



Financial Statements  
June 30, 2017 and 2016

# Food Bank for Larimer County

Independent Auditor’s Report ..... 1

Financial Statements

Statements of Financial Position ..... 2

Statements of Activities..... 3

Statements of Functional Expenses ..... 5

Statements of Cash Flows ..... 7

Notes to Financial Statement..... 8



## Independent Auditor's Report

Board of Directors  
Food Bank for Larimer County  
Fort Collins, Colorado

### Report on the Financial Statements

We have audited the accompanying financial statements of Food Bank for Larimer County, which comprise the statements of financial position as of June 30, 2017 and 2016, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Bank for Larimer County as of June 30, 2017 and 2016, 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.

A handwritten signature in black ink that reads "Eide Bailly LLP".

Fort Collins, Colorado  
September 21, 2017

Food Bank for Larimer County  
Statements of Financial Position  
June 30, 2017 and 2016

	2017	2016
<b>Assets</b>		
Cash and cash equivalents	\$ 1,426,921	\$ 1,188,487
Investments	1,132,356	3,034,961
Accounts receivable, net	95,971	71,329
Promises to give, net	2,281,148	532
Food inventory	370,690	496,527
Property and equipment, net	7,877,099	3,444,456
Board designated endowment held by community foundation	185,008	158,590
Total assets	\$ 13,369,193	\$ 8,394,882
<b>Liabilities and Net Assets</b>		
Accounts payable and accrued expenses	\$ 239,493	\$ 278,753
Note payable	2,660,470	-
Total liabilities	2,899,963	278,753
<b>Net Assets</b>		
Unrestricted		
Undesignated	347,341	2,767,272
Invested in property and equipment, net of related debt	5,216,629	3,444,456
Board designated for operating reserve	2,253,312	1,675,316
Board designated for capital improvements	137,768	56,880
Board designated endowment held by community foundation	50,879	31,499
	8,005,929	7,975,423
Temporarily restricted	2,378,735	56,140
Permanently restricted		
Board designated endowment held by community foundation	84,566	84,566
Total net assets	10,469,230	8,116,129
Total liabilities and net assets	\$ 13,369,193	\$ 8,394,882

Food Bank for Larimer County  
Statement of Activities  
Year Ended June 30, 2017

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue, Support, and Gains				
Contributions	\$ 3,119,650	\$ 2,321,089	\$ -	\$ 5,440,739
Federal and state contracts and grants	319,911	-	-	319,911
In-kind contributions	15,325,181	-	-	15,325,181
Shared maintenance fees				
from member agencies	258,335	-	-	258,335
Net investment return	69,521	7,038	-	76,559
Other revenue	46,583	-	-	46,583
Gross special events revenue	307,417	-	-	307,417
Less cost of direct benefits to donors	(38,164)	-	-	(38,164)
Net special events revenue	269,253	-	-	269,253
Net assets released from restrictions	5,532	(5,532)	-	-
Total revenue, support, and gains	<u>19,413,966</u>	<u>2,322,595</u>	<u>-</u>	<u>21,736,561</u>
Expenses				
Program services expense	<u>18,293,089</u>	<u>-</u>	<u>-</u>	<u>18,293,089</u>
Supporting services expense				
Management and general	332,335	-	-	332,335
Fundraising and development	758,036	-	-	758,036
Total supporting services expenses	<u>1,090,371</u>	<u>-</u>	<u>-</u>	<u>1,090,371</u>
Total expenses	<u>19,383,460</u>	<u>-</u>	<u>-</u>	<u>19,383,460</u>
Change in Net Assets	30,506	2,322,595	-	2,353,101
Net Assets, Beginning of Year	7,975,423	56,140	84,566	8,116,129
Net Assets, End of Year	<u>\$ 8,005,929</u>	<u>\$ 2,378,735</u>	<u>\$ 84,566</u>	<u>\$ 10,469,230</u>

Food Bank for Larimer County  
Statement of Activities  
Year Ended June 30, 2016

	Unrestricted	Restricted	Restricted	Total
Revenue, Support, and Gains				
Contributions	\$ 2,788,540	\$ 13,615	\$ -	\$ 2,802,155
Federal and state contracts and grants	359,142	-	-	359,142
In-kind contributions	15,746,809	-	-	15,746,809
Shared maintenance fees				
from member agencies	219,165	-	-	219,165
Net investment return	40,322	1,113	-	41,435
Other revenue	10,217	-	-	10,217
Gross special events revenue	484,936	-	-	484,936
Less cost of direct benefits to donors	(185,597)	-	-	(185,597)
Net special events revenue	299,339	-	-	299,339
Net assets released from restrictions	66,565	(66,565)	-	-
Total revenue, support, and gains	<u>19,530,099</u>	<u>(51,837)</u>	<u>-</u>	<u>19,478,262</u>
Expenses and losses				
Program services expense	<u>18,371,038</u>	<u>-</u>	<u>-</u>	<u>18,371,038</u>
Supporting services expense				
Management and general	287,592	-	-	287,592
Fundraising and development	440,777	-	-	440,777
Total supporting services expenses	<u>728,369</u>	<u>-</u>	<u>-</u>	<u>728,369</u>
Loss on disposal of equipment	1,257			1,257
Total expenses and losses	<u>19,100,664</u>	<u>-</u>	<u>-</u>	<u>19,100,664</u>
Change in Net Assets	429,435	(51,837)	-	377,598
Net Assets, Beginning of Year	7,545,988	107,977	84,566	7,738,531
Net Assets, End of Year	<u>\$ 7,975,423</u>	<u>\$ 56,140</u>	<u>\$ 84,566</u>	<u>\$ 8,116,129</u>

Food Bank for Larimer County  
Statement of Functional Expenses  
Year Ended June 30, 2017

	Program	Management and General	Fundraising and Development	Total
Officer Compensation	\$ 97,782	\$ 13,038	\$ 19,555	\$ 130,375
Other Salaries and Wages	950,604	123,959	191,165	1,265,728
Benefits	159,278	21,237	31,855	212,370
Pension	14,141	1,885	2,827	18,853
Payroll Taxes	93,043	12,406	18,609	124,058
Accounting Fees	-	18,500	-	18,500
Fees for Services	112,527	49,320	132,679	294,526
Advertising and Promotion	2,219	1,747	754	4,720
Office Expenses	18,130	30,144	85,280	133,554
Information Technology	27,533	26,723	26,723	80,979
Occupancy	47,411	2,634	2,634	52,679
Travel and Vehicles	91,619	8,183	5,209	105,011
Depreciation	212,752	17,634	12,126	242,512
Insurance	24,849	1,381	1,381	27,611
Donated Food Distributed	14,915,000	-	-	14,915,000
Purchased Food Distributed	1,431,512	615	922	1,433,049
Program Supplies	52,833	-	-	52,833
Volunteer Expense	6,026	-	-	6,026
Cost of direct benefits to donors	-	-	38,164	38,164
Other Expenses	35,830	2,929	226,317	265,076
Total expenses	<u>18,293,089</u>	<u>332,335</u>	<u>796,200</u>	<u>19,421,624</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	-	-	(38,164)	(38,164)
Total expenses included in the expense section on the statement of activities	<u>\$ 18,293,089</u>	<u>\$ 332,335</u>	<u>\$ 758,036</u>	<u>\$ 19,383,460</u>

Food Bank for Larimer County  
Statement of Functional Expenses  
Year Ended June 30, 2016

	Program	Management and General	Fundraising and Development	Total
Officer Compensation	\$ 104,236	\$ 13,898	\$ 20,847	\$ 138,981
Other Salaries and Wages	887,431	116,766	178,070	1,182,267
Benefits	133,061	17,741	26,612	177,414
Pension	18,723	2,496	3,745	24,964
Payroll Taxes	75,972	10,130	15,194	101,296
Accounting Fees	-	19,500	-	19,500
Fees for Services	93,600	23,365	82,694	199,659
Advertising and Promotion	554	3,655	1,868	6,077
Office Expenses	15,108	23,025	67,422	105,555
Information Technology	23,013	22,336	22,336	67,685
Occupancy	43,516	2,418	2,418	48,352
Travel	91,419	7,863	5,633	104,915
Depreciation	228,290	19,133	13,022	260,445
Insurance	16,482	916	916	18,314
Donated Food Distributed	15,468,871	-	-	15,468,871
Purchased Food Distributed	1,053,247	-	-	1,053,247
Program Supplies	65,728	-	-	65,728
Volunteer Expense	14,378	-	-	14,378
Cost of direct benefits to donors	-	-	185,597	185,597
Other Expenses	37,409	4,350	-	41,759
Total expenses	<u>18,371,038</u>	<u>287,592</u>	<u>626,374</u>	<u>19,285,004</u>
Less expenses included with revenues on the statement of activities				
Cost of direct benefits to donors	-	-	(185,597)	(185,597)
Total expenses included in the expense section on the statement of activities	<u>\$ 18,371,038</u>	<u>\$ 287,592</u>	<u>\$ 440,777</u>	<u>\$ 19,099,407</u>



Food Bank for Larimer County  
Statements of Cash Flows  
Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in net assets	\$ 2,353,101	\$ 377,598
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	242,512	260,445
Realized and unrealized (gain) on investments	(44,641)	(573)
Loss on disposal of property and equipment	-	1,257
Distributions from board designated endowment held by community foundation	-	(1,879)
Transfer of assets to community foundation	(11,020)	-
Change in board designated endowment held by community foundation	(15,398)	-
Decrease in (primarily donated) inventory	125,837	(82,831)
Changes in operating assets and liabilities		
Accounts receivable, net	(24,642)	14,127
Promises to give, net	(2,280,616)	21,933
Accounts payable and accrued expenses	(39,260)	92,273
Deferred revenue	-	(80,349)
Net Cash from Operating Activities	305,873	602,001
Cash Flows from Investing Activities		
Purchases of investments	(12,419)	(187,579)
Proceeds from sales of investments	1,959,665	-
Purchases of property and equipment, including capitalized interest of \$8,580 and \$0	(4,675,155)	(245,220)
Net Cash (used for) Investing Activities	(2,727,909)	(432,799)
Cash Flows from Financing Activities		
Proceeds from issuance of note payable	2,660,470	-
Net Cash from Financing Activities	2,660,470	-
Net Change in Cash and Cash Equivalents	238,434	169,202
Cash and Cash Equivalents, Beginning of Year	1,188,487	1,019,285
Cash and Cash Equivalents, End of Year	\$ 1,426,921	\$ 1,188,487
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 8,580	\$ -

## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Agency**

The Food Bank for Larimer County (FBLC, we, us, our) works to ensure that no one goes hungry in Larimer County. We are a nonprofit organization that acts as a centralized agency collecting, storing, and distributing salvageable, usable food to a variety of nonprofit agencies and low income individuals.

We collect food and funds from a variety of sources, including businesses, farms, food drives, individuals, and Feeding America, the nation's largest foodbank and rescue network. Food donations are distributed to individuals in need through three programs: Food Share, Child Nutrition, and Food Link. Food Share is the Food Bank's direct connection to those in need, providing an open pantry to Larimer County's diverse community. Child Nutrition addresses the serious issue of food insecurity in children in need through three programs: Kids Cafe, Kids Link and Backpack. Through Kids Café, we serve over 50,000 meals to eligible school-aged children. In partnership with the Junior League of Fort Collins, Kids Link provided over 150,000 healthy, individually packaged snacks to all qualifying schools in Poudre and Thompson School Districts. The Backpack program provided over 30,000 back packs to children in need with a weekend food pack filled with nutritious, non-perishable items. The Food Link program allows the Food Bank to distribute quality food through other nonprofit organizations in the community including food pantries, soup kitchens, shelters, snack programs, childcare and residential programs and centers for the disabled. Through these programs, the Food Bank is able to provide food to over 36,000 people each year.

### **Cash and Cash Equivalents**

We consider all cash and highly liquid financial instruments with original maturities of three months or less, and which are not held as part of our investments, to be cash and cash equivalents.

### **Promises to Give**

Unconditional promises to give expected to be collected within one year are recorded at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2017 and 2016, the allowance was \$0.

### **Donated Food and Inventory**

Receipts and distributions of donated food are recorded at the weighted-average price per gross pound of \$1.67 and \$1.70, as estimated by Feeding America, for the years ended June 30, 2017 and 2016, respectively. Donated food on hand totaled approximately 215,000 and 272,000 pounds as of June 30, 2017 and 2016, respectively.

## Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any remaining gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

We review the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2017 and 2016.

## Board Designated Endowment Held by Community Foundation

During 2011, we established a fund (the Fund) with a community foundation (CF) and named ourselves as beneficiary. We granted variance power to CF which allows CF to modify any condition or restriction on its distributions for any specified charitable purpose or to any specified organization if, in the sole judgement of CF's Board of Directors, such restriction or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The Fund is held and invested by CF for our benefit, and is reported at fair value in the statements of financial position, with distributions and changes in fair value recognized in the statements of activities.

## Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment gain/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

## Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Unrestricted Net Assets* – Net assets available for use in general operations. Unrestricted board-designated net assets consist of net assets designated by the Board of Directors for operating reserve, capital improvements and endowment.

*Temporarily Restricted Net Assets* – Net assets subject to donor restrictions that may or will be met by expenditures or actions of FBLC and/or the passage of time.

We report contributions as temporarily restricted support 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, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

*Permanently Restricted Net Assets* – Net assets whose use is limited by donor-imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by action of FBLC. The restrictions stipulate that resources be maintained permanently but permit us to expend the income generated in accordance with the provisions of the agreements.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

### **Donated Services and In-Kind Contributions**

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Contributed goods are recorded at fair value at the date of donation. We record donated professional services at the respective fair values of the services received. No significant professional services were donated in 2017 and 2016.

### **Advertising Costs**

Advertising costs are expensed as incurred, and approximated \$5,000 and \$6,000 in 2017 and 2016, respectively.

### **Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services based on several factors, primarily estimated employee time expended.

### **Income Taxes**

FBLC has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization in Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). FBLC is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, FBLC is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. FBLC has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return for fiscal year 2017 and 2016.

### **Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

### **Financial Instruments and Credit Risk**

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by management and the Investment Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management and the Finance Committee believe that the investment policies and guidelines are prudent for the long-term welfare of FBLC.

### **Reclassifications**

Certain reclassifications of amounts previously reported within the statements of activities as contributions have been made to present separately: 1) federal and state contracts and grants; and 2) contributions. The reclassifications had no impact on previously reported net assets.

### **Subsequent Events**

We have evaluated subsequent events through September 21, 2017, the date the financial statements were available to be issued.

### **Note 2 - New Building and Capital Campaign**

We are currently engaged in approximately a \$9 million Capital Campaign, aimed at the acquisition and renovation of a building located in Loveland, Colorado. We have a \$3 million "cost-not-to-exceed" contract with a general contractor to renovate the building to meet our growing programmatic needs, and anticipate completion of the project in the spring of 2018. As of June 30, 2017, approximately \$4.6 million of construction-in-progress costs have been incurred.

### **Note 3 - Fair Value Measurements and Disclosures**

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to an entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset.

A significant portion of our investment assets are classified within Level 1 because they are comprised of equity securities with readily determinable fair values based on daily closing market prices. FBLC invests in certificates of deposit traded in the financial markets. Those certificates of deposit and U.S. Government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2. The fair value of our board designated endowment held by community foundation is based on the fair value of fund investments as reported by community foundation. This is considered to be a Level 3 measurement.

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2017:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Bonds	\$ 272,725	\$ -	\$ 272,725	\$ -
Equity securities	342,168	342,168	-	-
Certificates of deposit	501,049	-	501,049	-
Cash and money market funds (at cost)	16,414	-	-	-
	<u>\$ 1,132,356</u>	<u>\$ 342,168</u>	<u>\$ 773,774</u>	<u>\$ -</u>
Board designated endowment held by community foundation	\$ 185,008	\$ -	\$ -	\$ 185,008

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2016:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Bonds	\$ 1,914,092	\$ -	\$ 1,914,092	\$ -
Equity securities	568,611	568,611	-	-
Certificates of deposit	500,299	-	500,299	-
Cash and money market funds (at cost)	51,959	-	-	-
	<u>\$ 3,034,961</u>	<u>\$ 568,611</u>	<u>\$ 2,414,391</u>	<u>\$ -</u>
Board designated endowment held by community foundation	\$ 158,590	\$ -	\$ -	\$ 158,590

Below is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30, 2017 and 2016:

	2017	2016
Board designated endowment held by community foundation		
Balance at beginning of year	\$ 158,590	\$ 157,477
Purchases/contributions of investments	11,020	-
Realized and unrealized gain (loss)	13,440	(766)
Interest and dividends	4,129	3,810
Investment management fees	(2,171)	(1,931)
Balance at end of year	<u>\$ 185,008</u>	<u>\$ 158,590</u>

**Note 4 - Net Investment Return**

Net investment return consists of the following for the years ended June 30, 2017 and 2016:

	2017	2016
Investments		
Interest and dividends	\$ 30,914	\$ 57,097
Net realized and unrealized gain	58,081	573
Less investment management and custodial fees	(12,436)	(16,235)
	\$ 76,559	\$ 41,435

**Note 5 - Promises to Give**

Unconditional promises to give are estimated to be collected as follows at June 30, 2017 and 2016:

	2017	2016
Within one year	\$ 1,822,950	\$ 532
In one to five years	458,198	-
	\$ 2,281,148	\$ 532

Amounts due in more than one year have not been discounted to net present value because the amount of the discount is immaterial.

**Note 6 - Property and Equipment**

Property and equipment consists of the following at June 30, 2017 and 2016:

	2017	2016
Buildings and improvements	\$ 4,019,173	\$ 3,944,960
Warehouse equipment	690,759	681,835
Land	430,000	430,000
Vehicles	548,356	505,234
Furniture and fixtures	254,711	240,814
Construction in process	4,623,989	88,990
	10,566,988	5,891,833
Less accumulated depreciation	(2,689,889)	(2,447,377)
	\$ 7,877,099	\$ 3,444,456



**Note 7 - Note Payable**

Note payable consists of the following at June 30, 2017 and 2016:

	2017	2016
3.745% note payable, principal and accumulated accrued interest due on May 15, 2027, secured by deed of trust.	\$ 2,660,470	\$ -

Future maturities of the note payable are as follows:

Years Ending June 30,	
2018	\$ -
2019	350,000
2020	350,000
2021	350,000
2022	350,000
Thereafter	1,260,470
	\$ 2,660,470

**Note 8 - Restricted Net Assets**

Temporarily restricted net assets at June 30, 2017 and 2016, consist of:

	2017	2016
Restricted by donors:		
Promises to give for the capital campaign	\$ 2,281,148	\$ 532
Summer Feeding Program	20,000	-
Kids Café - Estes Park	6,874	5,083
The Taste	6,000	-
Volunteer Breakroom - Loveland Building	5,000	-
Remodel of Loveland Food Share	-	5,000
Other	10,150	3,000
Time restrictions (proceeds are not restricted by donors)		
Board designated endowment held by community foundation	49,563	42,525
	\$ 2,378,735	\$ 56,140

Net assets were released from restrictions as follows during the years ended June 30, 2017 and 2016:

	2017	2016
Satisfaction of purpose restrictions		
Capital campaign	\$ 532	\$ 22,465
Remodel of Loveland Food Share	5,000	44,100
	\$ 5,532	\$ 66,565

**Note 9 - Employee Benefits**

We sponsor a defined contribution retirement plan under which eligible employees may elect to defer a portion of their salaries subject to current limits established by the Internal Revenue Code. We contribute 50% of the first 10% of compensation that the participant contributes to the Plan. For the years ended June 30, 2017 and 2016, we made contributions of approximately \$22,000 and \$29,000, respectively, to the Plan.

**Note 10 - Related Party Transaction**

A member of our board of directors is also a part owner of a construction company contracted to renovate our newly acquired building (Note 2).