



Financial Statements
June 30, 2021

Food Bank for Larimer County

(With Comparative Totals for 2020)

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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, 2021, 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, 2021, 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 October 21, 2021 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 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 15, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fort Collins, Colorado
October 21, 2021

Food Bank for Larimer County
Statement of Financial Position
June 30, 2021
(with comparative totals for 2020)

	2021	2020
Assets		
Cash and cash equivalents	\$ 5,734,509	\$ 5,722,870
Investments	4,230,978	1,453,792
Federal and state contracts and grants receivable, net	329,356	248,645
Promises to give, net	199,438	442,457
Food inventory	1,946,319	932,218
Prepaid expenses	-	50,000
Property and equipment, net	11,702,452	11,873,095
Beneficial interest in assets held by community foundation	197,090	161,313
Total assets	\$ 24,340,142	\$ 20,884,390
Liabilities and Net Assets		
Accounts payable and accrued expenses	\$ 546,110	\$ 409,750
Refundable advance - PPP loan	-	366,200
Note payable	-	1,605,063
Total liabilities	546,110	2,381,013
Net Assets		
Without Donor Restrictions		
Undesignated	7,158,286	6,955,816
Held pursuant to member contract	1,151,736	996,342
Board designated - operating reserve	1,151,736	-
Board designated - capital asset maintenance	2,293,373	-
Invested in property and equipment, net of related debt	11,702,452	10,268,031
	23,457,583	18,220,189
With Donor Restrictions		
Total net assets	336,449	283,188
Total net assets	23,794,032	18,503,377
Total liabilities and net assets	\$ 24,340,142	\$ 20,884,390

Food Bank for Larimer County
Statement of Activities
Year Ended June 30, 2021
(with comparative totals for 2020)

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenue, Support, and Gains				
Contributions	\$ 8,581,796	\$ 129,359	\$ 8,711,155	\$ 7,973,518
Federal and state contracts and grants	991,638	-	991,638	454,809
In-kind contributions	16,687,227	-	16,687,227	16,724,613
Shared maintenance fees				
from member agencies	246,270	-	246,270	329,445
Net investment return	281,255	35,777	317,032	56,770
Other revenue	175,496	-	175,496	227,347
Gross special events revenue	202,978	-	202,978	336,658
Less cost of direct benefits to donors	(14,943)	-	(14,943)	(54,369)
Net special events revenue	188,035	-	188,035	282,289
Net assets released from restrictions	111,875	(111,875)	-	-
Total revenue, support, and gains	27,263,592	53,261	27,316,853	26,048,791
Expenses and Losses				
Program services expense	19,966,908	-	19,966,908	20,165,544
Supporting services expense				
Management and general	464,198	-	464,198	395,897
Fundraising and development	1,000,145	-	1,000,145	822,071
Total supporting services expenses	1,464,343	-	1,464,343	1,217,968
Loss on disposal of equipment	-	-	-	27,960
Total expenses and losses	21,431,251	-	21,431,251	21,411,472
Change in net assets before depreciation	5,832,341	53,261	5,885,602	4,637,319
Depreciation	(594,947)	-	(594,947)	(542,698)
Change in Net Assets	5,237,394	53,261	5,290,655	4,094,621
Net Assets, Beginning of Year	18,220,189	283,188	18,503,377	14,408,756
Net Assets, End of Year	\$ 23,457,583	\$ 336,449	\$ 23,794,032	\$ 18,503,377

Food Bank for Larimer County
Statement of Functional Expenses
Year Ended June 30, 2021
(with comparative totals for 2020)

	2021			Total	2020 Total
	Program Services	Management and General	Fundraising and Development		
Donated food distributed	\$ 15,839,234	\$ -	\$ -	\$ 15,839,234	\$ 16,830,938
Salaries, benefits and taxes	1,914,877	329,147	503,196	2,747,220	2,156,891
Prepared meals, food acquisition and distribution	1,464,396	-	-	1,464,396	1,195,940
Depreciation	448,374	44,891	101,682	594,947	542,698
Occupancy	297,143	5,145	9,555	311,843	268,983
Donor cultivation	-	-	243,824	243,824	160,254
Information technology	137,368	12,687	28,581	178,636	172,295
Office expenses	9,767	61,514	93,223	164,504	112,808
Vehicle operations and maintenance	109,459	-	-	109,459	108,323
Printing and mailing	4,732	-	92,953	97,685	78,117
Program supplies	93,565	742	1,681	95,988	71,673
Other	32,063	2,721	17,569	52,353	34,321
Professional services	1,458	40,535	-	41,993	40,909
Insurance	25,824	4,516	5,473	35,813	35,007
Conferences, meetings and travel	12,331	6,711	3,490	22,532	29,534
Cost of direct benefits to donors	-	-	14,943	14,943	54,369
Interest expense	13,766	-	-	13,766	67,939
Volunteer expense	10,925	480	600	12,005	19,580
Total expenses	<u>20,415,282</u>	<u>509,089</u>	<u>1,116,770</u>	<u>22,041,141</u>	<u>21,980,579</u>
Less expenses included with revenues					
Cost of direct benefits to donors	-	-	(14,943)	(14,943)	(54,369)
Less depreciation (presented separately from other expenses)	<u>(448,374)</u>	<u>(44,891)</u>	<u>(101,682)</u>	<u>(594,947)</u>	<u>(542,698)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 19,966,908</u>	<u>\$ 464,198</u>	<u>\$ 1,000,145</u>	<u>\$ 21,431,251</u>	<u>\$ 21,383,512</u>

Food Bank for Larimer County
Statement of Cash Flows
Year Ended June 30, 2021
(with comparative totals for 2020)

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 5,290,655	\$ 4,094,621
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	594,947	542,698
Realized and unrealized gain on investments	(259,491)	(25,814)
Loss on disposal of property and equipment	-	27,960
Change in value of beneficial interest held by community foundation	(35,777)	(5,336)
Net change in contributed food inventory	(1,014,101)	130,552
Changes in operating assets and liabilities		
Federal and state contracts and grants receivable, net	(80,711)	(162,785)
Promises to give, net	243,019	285,353
Prepaid expenses	50,000	(39,446)
Accounts payable and accrued expenses	136,360	151,997
Refundable advance - PPP loan	(366,200)	366,200
Net Cash from Operating Activities	4,558,701	5,366,000
Cash Flows from Investing Activities		
Purchases of investments	(4,517,712)	(512,179)
Proceeds from sales of investments	2,000,018	494,006
Purchases of property and equipment	(424,305)	(551,968)
Proceeds from sales of property and equipment	-	117,000
Net Cash (used for) Investing Activities	(2,941,999)	(453,141)
Cash Flows from Financing Activities		
Principal payments on note payable	(1,605,063)	(326,662)
Net Cash (used for) Financing Activities	(1,605,063)	(326,662)
Net Change in Cash and Cash Equivalents	11,639	4,586,197
Cash and Cash Equivalents, Beginning of Year	5,722,870	1,136,673
Cash and Cash Equivalents, End of Year	\$ 5,734,509	\$ 5,722,870
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	\$ 13,766	\$ 67,939

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. This year, we distributed over 7.6 million meals and snacks to 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 7,800 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 over 1,180,000 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 Cafe and Kids Link) and Senior Meals. Through Kids Cafe, we served over 207,000 meals and snacks to eligible school-aged children. In partnership with the Junior League of Fort Collins, Kids Link provided over 51,000 healthy, individually packaged snacks to all qualifying schools in Poudre and Thompson School Districts. This number was down significantly due to COVID and schools not operating in several months during the year. Nutritious Kitchen also partners with Volunteers of America to serve over 13,000 meals to seniors (age 60+) in need throughout the county. Again, the lack of congregate meals due to the risk of COVID significantly impacted our meal distribution to seniors year over year.

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, 2020, from which the summarized information was derived.

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, 2021, 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, 2021, 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 \$1.74, as estimated by Feeding America, for the year ended June 30, 2021. Total food on hand totaled approximately 1.18 million pounds as of June 30, 2021.

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, 2021.

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 as a part of net investment return.

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 \$1,151,736 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. The Board of Directors has designated, from net assets without donor restrictions, net assets for board-designated operating reserve and board-designated capital asset maintenance in the amounts of \$1,151,736 and \$2,293,373, respectively.

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 released from restrictions 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.

A portion of our revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We received cost-reimbursable grants of \$61,037 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. We recognize special events revenue equal to the fair value of direct benefits to donors when the special event takes place. We recognize the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

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 2021.

Advertising Costs

Advertising costs are expensed as incurred, and approximated \$16,000 in fiscal year 2021.

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 2021.

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 federal and state contracts and grants 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 governmental agencies and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by management and the Finance 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.

Subsequent Events

We have evaluated subsequent events through September 16, 2021, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

In the next fiscal year, we expect both the number of donor contributions and the number of donors to decline from the unprecedented levels seen throughout the COVID-19 pandemic. Subsequent to year-end, the Board of Directors agreed to move \$2.6 million into long-term investments to maximize the investment of our available funds to provide long-term financial stability for the food bank. We regularly monitor liquidity to meet our operating needs and other contractual commitments and believe this is a fiscally prudent decision.

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	\$ 4,582,773
Cash and cash equivalents (board designated - operating reserve)	1,151,736
	<u>5,734,509</u>
Investments	4,230,978
Less: investments held pursuant to member contract	(1,151,736)
Less: board designated - capital asset maintenance	(2,293,373)
Add: fiscal year 2022 budgeted capital asset maintenance expenditures	1,221,200
	<u>2,007,069</u>
Federal and state contracts and grants receivable, net	329,356
Promises to give due within one year (Note 4)	196,688
	<u>\$ 8,267,622</u>

Cash and cash equivalents include donor restricted funds of \$129,359 which are expected to be spent in the normal course of operations in the next 12 months.

The Board of Directors has established an operating reserve representing an average quarter's operating expenses based on the previous fiscal year audited financial statements excluding donated food distributed and depreciation. This board-designated operating reserve is included in the liquidity table above due to its availability to cover our short-term needs. The Board of Directors has also established a capital asset maintenance reserve of \$2,293,373 as of June 30, 2021. The Board of Directors approved a \$1,221,200 capital expenditure budget for next fiscal year, and that amount is included in the liquidity calculation above. The remaining amount of the capital asset maintenance reserve is intended as a means for the Board to plan long-term facility maintenance and improvements, and therefore this reserve amount is excluded from the liquidity table above as it is not budgeted to be spent during the year ending June 30, 2022.

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 exchange-traded funds with readily determinable fair values based on daily closing market prices. We also invest in certificates of deposit, which 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, 2021

The following table presents assets measured at fair value on a recurring basis, except those measured at cost as identified below, at June 30, 2021:

	Total	<u>Fair Value Measurements at Report Date Using</u>		
		<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments				
Cash and money market funds (at cost)	\$ 51,424	\$ -	\$ -	\$ -
Exchange-traded funds				
Global equity	1,582,013	1,582,013	-	-
Corporate bonds	1,391,445	1,391,445	-	-
Certificates of deposit	1,206,096	-	1,206,096	-
	<u>\$ 4,230,978</u>	<u>\$ 2,973,458</u>	<u>\$ 1,206,096</u>	<u>\$ -</u>
Beneficial interest in assets held by community foundation	<u>\$ 197,090</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 197,090</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, 2021:

Balance at beginning of year	\$ 161,313
Net investment return	35,777
Balance at end of year	<u>\$ 197,090</u>

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at June 30, 2021:

Within one year	\$ 196,688
In one to five years	2,750
	<u>\$ 199,438</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, 2021, four donors accounted for 77% of total promises to give.

Note 5 - Property and Equipment

Property and equipment consists of the following at June 30, 2021:

Buildings and improvements	\$ 13,020,168
Warehouse equipment	933,835
Land	890,000
Vehicles	915,132
Furniture and fixtures	403,810
	16,162,945
Less accumulated depreciation	(4,492,792)
	11,670,153
Construction in progress	32,299
	\$ 11,702,452

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, that was due to mature in May 2027. In September 2020, we repaid the remaining outstanding balance of the note payable in advance.

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

During the year ended June 30, 2020, we were granted a \$366,200 loan under the PPP administered by a Small Business Administration (SBA) approved partner. We initially recorded the loan as a refundable advance in accordance with guidance for conditional contributions. Proceeds from the loan were eligible for forgiveness if they were used for certain payroll, rent, and utility expenses. On November 16, 2020, we received notification of full forgiveness of the loan and recorded the forgiveness as a contribution on this date.

Note 8 - Net Assets With Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods at June 30, 2021:

Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 10,000
Restricted by donors for:	
Fresh Food Share	52,609
Events	25,000
Kids Café	16,750
SNAP Outreach	35,000
Beneficial interest in assets held by community foundation	197,090
	\$ 336,449

Net assets were released from restrictions as follows during the year ended June 30, 2021:

Expiration of time restrictions	\$ 10,000
Satisfaction of purpose restrictions:	
Fresh Food Share	76,390
Events	15,000
Kids Café	8,294
Other	2,191
	101,875
	\$ 111,875

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, 2021, we made contributions of approximately \$37,000 to the Plan.