</b>                               |                      |                      |
| Investment (loss) income, net                               | (666,136)            | 290,853              |
| Depreciation expense  | (541,332)            | (640,878)            |
| Gain on forgiveness of Paycheck Protection Program          | -                    | 611,500              |
| (Loss) gain on disposal of assets                           | (1,672)              | 12,429               |
| <b>TOTAL OTHER INCOME</b>                                   | <b>(1,209,140)</b>   | <b>273,904</b>       |
| <b>CHANGES IN NET ASSETS WITHOUT RESTRICTIONS</b>           | <b>(1,588,745)</b>   | <b>1,966,238</b>     |
| <b><u>NET ASSETS WITH DONOR RESTRICTIONS</u></b>            |                      |                      |
| Contributions   | 1,130,744            | 1,027,470            |
| Net assets released from restriction                        | (141,554)            | -                    |
| <b>CHANGES IN NET ASSETS WITH RESTRICTIONS</b>              | <b>989,190</b>       | <b>1,027,470</b>     |
| <b>CHANGES IN NET ASSETS</b>                                | <b>(599,555)</b>     | <b>2,993,708</b>     |
| <b>NET ASSETS, BEGINNING OF YEAR</b>                        | <b>20,578,804</b>    | <b>17,585,096</b>    |
| <b>NET ASSETS, END OF YEAR</b>                              | <b>\$ 19,979,249</b> | <b>\$ 20,578,804</b> |

See Notes to Financial Statements

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2022

|  | <b>Food<br/>Distribution</b> | <b>Food<br/>Pantry</b> | <b>Children's<br/>Programs</b> | <b>Total Program<br/>Services</b> | <b>Management<br/>and General</b> | <b>Fund<br/>Development</b> | <b>Total</b>         |
|--|------------------------------|------------------------|--------------------------------|-----------------------------------|-----------------------------------|-----------------------------|----------------------|
| Personnel  | \$ 2,206,113                 | 444,313                | 176,932                        | \$ 2,827,358                      | \$ 593,821                        | 432,226                     | \$ 3,853,405         |
| Food distributed   | 3,757,001                    | 1,450                  | 933,420                        | 4,691,871                         | -                                 | -                           | 4,691,871            |
| Professional Fees  | 8,728                        | 1,105                  | 105                            | 9,938                             | 70,133                            | 2,125                       | 82,196               |
| Supplies   | 261,824                      | 8,811                  | 2,251                          | 272,886                           | 23,129                            | 189,949                     | 485,964              |
| Occupancy  | 120,439                      | 76,876                 | 4,854                          | 202,169                           | 17,159                            | 18,556                      | 237,884              |
| Equipment  | 77,263                       | 19,443                 | -                              | 96,706                            | 6,512                             | 29,076                      | 132,294              |
| Printing and Publications  | 14,385                       | 4,717                  | 47                             | 19,149                            | 14,125                            | 751,559                     | 784,833              |
| Meetings   | 13,147                       | 414                    | -                              | 13,561                            | 10,987                            | -                           | 24,548               |
| Dues   | 77,177                       | 1,087                  | -                              | 78,264                            | 70,011                            | 1,482                       | 149,757              |
| Insurance  | 58,063                       | 28,437                 | 265                            | 86,765                            | 13,390                            | 8,871                       | 109,026              |
| Fleet Maintenance  | 287,507                      | 8,988                  | 220                            | 296,715                           | 991                               | 294                         | 298,000              |
| Miscellaneous expense  | 33,524                       | 26,174                 | 3,913                          | 63,611                            | 21,838                            | 49,404                      | 134,853              |
| Expenses before depreciation<br>and contributed food distributed | 6,915,171                    | 621,815                | 1,122,007                      | 8,658,993                         | 842,096                           | 1,483,542                   | 10,984,631           |
| Depreciation expense   | 344,130                      | 129,498                | -                              | 473,628                           | 33,852                            | 33,852                      | 541,332              |
| Contributed food distributed                                     | 44,510,238                   | -                      | 260,896                        | 44,771,134                        | -                                 | -                           | 44,771,134           |
| <b>TOTAL EXPENSES</b>  | <b>\$ 51,769,539</b>         | <b>\$ 751,313</b>      | <b>\$ 1,382,903</b>            | <b>\$ 53,903,755</b>              | <b>\$ 875,948</b>                 | <b>\$ 1,517,394</b>         | <b>\$ 56,297,097</b> |
| Percentage of total expenses                                     | 91.96%                       | 1.33%                  | 2.45%                          | 95.74%                            | 1.56%                             | 2.70%                       | 100.00%              |

See Notes to Financial Statements

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI**

**STATEMENT OF FUNCTIONAL EXPENSES**

For the Year Ended December 31, 2021

|  | <u>Food<br/>Distribution</u> | <u>Food<br/>Pantry</u> | <u>Children's<br/>Programs</u> | <u>Total Program<br/>Services</u> | <u>Management<br/>and General</u> | <u>Fund<br/>Development</u> | <u>Total</u>         |
|--|------------------------------|------------------------|--------------------------------|-----------------------------------|-----------------------------------|-----------------------------|----------------------|
| Personnel  | \$ 1,663,153                 | \$ 380,988             | \$ 350,850                     | \$ 2,394,991                      | \$ 551,943                        | \$ 601,014                  | \$ 3,547,948         |
| Food distributed   | 3,598,476                    | 1,522                  | 998,873                        | 4,598,871                         | -                                 | 113                         | 4,598,984            |
| Professional Fees  | 8,534                        | 1,411                  | 1,280                          | 11,225                            | 13,258                            | 3,119                       | 27,602               |
| Supplies   | 153,858                      | 8,602                  | 1,645                          | 164,105                           | 14,719                            | 138,852                     | 317,676              |
| Occupancy  | 102,987                      | 44,862                 | 165,479                        | 313,328                           | 16,501                            | 16,480                      | 346,309              |
| Equipment  | 77,600                       | 7,987                  | 2,058                          | 87,645                            | 5,333                             | 20,008                      | 112,986              |
| Printing and Publications  | 7,460                        | 448                    | 1,006                          | 8,914                             | 11,518                            | 400,956                     | 421,388              |
| Meetings   | 6,338                        | 685                    | 60                             | 7,083                             | 3,299                             | 742                         | 11,124               |
| Dues   | 120,896                      | 1,040                  | 431                            | 122,367                           | 68,294                            | 4,693                       | 195,354              |
| Insurance  | 39,766                       | 19,209                 | 5,964                          | 64,939                            | 16,584                            | 14,116                      | 95,639               |
| Fleet Maintenance  | 189,681                      | 12,102                 | 172                            | 201,955                           | 218                               | 4,837                       | 207,010              |
| Miscellaneous expense  | 25,703                       | 1,307                  | 4,069                          | 31,079                            | 8,249                             | 50,876                      | 90,204               |
| Expenses before depreciation<br>and contributed food distributed | 5,994,452                    | 480,163                | 1,531,887                      | 8,006,502                         | 709,916                           | 1,255,806                   | 9,972,224            |
| Depreciation expense   | 457,720                      | 115,994                | 628                            | 574,341                           | 33,186                            | 33,351                      | 640,878              |
| Contributed food distributed                                     | 43,501,055                   | -                      | 232,794                        | 43,733,849                        | -                                 | -                           | 43,733,849           |
| <b>TOTAL EXPENSES</b>  | <u>\$ 49,953,227</u>         | <u>\$ 596,157</u>      | <u>\$ 1,765,309</u>            | <u>\$ 52,314,692</u>              | <u>\$ 743,102</u>                 | <u>\$ 1,289,157</u>         | <u>\$ 54,346,951</u> |
| Percentage of total expenses                                     | <u>91.92%</u>                | <u>1.10%</u>           | <u>3.24%</u>                   | <u>96.26%</u>                     | <u>1.37%</u>                      | <u>2.37%</u>                | <u>100.00%</u>       |

See Notes to Financial Statements

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI**

**STATEMENTS OF CASH FLOWS**

For the Years December 31, 2022 and 2021

|  | <b>2022</b>         | <b>2021</b>         |
|--|---------------------|---------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>  |                     |                     |
| Changes in net assets  | \$ (599,555)        | \$ 2,993,708        |
| Adjustments to reconcile change in net assets to net cash flows from operating activities: |                     |                     |
| Net contributed food activity  | (1,510,407)         | (12,550)            |
| Loss (gain) on disposal of assets  | 1,672               | (12,429)            |
| Realized and unrealized loss (gain) on investments   | 740,409             | (245,964)           |
| Depreciation   | 541,332             | 640,878             |
| Amortization of right to use asset - operating leases                                      | 15,259              | -                   |
| Increase in discount on long-term promises to give   | (22,322)            | -                   |
| Forgiveness of Paycheck Protection Program loan  | -                   | (611,500)           |
| Change in operating assets:  |                     |                     |
| Contributions receivable   | 566,098             | (1,654,316)         |
| Inventory  | 1,112,856           | 908,044             |
| Prepaid expenses and other assets  | (45,848)            | 544,733             |
| Change in operating liabilities:   |                     |                     |
| Accounts payable   | 476,667             | (3,241)             |
| Accrued expenses   | 1,335               | 105,487             |
| Deferred revenue   | (315,968)           | (116,500)           |
| Operating lease liabilities  | (15,259)            | -                   |
| <b>NET CASH FLOWS FROM OPERATING ACTIVITIES</b>  | <b>946,269</b>      | <b>2,536,350</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>  |                     |                     |
| Proceeds from sale of investments  | 1,972,586           | 474,962             |
| Purchases of investments   | (3,220,425)         | (502,491)           |
| Acquisition of property and equipment  | (814,732)           | (1,943,059)         |
| Proceeds from sale of property and equipment   | -                   | 12,749              |
| <b>NET CASH FLOWS FROM INVESTING ACTIVITIES</b>  | <b>(2,062,571)</b>  | <b>(1,957,839)</b>  |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>  |                     |                     |
| Receipts to finance long-term capital improvements   | 473,872             | 1,025,995           |
| Repayment of accounts payable used to finance property and equipment                       | (7,425)             | -                   |
| <b>NET CASH FLOWS FROM FINANCING ACTIVITIES</b>  | <b>466,447</b>      | <b>1,025,995</b>    |
| <b>NET CHANGES IN CASH AND RESTRICTED CASH</b>   | <b>(649,855)</b>    | <b>1,604,506</b>    |
| <b>CASH AND RESTRICTED CASH, BEGINNING OF YEAR</b>   | <b>6,690,430</b>    | <b>5,085,924</b>    |
| <b>CASH AND RESTRICTED CASH, END OF YEAR</b>   | <b>\$ 6,040,575</b> | <b>\$ 6,690,430</b> |
| <b>Cash and restricted cash per the statement of financial position</b>                    |                     |                     |
| Cash   | \$ 4,433,287        | \$ 5,403,987        |
| Restricted cash  | 1,356,659           | 1,027,470           |
| Quasi-endowment  | 250,629             | 258,973             |
| <b>Total cash and restricted cash</b>  | <b>\$ 6,040,575</b> | <b>\$ 6,690,430</b> |

See Notes to Financial Statements



# THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### (1) Summary of significant accounting policies

**Organization** - The Food Bank for Central and Northeast Missouri, Inc. (the "Organization") was formed in September 1981. It is a regional disaster and hunger relief network that acquires and distributes millions of pounds of donated food annually. The Organization is a centralized food collection and distribution facility that provides food and household products to agencies serving people in need in a 32 county area. Its mission is to help and feed people in need. The Organization distributes food to/for various entities and programs, as follows:

|                                  |                        |                       |
|----------------------------------|------------------------|-----------------------|
| Soup Kitchens                    | Rehabilitation Centers | Veterans Pack Program |
| Food Pantries                    | Children's Programs    | Other Food Banks      |
| Shelters for Homeless and Abused | Senior Programs        |                       |

**Basis of presentation** - The Organization's financial statements are prepared on the accrual basis of accounting. Balances and transactions are presented in accordance with the existence or absence of donor-imposed restrictions.

**Cash** - Cash consists of available cash balances on deposit at financial institutions. At times, the Organization maintains deposits in financial institutions in excess of federally insured limits. At December 31, 2022 and 2021 the Organization's uninsured balances totaled \$5,373,215 and \$5,864,853, respectively. The Organization has not experienced any losses in such accounts and management believes the risk of loss is negligible.

**Restricted cash** - Amounts included in restricted cash represent those funds required to be set aside by donor restriction. These restricted cash amounts are reflected as assets on the statements of financial position and as net assets with donor restrictions. The restriction will lapse when the Organization's donor restrictions are satisfied.

**Contributions receivable** - Contributions receivable balances result from government reimbursements and other contributions. On a periodic basis, the Organization evaluates receivables and establishes an allowance based on history, past write-offs, collections, and current economic conditions. Receivables are written off when it is determined that all collection efforts have been exhausted.

**Inventory** - Contributed food is valued on a first-in, first-out basis using a weighted average wholesale price per pound as determined by the Feeding America national food bank network. For the years ended December 31, 2022 and 2021 contributed food from governmental sources was valued at \$1.92 and \$1.79, respectively. Purchased food is valued on a first-in, first-out basis.

**Property and equipment** - Expenditures for property, buildings, and equipment over \$1,000, which have a useful life of one year or more are capitalized at cost. The cost of normal maintenance and repairs that do not add to the value of the asset nor materially extend the asset's life are not capitalized. Assets are depreciated over their estimated useful lives using the straight-line method. Donations of property, buildings, and equipment are recorded as contributions at their estimated fair value as of the date received, and are reported as contributions without restrictions unless the donor has restricted the donated asset to a specified purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment and other long-term assets are reported when these assets are placed in service. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished).

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI

NOTES TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies (continued)**

Property, buildings, and equipment are reported at historical cost, net of accumulated depreciation. Donated assets are recorded at estimated fair value at the date of donation. Property, buildings, and equipment are depreciated using the straight-line method, as follows:

| <b><u>Assets</u></b>    | <b><u>Estimated Useful Lives</u></b> |
|-------------------------|--------------------------------------|
| Buildings               | 5 - 40 years                         |
| Improvements            | 7 - 30 years                         |
| Furniture and equipment | 3 - 15 years                         |
| Automotive equipment    | 5 years                              |
| Computer Software       | 3 years                              |

**Investments** - Investments consisting of equity funds, international funds, fixed income funds, and alternative investment funds are recorded at their aggregate fair value. Investment return is reported in the statements of activities and changes in net asset and consists of interest and dividend income, realized and unrealized gains and losses, less external and direct internal investment expenses.

**Fair value measurements** - The Organization measures financial assets and liabilities at fair value in accordance with ASC 820-10, *Fair Value Measurements and Disclosures*. Fair value measurements involve various valuation techniques and assume that the transaction would occur between market participants in the most advantageous market for the Organization. ASC 820-10 establishes a fair value hierarchy and prioritizes the valuation techniques used to measure fair value into three tiers and gives the highest priority to observable inputs such as quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The maximization of observable inputs and the minimization of the use of unobservable inputs are required. Classification within the fair value hierarchy is based upon the objectivity of the inputs that are significant to the valuation of an asset or liability as of the measurement date.

The three levels within the fair value hierarchy are characterized as follows:

*Level 1* - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date.

*Level 2* - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; inputs other than quoted prices that are observable for the asset or liability; and inputs that are derived principally from or corroborated by observable market data by correlation or other means.

*Level 3* - Unobservable inputs for the asset or liability for which there is little, if any, market activity for the asset or liability at the measurement date. Unobservable inputs reflect the Organization's own assumptions about what market participants would use to price the asset or liability. These inputs may include internally developed pricing models, discounted cash flow methodologies, as well as instruments for which the fair value determination requires significant management judgment.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy and is based on the lowest level of input that is significant to the fair value measurement.

# THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### (1) Summary of significant accounting policies (continued)

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value.

**Refundable advance** - The Organization is the recipient of grants and contributions which require expenditures for specified activities before it is reimbursed for the cost incurred. In these cases, refundable advances are recorded in accordance with ASC Topic 958, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Under this guidance, the amounts received in excess of amounts spent on reimbursable costs is reported as a refundable advance.

**Net asset classifications** - Net assets are presented in two net asset classes: those without donor restrictions and with donor restrictions. These categories allow for the presentation and use of resources consistent with the array of stipulations that donors impose over the use of funds from contributions and pledges. The categories are defined as follows:

*Net assets without donor restrictions* - All contributions and grants are considered to be available for use unless specifically restricted by the donor. Net assets without donor restrictions may be designated for specific purposes by action of the Organization's Board of Trustee. The Board and management have designated certain investments to be used for an operating reserve and a quasi-endowment, to fund future operational needs withdrawals and on an as-needed basis with Board approval.

*Net assets with donor restrictions* - These net assets are subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature that may or will be met, either by the passage of time or the events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that the resources be maintained in perpetuity.

**Revenue recognition** - All contribution and grant revenue is recognized in accordance with Topic 958, *Not-for-Profit Entities, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. Under this guidance all contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor are reported as restricted contributions and increase net assets with donor restrictions.

Contributions other than cash, including unconditional promises to give and donated materials with clearly measurable bases, are recorded at their estimated fair value at the date of receipt. Revenue from fees and grants from government agencies are recognized as they are earned through expenditure in accordance with the agreement. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met. The Organization received cost-reimbursable grants of \$415,000 and \$410,000 for which no funding has been received at December 31, 2022 and 2021, respectively, as qualifying expenditures have not yet been incurred.

Revenue from contributed food received, as well as the related food distributed expense and the contributed food inventory accounts, are computed by valuing the Organization's respective pounds of food at a weighted average wholesale price per pound as determined by the Feeding America national food bank network. The Organization treats non-federal contributed food as contributions without donor restrictions.

## THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI

### NOTES TO FINANCIAL STATEMENTS

#### (1) Summary of significant accounting policies (continued)

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place.

Revenue from contracts is recognized in accordance with ASC Topic 606, *Revenue from Contracts with Customers*. Revenue recognition is based on the five-step model: (i) identify the contract with the customer; (ii) identify the performance obligation in the contract; (iii) determine the contract price; (iv) allocate the transaction price; and (v) recognize revenue (or as) each performance obligation is satisfied. If it is determined that a contract with an enforceable right and obligation does not exist, revenues are deferred until all criteria for an enforceable contract are met.

Revenues from program service fees (handling fees) are recognized as earned from member agencies who receive food. The Organization applies the right to invoice practical expedient to contract revenue, and recognizes revenue as invoiced, since the Organization's right to payment is for an amount that corresponds directly with the value provided to customers based on the Organization's performance to-date.

**Contributions of non-financial assets** - The Organization implemented Accounting Standards Update ("ASU") 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* is effective January 1, 2022. There was no cumulative-effect adjustments to beginning net assets for the year ended December 31, 2022 on the statements of financial position. The ASU requires an organization to present contributed nonfinancial assets as a separate line item in the statements of activities and changes in net assets, apart from contributions of cash and other financial assets. Additionally, the ASU requires an organization to disclose the amount received by category, the type of contributed nonfinancial assets received, and for each category provided qualitative information regarding the monetization or utilization during the reporting period. Nonfinancial assets, which are described below, are reflected as in-kind contributions at their estimated fair value.

- Donated food - The Organization received contributed food totaling \$40,056,921 and \$34,507,450 for the years ended December 31, 2022 and 2021, respectively, from non-federal sources. Contributed food is valued using a weighted average wholesale price per pound as determined by the Feeding America Product Valuation Methodology Survey.
- Freight and Shipping costs - The Organization received \$148,282 and \$152,800 for the years December 31, 2022 and 2021 respectively. Donated freight and shipping costs are valued based on estimated prices of identical or similar products considering the condition and utility for use by the Organization.
- Operational support - The Organization received \$240,238 and \$136,961 for the years ended December 31, 2022 and 2021, respectively, for donated rent, repairs, equipment, and software which were utilized in the operations of the Organization.
- Advertising - The Organization received \$334,176 and \$126,545 for the years ended December 31, 2022 and 2021, respectively, for donated advertising and marketing used in the operations of the Organization. Donated advertising and marketing costs are valued based on estimated prices of identical or similar products considering the condition and utility for use by the Organization.

A substantial number of volunteers have donated thousands of hours during the years ended December 31, 2022 and 2021, which do not meet the requirements of the Not-For-Profit Topic of the FASB Accounting Standards Codification ("ASC") related to revenue recognition of contributions received and, accordingly, are not recorded in these consolidated financial statements.

# THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI

## NOTES TO FINANCIAL STATEMENTS

### (1) Summary of significant accounting policies (continued)

**Functional expenses** - The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and change in net assets. Certain costs have been allocated among the programs and supporting services benefited as depicted in the accompanying statements of functional expenses. Expenses that can be identified with a specific program and support are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated by management's estimate of resources devoted to the programs or support source. Specifically, those costs are allocated by department, a full time equivalent measure, or by square footage. Direct benefit to donor costs have been included in fund development costs on the statements of functional expenses as the associated costs are not material in relation to the financial statements taken as a whole.

**Income taxes** - The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision has been made for federal and state income taxes.

The Organization's present accounting policy for the evaluation of uncertain tax positions is to review those positions on an annual basis. A liability would be recorded in the financial statements during the period which, based on all available evidence, it is more likely than not that the tax position would not be sustained upon examination by taxing authorities and the liability would be incurred by the Organization. No accrual has been recorded at December 31, 2022 and 2021, as management does not believe any material uncertainties exist.

**Use of estimates** - The preparation of financial statements in conformity with generally accepted accounting principles in the United States 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Reclassifications** - Certain items in in the December 31, 2021 financial statements have been reclassified to conform to the December 31, 2022 presentation. There was no impact to the changes in net assets from these reclassifications.

**Adoption of new lease standard** - The Organization implemented Accounting Standards Update ("ASU") 2016-02, *Leases* ("Topic 842") effective January 1, 2022. The Organization elected the short-term lease exception provided for in Topic 842; therefore, the Organization only recognizes right-of-use assets and lease liabilities for leases with a term greater than one year. The Organization elected the package of practical expedients to not re-evaluate existing contracts as containing a lease or the lease classification. In addition, the Organization did not reassess initial direct costs for any existing leases. The Organization has elected the practical expedient to not separate non-lease components from lease components. The practical expedient was elected to utilize the risk-free rate for the remaining term of the lease as of the date of adoption. The Organization determines whether an arrangement is a lease at lease inception.

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**(2) Contributions receivable**

Contributions receivable that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using interest rates applicable to the years in which the promises are received. The discount rate used in valuing unconditional promises to give was 3.99% for the years ended December 31, 2022 and 2021. Amortization of the discounts is included in contributions revenue.

|                              | <b>2022</b> | <b>2021</b>  |
|------------------------------|-------------|--------------|
| Contributions receivable     | \$ 184,073  | \$ 1,824,102 |
| Promises to give             | 833,872     | 189,169      |
| Less: unamortized discount   | (22,322)    | -            |
| Net contributions receivable | \$ 995,623  | \$ 2,013,271 |

Amounts due in the years ended December 31:

|                                |              |
|--------------------------------|--------------|
| 2023                           | \$ 777,945   |
| 2024                           | 120,000      |
| 2025                           | 120,000      |
| Total contributions receivable | \$ 1,017,945 |

**(3) Inventory**

Total food inventory consisted of 1,627,710 and 1,493,293 pounds of donated, purchased, or contributed from the State through the USDA at December 31, 2022 and 2021, respectively. The value of the year-end inventory was as follows:

|                                       |              |              |
|---------------------------------------|--------------|--------------|
| Governmental programs                 |              |              |
| The Emergency Food Assistance Program | \$ 293,297   | \$ 911,033   |
| Commodity supplemental food program   | 532,630      | 227,237      |
| Donated food                          | 1,668,631    | 960,911      |
| Purchased food                        | 174,727      | 172,553      |
| Total inventory                       | \$ 2,669,285 | \$ 2,271,734 |

The Organization is recognized by the USDA as an Emergency Feeding Organization (EFO). This designation enables the Organization to act as a distributor of food donated by the USDA and consigned by the Division of Family Services of the State of Missouri's Department of Social Services and the Department of Health and Senior Services. The Organization is responsible for storing, handling, and distributing the donated food to needy persons. Primary recipients of the food were soup kitchens and food pantries.

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**(4) Property and equipment**

|                                | <u>2022</u>         | <u>2021</u>         |
|--------------------------------|---------------------|---------------------|
| Cost                           |                     |                     |
| Land                           | \$ 324,124          | \$ 324,124          |
| Building                       | 5,568,944           | 5,568,944           |
| Building improvements          | 3,600,958           | 3,563,047           |
| Automotive equipment           | 2,125,011           | 2,051,588           |
| Furniture and equipment        | 1,246,498           | 1,235,167           |
| Computer software              | 77,502              | 77,502              |
| Construction in progress       | 685,363             | -                   |
| Total cost                     | <u>13,628,400</u>   | <u>12,820,372</u>   |
| Less: Accumulated depreciation | <u>5,879,508</u>    | <u>5,343,208</u>    |
| Net property and equipment     | <u>\$ 7,748,892</u> | <u>\$ 7,477,164</u> |

Depreciation expense charged to operations for the years ended December 31, 2022 and 2021 was \$541,332 and \$640,878, respectively.

**(5) Investments**

Investments are comprised of the following:

|                              | <u>2022</u>         | <u>2021</u>         |
|------------------------------|---------------------|---------------------|
| Equity funds                 | \$ 1,675,088        | \$ 1,448,700        |
| International funds          | -                   | 344,665             |
| Fixed income funds           | 2,385,209           | 1,805,058           |
| Alternative investment funds | 227,040             | 181,484             |
| Total investments            | <u>\$ 4,287,337</u> | <u>\$ 3,779,907</u> |

Investment return is comprised of the following:

|                              | <u>2022</u>         | <u>2021</u>       |
|------------------------------|---------------------|-------------------|
| Interest and dividend income | \$ 100,480          | \$ 67,811         |
| Investment fees              | (26,207)            | (22,922)          |
| Unrealized (loss) gain       | (729,572)           | (35,831)          |
| Realized (loss) gain         | (10,837)            | 281,795           |
| Total investment return      | <u>\$ (666,136)</u> | <u>\$ 290,853</u> |

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**(5) Investments (continued)**

The Organization endeavors to utilize the best available information in measuring fair value. The fair values of the Organization's investments can be determined using the following valuation methods as of December 31, 2022 and 2021:

|                              | <b>December 31, 2022</b> |                     |                |                |
|------------------------------|--------------------------|---------------------|----------------|----------------|
|                              | <b>Fair Value</b>        | <b>Level 1</b>      | <b>Level 2</b> | <b>Level 3</b> |
| Equity funds                 | \$ 1,675,088             | \$ 1,675,088        | \$ -           | \$ -           |
| Fixed income funds           | 2,385,209                | 2,385,209           | -              | -              |
| Alternative investment funds | 227,040                  | 227,040             | -              | -              |
|                              | <b>\$ 4,287,337</b>      | <b>\$ 4,287,337</b> | <b>\$ -</b>    | <b>\$ -</b>    |

|                              | <b>December 31, 2021</b> |                     |                |                |
|------------------------------|--------------------------|---------------------|----------------|----------------|
|                              | <b>Fair Value</b>        | <b>Level 1</b>      | <b>Level 2</b> | <b>Level 3</b> |
| Equity funds                 | \$ 1,448,700             | \$ 1,448,700        | \$ -           | \$ -           |
| International funds          | 344,665                  | 344,665             | -              | -              |
| Fixed income funds           | 1,805,058                | 1,805,058           | -              | -              |
| Alternative investment funds | 181,484                  | 181,484             | -              | -              |
|                              | <b>\$ 3,779,907</b>      | <b>\$ 3,779,907</b> | <b>\$ -</b>    | <b>\$ -</b>    |

**(6) Refundable advances**

At December 31, 2022 and 2021 food products valued at \$822,298 and \$1,138,266, respectively, were received in relation to federal grants where a barrier to entitlement and a right of return still exists. As such, these food amounts received are reflected as refundable advances within the statements of financial position until the conditions have been substantially met or waived by the donor. The conditional promises to give will be recognized as revenue within the financial statements when such amounts become unconditional.

**(7) Notes payable**

On June 29, 2020, the Organization entered into a Community Development Block Grant (CDBG) loan with the City of Columbia, Missouri, for the sum of \$19,000; 0% interest per annum, payable and contingent upon the sale, conveyance, or other disposition of the real property. The loan is secured by a deed of trust. As of December 31, 2022 and 2021 the loan balance was \$19,000.

**(8) Notes payable**

The Organization has a line of credit available at December 31, 2022 with a local financial institution. The line has a maximum balance of \$3,000,000, with a current balance of \$0, and carries interest at the prime rate less 1.25%, and with a floor of 2%. The line of credit expires on December 31, 2023.

**(9) Quasi-endowment**

The Organization's quasi-endowment consists of three funds established for a variety of purposes. The funds only include board designated amounts. In accordance with FASB ASC 958, net assets associated with endowment funds and funds designated by the Board of Directors to function as an endowment are classified and reported based on the existence or absence of donor-imposed restrictions.



THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI

NOTES TO FINANCIAL STATEMENTS

(9) Quasi-endowment (continued)

The Organization had the following quasi-endowment-related activities:

|                                    |                            |
|------------------------------------|----------------------------|
| Beginning balance, January 1, 2021 | <u>\$ 1,361,673</u>        |
| Administrative expenses            | (10,044)                   |
| Investment return                  | 174,864                    |
| Other additions                    | <u>284,934</u>             |
| Total change in endowment funds    | <u>449,754</u>             |
| Beginning balance, January 1, 2022 | <u>1,811,427</u>           |
| Administrative expenses            | (10,275)                   |
| Investment return                  | (174,308)                  |
| Other additions                    | <u>-</u>                   |
| Total change in endowment funds    | <u>(184,583)</u>           |
| Ending balance, December 31, 2022  | <u><u>\$ 1,626,844</u></u> |

Return objectives and risk parameters

The Organization has adopted investment and spending policies for quasi-endowment assets that attempt to provide a predictable stream of funding to programs supported by its quasi-endowments while seeking to maintain the purchasing power of the quasi-endowment assets. Quasi-endowment assets include only board-designated funds. Under this policy, as approved by the Board of Directors, the quasi-endowment assets are invested in a manner that is expected to achieve competitive performance relative to a static policy-weighted market benchmark over a period not less than a full market cycle (generally defined as a five-year period) while maintaining acceptable risk levels.

Strategies employed for achieving objectives

To satisfy its long-term rate of return objectives, the Organization 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 Organization targets a diversified asset allocation of equity, fixed income, and alternative investments to achieve its long-term return objectives within prudent risk constraints.

Spending policy

The Organization's objective is to maintain the purchasing power of the quasi-endowment assets for a specified term as well as to provide additional real growth through new gifts and investment return. The portfolio shall be rebalanced to tactical targets as deemed advantageous to the quasi-endowment after considering the costs of rebalancing versus the risk associated with portfolio deviation from the desired targets.

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**(10) Lease commitments**

The Organization entered into a lease agreement for warehouse space in Kirksville, Missouri, on August 1, 2018, for three years with a monthly lease of \$400. The lease continues on a month-to-month basis subsequent to the end of the original term. Lease expense for the years ended December 31, 2022 and 2021 was \$4,800.

The Organization entered into a lease agreement for warehouse space in Jefferson City, Missouri, during November 2017, on a month-to-month basis, for \$1,500 per month. Effective September 1, 2019, the rent increased to \$2,000 per month. Lease expense for the year ended December 31, 2022 was \$24,500, with a \$155,000, gift in-kind recognized for a total of \$179,500. The lease was terminated as of December 31, 2022.

The Organization assumed a land lease agreement in Columbia, Missouri, with the purchase of a building on December 30, 2021, for \$1,500 per month, expiring in December 2066. Lease expense for the years ended December 31, 2022 and 2021 was \$18,000.

The future minimum rental payments required under these operating leases are as follows:

Years ending June 30,

|   |    |          |
|---|----|----------|
| 2023  | \$ | 18,000   |
| 2024  |    | 18,000   |
| 2025  |    | 18,000   |
| 2026  |    | 18,000   |
| 2027  |    | 18,000   |
| Thereafter                                  |    | 689,822  |
| Total minimum lease payments                |    | 779,822  |
| Less amount representing interest           |    | (55,189) |
| Present value of net minimum lease payments | \$ | 724,633  |

Total rental expense for the years ended December 31, 2022 and 2021, including in-kind donations, was \$39,041 and \$202,300, respectively.

In addition, the adoption of the leasing standard ASC 842 requires the disclosure of other information pertaining to the operating cash flows from operating leases, the weighted-average remaining lease term for the operating leases, and the weighted average discount rate for the operating leases. These items are disclosed below for the year ended December 31, 2022.

The Organization had a non-cash investing and financing activity in the amount of \$739,892, related to right-of-use assets financed with operating lease liabilities recorded in connection with the implementation of Topic 842.

**Other information**

|  |    |        |
|--|----|--------|
| Cash paid for amounts included in the measurement of lease liabilities | \$ | 15,259 |
| Weighted-average remaining lease term                                  |    |        |
| Operating leases (years)   |    | 44     |
| Weighted-average discount rate   |    |        |
| Operating leases (percentage)  |    | 0.41%  |

## THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI

### NOTES TO FINANCIAL STATEMENTS

#### (10) Lease commitments (continued)

The Organization determines if an arrangement is a lease or contains a lease at inception of a contract. A contract is determined to be or contain a lease if the contract conveys the right to control the use of identified property, plant, or equipment (an identified asset) in exchange for consideration. The Organization determines these assets are leased because the Organization has the right to obtain substantially all of the economic benefit from and the right to direct the use of the identified asset. Assets in which the supplier or lessor has the practical ability and right to substitute alternative assets for the identified asset and would benefit economically from the exercise of its right to substitute the asset are not considered to be or contain a lease because the Organization determines it does not have the right to control and direct the use of the identified asset. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

In evaluating its contracts, the Organization separately identifies lease and non-lease components, such as common area and other maintenance costs, in calculating the right-of-use ("ROU") assets and lease liabilities for its space and certain equipment. The Organization has elected the practical expedient to not separate lease and non-lease components and classifies the contract as a lease if consideration in the contract allocated to the lease component is greater than the consideration allocated to the non-lease component.

Leases result in the recognition of ROU assets and lease liabilities on the statements of financial position. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Organization determines lease classification as operating or finance at the lease commencement date. The Organization did not have any ROU assets related to finance leases as of December 31, 2022.

At lease inception, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Organization uses the risk-free rate for the term of the lease based on the information available at the commencement date to determine the present value of lease payments. The lease term may include options to extend or to terminate the lease that the Organization is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term. During the year ended December 31, 2022, the year of adoption, the rate utilized matched the risk-free rate as of January 1, 2022 for the remaining term of the lease.

The Organization has elected not to record leases for an initial term of 12 months or less on the statements of financial position. Lease expense on such leases is recognized on a straight-line basis over the lease term.

#### (11) Liquidity

For purposes of analyzing resources available to meet general expenditures over a 12-month period, management and the Board consider all expenditures of the organization, including operating expenses, capital acquisition needs and debt service requirements. Based on these expenditures, the Organization prepares a balanced budget; deficit budgets are not prepared except in unusual circumstances. Liquidity is monitored regularly by management and the Board.

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**(11) Liquidity (continued)**

The Organization's financial assets available within one year of the statements of financial position date for general expenditures are as follows:

|                          | <b>2022</b>   | <b>2021</b>   |
|--------------------------|---------------|---------------|
| Cash                     | \$ 6,040,575  | \$ 6,690,430  |
| Contributions receivable | 777,945       | 2,013,271     |
| Investments              | 4,287,337     | 3,779,907     |
|                          | \$ 11,105,857 | \$ 12,483,608 |

Cash - The amount shown above reflects cash on hand available to meet general expenditures within the next year, which includes amounts related to the Board designated endowment.

Accounts receivable - The amount reflected above includes receivables due within the year from agency partners and others.

Investments - The amount above reflects the value of investments at December 31, 2022 and 2021, including the Board designated endowment and operating reserve.

The organization also has a line of credit, described in Note 8, with a maximum balance of \$3,000,000 which can be used to fund operating costs as needed.

**(12) Retirement plan**

The Organization sponsors a non-participatory defined contribution retirement plan for employees following completion of two consecutive years of employment. The Organization contributes 5% of gross compensation of eligible employees. During the years ended December 31, 2022 and 2021 contributions to the plan charged to operations were \$114,968 and \$111,174, respectively.

**(13) Concentrations**

During the years ended December 31, 2022 and 2021, 34% and 38%, respectively, of the Organization's purchases were with one vendor for the acquisition of food items.

During the year ended December 31, 2022 25% and 23% of Organization's donated food came from Feeding America and the United States Department of Agriculture, respectively. In addition, during the year ended December 31, 2021 25% and of Organization's donated food came from Feeding America and the United States Department of Agriculture, respectively.

**(14) Cash flow disclosures**

The following is a summary of supplemental cash flow information:

|   | <b>2022</b> | <b>2021</b> |
|---|-------------|-------------|
| Purchase of property and equipment<br>with accounts payable | \$ -        | \$ 7,425    |
| Refundable advance of donated inventory                     | \$ 315,968  | \$ 116,500  |
| Forgiveness of Paycheck Protection Program loan             | \$ -        | \$ 611,500  |

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI**

**NOTES TO FINANCIAL STATEMENTS**

**(15) Contingencies**

The Organization is subject to claims that arise primarily in the ordinary course of business. It is the opinion of management that the disposition or ultimate resolution of such claims will not have a material adverse effect on the financial position, results of operations, and cash flows of the Organization.

**(16) Subsequent events**

The Organization has evaluated subsequent events through July 25, 2023, which is the date the financial statements were available to be issued. No significant matters were identified for disclosure during this evaluation.