



Financial Statements
June 30, 2020

Food Bank for Larimer County

(With Comparative Totals for 2019)

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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 statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated September 15, 2020 on our consideration of Food Bank for Larimer County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Food Bank for Larimer County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food Bank for Larimer County's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Food Bank for Larimer County 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 19, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in cursive script that reads "Eide Bailly LLP".

Fort Collins, Colorado
September 15, 2020

Food Bank for Larimer County
Statement of Financial Position
June 30, 2020
(with comparative totals for 2019)

	2020	2019
Assets		
Cash and cash equivalents	\$ 5,722,870	\$ 1,136,673
Investments	1,453,792	1,409,805
Federal and state contracts and grants receivable, net	248,645	85,860
Promises to give, net	442,457	727,810
Food inventory	932,218	1,062,770
Prepaid expenses	50,000	10,554
Property and equipment, net	11,873,095	12,008,785
Beneficial interest in assets held by community foundation	161,313	155,977
Total assets	\$ 20,884,390	\$ 16,598,234
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 409,750	\$ 257,753
Refundable advance - PPP loan	366,200	-
Note payable	1,605,063	1,931,725
Total liabilities	2,381,013	2,189,478
Net Assets		
Without Donor Restrictions		
Undesignated	7,005,816	3,104,936
Held pursuant to member contract	996,342	988,682
Invested in property and equipment, net of related debt	10,218,031	10,077,060
	18,220,189	14,170,678
With Donor Restrictions		
Total net assets	283,188	238,078
Total net assets	18,503,377	14,408,756
Total liabilities and net assets	\$ 20,884,390	\$ 16,598,234

Food Bank for Larimer County
Statement of Activities
Year Ended June 30, 2020
(with comparative totals for 2019)

	2020			2019 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue, Support, and Gains				
Contributions	\$ 7,866,567	\$ 106,951	\$ 7,973,518	\$ 3,418,036
Federal and state contracts and grants	454,809	-	454,809	265,799
In-kind contributions	16,724,613	-	16,724,613	15,534,450
Shared maintenance fees				
from member agencies	329,445	-	329,445	309,916
Net investment return	51,434	5,336	56,770	55,606
Other revenue	227,347	-	227,347	202,935
Gross special events revenue	336,658	-	336,658	345,668
Less cost of direct benefits to donors	(54,369)	-	(54,369)	(77,211)
Net special events revenue	282,289	-	282,289	268,457
Net assets released from restrictions	67,177	(67,177)	-	-
Total revenue, support, and gains	26,003,681	45,110	26,048,791	20,055,199
Expenses and Losses				
Program services expense	20,165,544	-	20,165,544	18,058,364
Supporting services expense				
Management and general	395,897	-	395,897	395,498
Fundraising and development	822,071	-	822,071	739,467
Total supporting services expenses	1,217,968	-	1,217,968	1,134,965
Loss on disposal of equipment	27,960	-	27,960	-
Total expenses and losses	21,411,472	-	21,411,472	19,193,329
Change in net assets before depreciation	4,592,209	45,110	4,637,319	861,870
Depreciation	(542,698)	-	(542,698)	(539,750)
Change in Net Assets	4,049,511	45,110	4,094,621	322,120
Net Assets, Beginning of Year	14,170,678	238,078	14,408,756	14,086,636
Net Assets, End of Year	\$ 18,220,189	\$ 283,188	\$ 18,503,377	\$ 14,408,756

Food Bank for Larimer County
Statement of Functional Expenses
Year Ended June 30, 2020
(with comparative totals for 2019)

	2020			Total	2019 Total
	Program Services	Management and General	Fundraising and Development		
Donated food distributed	\$ 16,830,938	\$ -	\$ -	\$ 16,830,938	\$ 15,285,171
Salaries, benefits and taxes	1,475,938	300,800	380,153	2,156,891	1,850,107
Prepared meals, food acquisition and distribution	1,195,940	-	-	1,195,940	989,162
Depreciation	499,325	16,281	27,092	542,698	539,750
Occupancy	248,667	6,795	13,521	268,983	237,391
Printing and mailing	-	-	210,721	210,721	176,596
Information technology	83,609	14,184	74,502	172,295	103,671
Office expenses	10,662	17,731	84,415	112,808	60,343
Vehicle operations and maintenance	108,323	-	-	108,323	119,104
Program supplies	71,673	-	-	71,673	52,980
Interest expense	67,939	-	-	67,939	86,814
Cost of direct benefits to donors	-	-	54,369	54,369	77,211
Professional services	2,684	38,225	-	40,909	94,270
Insurance	24,457	6,172	4,378	35,007	33,281
Other	14,690	2,853	16,778	34,321	13,015
Conferences, meetings and travel	10,932	8,893	9,709	29,534	38,935
Volunteer expense	19,092	244	244	19,580	19,503
Donor cultivation	-	-	27,650	27,650	32,986
Total expenses	<u>20,664,869</u>	<u>412,178</u>	<u>903,532</u>	<u>21,980,579</u>	<u>19,810,290</u>
Less expenses included with revenues					
Cost of direct benefits to donors	-	-	(54,369)	(54,369)	(77,211)
Less depreciation (presented separately from other expenses)	<u>(499,325)</u>	<u>(16,281)</u>	<u>(27,092)</u>	<u>(542,698)</u>	<u>(539,750)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 20,165,544</u>	<u>\$ 395,897</u>	<u>\$ 822,071</u>	<u>\$ 21,383,512</u>	<u>\$ 19,193,329</u>

Food Bank for Larimer County
Statement of Cash Flows
Year Ended June 30, 2020
(with comparative totals for 2019)

	2020	2019
Cash Flows from Operating Activities		
Change in net assets	\$ 4,094,621	\$ 322,120
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	542,698	539,750
Realized and unrealized gain on investments	(25,814)	(30,185)
Loss on disposal of property and equipment	27,960	-
Change in value of beneficial interest held by community foundation	(5,336)	(7,464)
Net change in contributed food inventory	130,552	(274,036)
Changes in operating assets and liabilities		
Federal and state contracts and grants receivable, net	(162,785)	14,613
Promises to give, net	285,353	405,163
Prepaid expenses	(39,446)	(5,467)
Accounts payable and accrued expenses	151,997	(329,610)
Refundable advance - PPP loan	366,200	-
Net Cash from Operating Activities	5,366,000	634,884
Cash Flows from Investing Activities		
Purchases of investments	(512,179)	(517,910)
Proceeds from sales of investments	494,006	11,718
Purchases of property and equipment	(551,968)	(78,139)
Proceeds from sales of property and equipment	117,000	-
Net distributions from beneficial interest held by community foundation	-	48,000
Net Cash (used for) Investing Activities	(453,141)	(536,331)
Cash Flows from Financing Activities		
Principal payments on note payable	(326,662)	(579,926)
Proceeds from draws on note payable	-	704,460
Net Cash (used for) from Financing Activities	(326,662)	124,534
Net Change in Cash and Cash Equivalents	4,586,197	223,087
Cash and Cash Equivalents, Beginning of Year	1,136,673	913,586
Cash and Cash Equivalents, End of Year	\$ 5,722,870	\$ 1,136,673
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 67,939	\$ 86,814

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. Each year, we provide food to more than 28,000 people in need through community partnerships and hunger-relief programs.

We collect food and funds from a variety of sources, including businesses, farms, food drives, individuals, and Feeding America, the nation's largest domestic hunger-relief organization. Food donations are distributed to individuals in need through three overlapping and integrated programs: Fresh Food Share, Nourishing Network and Nutritious Kitchen. Fresh Food Share is FBLC's direct connection to those in need, providing fruits, vegetables, bread, meat, and dairy to an average of 11,000 Larimer County residents each month. Nourishing Network allows us to distribute quality food through other nonprofit organizations in the community including more than 100 food pantries, soup kitchens, shelters, snack programs, childcare, residential programs, and centers for the disabled. This program distributed 977,190 meals to those in need. Nutritious Kitchen addresses the serious issue of food insecurity among children and seniors in need through two programs: Child Nutrition (Kids Café and Kids Link) and Senior Meals. Through Kids Cafe, we served over 181,000 meals and snacks to eligible school-aged children. In partnership with the Junior League of Fort Collins, Kids Link provided nearly 80,000 healthy, individually packaged snacks to all qualifying schools in Poudre and Thompson School Districts. Nutritious Kitchen also partners with Volunteers of America to serve nearly 20,000 meals to seniors (age 60+) in need throughout the county.

The outbreak of the 2019 coronavirus disease ("COVID-19"), which was declared a global pandemic by the World Health Organization on March 11, 2020, and the related responses by public health and governmental authorities to contain and combat its outbreak and spread, adversely affected workforces, economies, and financial markets globally.

The impact on Food Bank for Larimer County operations due to COVID-19 has been extraordinary. The pandemic required us to restructure nearly every process for sourcing, storing, and distributing food. Thanks to an outpouring of support from the community, our partners, and government agencies, the Food Bank has continued to support those in need. Switching to a drive-through model for our fresh food pantry shoppers, creating pop-up pantries in areas of greatest need, expanding our child nutrition meal sites, and adapting our meal programs for seniors, we are ensuring that anyone who needs food has access to it.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2019, from which the summarized information was derived.

Adoption of FASB Accounting Standards Updates

As of July 1, 2019, we adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods or services. We have implemented Topic 606 and have adjusted the presentation in these financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

As of July 1, 2019, FASB has issued ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This standard assists us in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2018-08.

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.

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 return/(loss) is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Receivables and Credit Policies

Federal and state contracts and grants receivable consist primarily of noninterest-bearing amounts due for Summer Food Service Program. Allowance for uncollectable contracts and grants receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Federal and state contracts and grants receivable are written off when deemed uncollectable. At June 30, 2020, the allowance was \$0.

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 statement of activities. We determine 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, 2020, the allowance was \$0.

Food Inventory

Inventory is comprised of donated and purchased food held for donation and distribution and is stated at the lower of cost or net realizable value. Receipts and distributions of food are recorded at the weighted-average price per gross pound of \$1.62, as estimated by Feeding America, for the year ended June 30, 2020. Total food on hand totaled approximately 586,000 pounds as of June 30, 2020.

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 statement 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 year ended June 30, 2020.

Beneficial Interest in Assets 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 statement of financial position, with distributions and changes in fair value recognized in the statement of activities.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. Net assets without donor restrictions in the amount of \$996,342 and representing an average quarter's operating expenses based on the previous fiscal year audited financial statements excluding donated food distributed and depreciation are held pursuant to member contract with Feeding America.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor (or certain grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. We report contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

Revenue and Revenue Recognition

We recognize revenue from other member agencies for shared maintenance fees, when the performance obligation of purchasing and delivering food is met. The performance obligation consists of providing member agencies with donated and purchased food for distribution. The fees are used to cover the costs of food transportation, storage, handling, and packing.

We recognize contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

Grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We received advance payment under the Paycheck Protection Program (PPP) of \$366,200 that has not been recognized at June 30, 2020 because qualifying expenditures have not yet been submitted for forgiveness (Note 7).

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 fiscal year 2020.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$13,000 in fiscal year 2020.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries, benefits, and taxes, depreciation, occupancy, information technology, office expenses, insurance and other, which are allocated on the basis of estimates of time and effort as well as pounds distributed.

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, and has been determined not to be a private foundation. 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 2020.

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 we believe 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 Investment Committee believe that the investment policies and guidelines are prudent for the long-term welfare of FBLC.

Subsequent Events

We have evaluated subsequent events through September 15, 2020, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

In the next fiscal year, we plan to operate with a budget deficit to continue to support our COVID efforts and utilize some of the current year surplus. In addition, the Board passed a resolution after year-end to repay the note payable plus accrued interest from the current year surplus. We regularly monitor liquidity to meet our operating needs and other contractual commitments while also striving to maximize the investment of our available funds.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 5,722,870
Investments, excluding those held pursuant to member contract	457,450
Accounts receivable, net	248,645
Promises to give due in one year	224,544
	<u>\$ 6,653,509</u>

Cash and cash equivalents include donor restricted funds of \$101,875 which are expected to be spent in the normal course of operations in the next 12 months.

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. We invest in certificates of deposit and corporate bonds traded in the financial markets. Those certificates of deposit and corporate bonds 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 beneficial interest in assets held by the community foundation is based on the fair value of fund investments as reported by the community foundation. This is considered to be a Level 3 measurement.

Food Bank for Larimer County

Notes to Financial Statements

June 30, 2020

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2020:

	Total	<u>Fair Value Measurements at Report Date Using</u>		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investments				
Cash and money market funds (at cost)	\$ 19,705	\$ -	\$ -	\$ -
Equity securities	353,640	353,640	-	-
Corporate bonds	375,893	-	375,893	-
Certificates of deposit	704,554	-	704,554	-
	<u>\$ 1,453,792</u>	<u>\$ 353,640</u>	<u>\$ 1,080,447</u>	<u>\$ -</u>
Beneficial interest in assets held by community foundation	<u>\$ 161,313</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 161,313</u>

Below is a reconciliation of the beginning and ending balance of beneficial interest in assets held by community foundation measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the year ended June 30, 2020:

Balance at beginning of year	\$ 155,977
Net investment return	5,336
Balance at end of year	<u>\$ 161,313</u>

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2020:

Within one year	\$ 224,544
In one to five years	217,913
	<u>\$ 442,457</u>

Amounts due in more than one year have not been discounted to net present value because the amount of the discount is immaterial. At June 30, 2019, three donors accounted for 59% of total promises to give.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2020:

Buildings and improvements	\$ 12,882,477
Warehouse equipment	782,114
Land	890,000
Vehicles	878,138
Furniture and fixtures	354,419
	15,787,148
Less accumulated depreciation	(3,914,053)
	\$ 11,873,095

Note 6 - Note Payable

We entered into a note payable with a bank in April 2020, in the amount of \$1,605,063, to refinance our construction line of credit. The note payable is due in monthly installments of interest only and bears an interest rate of 3.25% for the first 60 months, thereafter the interest rate is the three year Treasury Constant Maturity Weekly Average plus a 2.75% margin for the following 25 months, maturing in May 2027. In addition to the monthly interest payments, the note payable is subject to an annual principal curtailment payment in the amount of \$350,000. The note payable is secured by a deed of trust.

Future maturities of the note payable are as follows:

Years Ending June 30,

2021	\$ 350,000
2022	350,000
2023	350,000
2024	350,000
2025	205,063
	\$ 1,605,063

Note 7 - Refundable Advance - Paycheck Protection Program (PPP) Loan

We were granted a \$366,200 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal government. We are eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. We have initially recorded the loan as a refundable advance and will record the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan. Proceeds from the loan are eligible for forgiveness if they are used for certain payroll, rent, and utility expenses. No contribution revenue has been recorded for the year ended June 30, 2020. We will be required to repay any remaining balance, plus interest accrued at 1 percent, in monthly payments commencing upon notification of forgiveness or partial forgiveness. Management believes that we are eligible for 100% forgiveness of the loan.

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2020:

Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 20,000
Restricted by donors:	
Fresh Food Share	76,390
Events	15,000
Kids Café	8,294
Other	2,191
Beneficial interest in assets held by community foundation	161,313
	<u>\$ 283,188</u>

Net assets were released from restrictions as follows during the year ended June 30, 2020:

Satisfaction of purpose restrictions	
Events	\$ 19,500
Nourishing Network (capacity building)	16,898
Kids Link	13,139
Fresh Food Share	10,542
Other	7,098
	<u>\$ 67,177</u>

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 100% of the first 5% of compensation that the participant contributes to the Plan. During the year ended June 30, 2020, we made contributions of approximately \$38,000 to the Plan.