

**All Faiths Food Bank, Inc.**

**Financial Statements**

**December 31, 2019**

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**CAVANAUGH & CO, LLP**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
All Faiths Food Bank, Inc.

We have audited the accompanying financial statements of All Faiths Food Bank, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and changes in net assets, 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. 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 All Faiths Food Bank, Inc. as of December 31, 2019, 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.

## Report on Summarized Comparative Information

We have previously audited All Faiths Food Bank, Inc.'s 2018 financial statements, and our report dated May 22, 2019, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Campbell & Co, LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida  
June 19, 2020

**All Faiths Food Bank, Inc.**

**Statement of Financial Position**  
December 31, 2019

	<b><u>ASSETS</u></b>			
	Without	2019 With	Total	2018 (For Comparative Purposes Only)
	Restrictions	Restrictions		
<b>Current assets:</b>				
Cash and cash equivalents				
Available for operations	\$ 1,383,337	-	1,383,337	408,061
Board designated	3,000,000	-	3,000,000	3,000,000
Donor restricted	-	943,537	943,537	1,641,104
Total cash and cash equivalents	<u>4,383,337</u>	<u>943,537</u>	<u>5,326,874</u>	<u>5,049,165</u>
Accounts receivable	56,661	-	56,661	24,226
Grants and contracts receivable	96,069	-	96,069	94,720
Pledges receivable - current portion	-	22,500	22,500	168,000
Inventory	252,852	954,789	1,207,641	891,799
Prepays expenses and deposits	98,426	-	98,426	118,734
Total current assets	<u>4,887,345</u>	<u>1,920,826</u>	<u>6,808,171</u>	<u>6,346,644</u>
Property and equipment, net	6,785,802	-	6,785,802	6,593,455
<b>Other assets:</b>				
Investments - Legacy Fund	3,070,666	-	3,070,666	2,317,161
Right of use asset	75,864	-	75,864	-
Total assets	<u>\$ 14,819,677</u>	<u>1,920,826</u>	<u>16,740,503</u>	<u>15,257,260</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>				
<b>Current liabilities:</b>				
Accounts payable	\$ 207,858	-	207,858	175,647
Accrued liabilities	151,157	-	151,157	91,150
Lease obligation - current portion	36,444	-	36,444	-
Total current liabilities	<u>395,459</u>	<u>-</u>	<u>395,459</u>	<u>266,797</u>
Lease obligation - less current portion	39,739	-	39,739	-
Total liabilities	<u>435,198</u>	<u>-</u>	<u>435,198</u>	<u>266,797</u>
<b>Net assets:</b>				
Without donor restrictions				
For operations	1,528,011	-	1,528,011	1,290,743
Board designated				
Reserve	3,000,000	-	3,000,000	3,000,000
Legacy Fund	3,070,666	-	3,070,666	2,317,161
Property and equipment	6,785,802	-	6,785,802	6,593,455
With donor restrictions	-	1,920,826	1,920,826	1,789,104
Total net assets	<u>14,384,479</u>	<u>1,920,826</u>	<u>16,305,305</u>	<u>14,990,463</u>
Total liabilities and net assets	<u>\$ 14,819,677</u>	<u>1,920,826</u>	<u>16,740,503</u>	<u>15,257,260</u>

See accompanying notes to financial statements.

**All Faiths Food Bank, Inc.**

**Statement of Activities and Changes in Net Assets**  
Year Ended December 31, 2019

	<u>2019</u>		<u>2018</u>	
	<u>Without</u>	<u>With</u>	<u>Total</u>	<u>(For Comparative</u>
	<u>Restrictions</u>	<u>Restrictions</u>		<u>Purposes Only)</u>
<b>Revenue and support:</b>				
<u>Revenue</u>				
Maintenance fee and food cost recovery \$	435,087	-	435,087	389,166
Investment earnings (losses), net	577,030	-	577,030	(173,108)
Miscellaneous	38,443	-	38,443	2,935
Total revenues	<u>1,050,560</u>	<u>-</u>	<u>1,050,560</u>	<u>218,993</u>
<u>Support</u>				
Value of contributed inventory	-	17,663,985	17,663,985	14,267,198
Contributions - general	2,494,775	2,527,231	5,022,006	5,021,589
Contributions - capital campaign	-	10,000	10,000	35,661
Special events	267,290	-	267,290	255,711
Grants				
Federal	-	314,434	314,434	119,742
Local	160,356	-	160,356	164,640
Other	910,085	952,587	1,862,672	1,386,525
Total support	<u>3,832,506</u>	<u>21,468,237</u>	<u>25,300,743</u>	<u>21,251,066</u>
Net assets released from restrictions:				
Value of contributed food distributed	17,421,444	(17,421,444)	-	-
Other net assets released	3,915,071	(3,915,071)	-	-
Total revenues, gains and support	<u>26,219,581</u>	<u>131,722</u>	<u>26,351,303</u>	<u>21,470,059</u>
<b>Expenses:</b>				
Program services	22,930,889	-	22,930,889	19,313,975
Management and administrative	1,048,237	-	1,048,237	834,001
Fund development	1,057,335	-	1,057,335	883,005
Total expenses	<u>25,036,461</u>	<u>-</u>	<u>25,036,461</u>	<u>21,030,981</u>
Change in net assets	1,183,120	131,722	1,314,842	439,078
Net assets at beginning of year	<u>13,201,359</u>	<u>1,789,104</u>	<u>14,990,463</u>	<u>14,551,385</u>
Net assets at end of year	<u>\$ 14,384,479</u>	<u>1,920,826</u>	<u>16,305,305</u>	<u>14,990,463</u>

See accompanying notes to financial statements.

**All Faiths Food Bank, Inc.**

**Statement of Functional Expenses**

Year Ended December 31, 2019

	2019			Total	2018 (For Comparative Purposes Only)
	Program Services	Management and Administrative	Fund Development		
Personnel expenses:					
Salaries	\$ 1,396,213	471,136	437,597	2,304,946	2,021,918
Payroll taxes	162,833	33,795	36,759	233,387	199,372
Employee benefits	343,624	128,683	98,756	571,063	456,686
Other employees costs	13,708	6,055	954	20,717	31,384
Total personnel expenses	<u>1,916,378</u>	<u>639,669</u>	<u>574,066</u>	<u>3,130,113</u>	<u>2,709,360</u>
General expenses:					
Advertising and publicity	3,962	-	66,192	70,154	66,794
Professional fees	110,493	65,432	168,087	344,012	471,376
Contract services	45,607	725	-	46,332	30,125
Depreciation	438,767	44,299	-	483,066	388,081
Subscriptions	35,778	4,919	1,522	42,219	38,908
Events and special initiatives	15,762	1,962	82,777	100,501	97,794
Donated food distributed	17,554,838	-	-	17,554,838	14,081,879
Purchased food distributed	1,976,253	-	-	1,976,253	1,750,731
Freight and delivery	178,419	-	-	178,419	178,572
Occupancy	128,506	49,062	-	177,568	122,462
Insurance	62,039	64,189	12,472	138,700	118,440
Meetings and conferences	27,559	29,317	22,033	78,909	38,679
Membership dues	4,993	7,064	-	12,057	9,830
Postage and mailing	2,307	8,941	51,183	62,431	52,189
Printing and copying	15,057	12,301	12,987	40,345	33,732
Equipment rental, repair and maintenance	111,850	17,806	3,623	133,279	90,474
Supplies	75,368	16,002	43,985	135,355	148,126
Telephone	19,797	48,521	5,009	73,327	62,499
Truck rental, maintenance and fuel	172,375	-	-	172,375	180,856
Travel	28,870	11,621	12,956	53,447	52,509
Bank, merchant and investment fees	-	25,845	19	25,864	22,697
Loss on disposal of assets	5,911	-	-	5,911	282,412
Miscellaneous	-	562	424	986	2,456
Total expenses	<u>\$ 22,930,889</u>	<u>1,048,237</u>	<u>1,057,335</u>	<u>25,036,461</u>	<u>21,030,981</u>

See accompanying notes to financial statements.

**All Faiths Food Bank, Inc.**

**Statement of Cash Flows**  
Year Ended December 31, 2019

	2019	2018 (For Comparative Purposes Only)
<b>Cash flows from operating activities:</b>		
Change in net assets	\$ 1,314,842	439,078
Adjustments to reconcile change in net assets to change in net cash flows from operating activities:		
Depreciation	483,066	388,081
Realized and unrealized (gains) losses on investments	(443,769)	230,696
Loss on disposal of fixed assets	5,911	282,412
(Increase) decrease in:		
Accounts receivable	(32,435)	(13,222)
Grants and contracts receivable	(1,349)	(24,605)
Pledges receivable	145,500	72,612
Inventory	(315,842)	(244,669)
Prepaid expenses	20,308	(55,778)
Right-to-use asset	35,637	-
Increase (decrease) in:		
Accounts payable	32,211	(20,075)
Accrued liabilities	60,007	(33,799)
Lease obligation	(35,318)	-
Total adjustments	(46,073)	581,653
Net cash flows from operating activities	1,268,769	1,020,731
<b>Cash flows from investing activities:</b>		
Purchase of investments	(309,736)	(53,591)
Purchase of property and equipment	(681,324)	(1,825,795)
Net cash flows from investing activities	(991,060)	(1,879,386)
Net (decrease) increase in cash and cash equivalents	277,709	(858,655)
Cash and cash equivalents, beginning	5,049,165	5,907,820
Cash and cash equivalents, ending	\$ 5,326,874	5,049,165

See accompanying notes to financial statements.



## All Faiths Food Bank, Inc.

### Notes to Financial Statements

December 31, 2019

#### **Note 1 – Organization and Summary of Significant Accounting Policies:**

##### Organization

All Faiths Food Bank, Inc. (All Faiths) was incorporated on March 13, 1989 as a non-profit corporation under the laws of the State of Florida. Its mission: Together with our partners, we provide healthy solutions to end hunger in our community. All Faiths, awarded a consecutive 4-star rating from Charity Navigator, is a member of the Feeding America network and the hub of hunger relief in Sarasota and DeSoto Counties. In 2019, All Faiths served 97,645 individuals, distributed 13.9 million pounds of food equating to 11.5 million meals, including 4.7 million pounds of fresh produce in partnership with 228 pantries, soup kitchens, churches, community centers, schools and programs.

All Faiths is a member of Feeding America, a national network of food banks that collect food throughout the food industry for distribution to non-profit food and nutrition programs. All Faiths obtains the majority of its food inventory from local food drives, processors, wholesalers, retailers, distributors, and growers.

##### Basis of Accounting

All Faiths financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

##### Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards *Financial Statements of Not-for-Profit Organizations (FASB Accounting Standards Codification (ASC) 958, Not-for-Profit Entities*. Accordingly, All Faiths is required to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. A description of the net asset categories follows:

Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The Board of Directors has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

##### Cash and Cash Equivalents

For purposes of the statement of cash flows, All Faiths considers all cash in banks and petty cash to be cash and cash equivalents. Cash and cash equivalents excludes cash held in brokerage accounts.

**All Faiths Food Bank, Inc.**

**Notes to Financial Statements**

December 31, 2019

**Note 1 – Organization and Summary of Significant Accounting Policies – continued:**

Investments

Management determines the appropriate classification of investment securities at the time of purchase and re-evaluates such classification as of each balance sheet date. All securities are recorded at fair value. Interest, dividends, and realized and unrealized gains and losses on securities are included in the statement of activities.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for potential uncollectible amounts through a provision based on its assessment of the current status of individual accounts and contracts. Balances that are still outstanding after management has used reasonable collection efforts are written off. Management considers accounts receivable balances to be fully collectible. As a result, no allowance for uncollectible amounts has been established.

Contributions

Contributions are recognized when the donor makes a promise to give to All Faiths that is, in substance, unconditional. Promises to give include split-interest amounts (contributions shared by All Faiths and other beneficiaries, which may include the donor) and are recorded at present value based on the estimated lives of the donors. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Donated Assets

Donated assets with an objective basis for valuation are recorded at their fair market value at the date of receipt.

Inventory

Purchased food inventory is stated at the lower of cost or net realizable value using the first - in first-out method. Donated food inventory is valued at the approximated average wholesale value of one pound of donated product at the national level as outlined in the *Product Valuation Survey Methodology* prepared annually by Feeding America. This value was \$1.62 per pound as of December 31, 2019. U.S. Department of Agriculture (USDA) donated food inventory is valued at USDA published rates.

## All Faiths Food Bank, Inc.

### Notes to Financial Statements

December 31, 2019

#### **Note 1 – Organization and Summary of Significant Accounting Policies – continued:**

##### Property and Equipment

It is All Faiths policy to capitalize property and equipment over \$2,500. Lesser amounts are expensed. Purchased property and equipment are carried at cost. Donations of property and equipment are recorded as contributions at their estimated fair value. Such donations are reported as unrestricted contributions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, All Faiths reports expirations of donor restrictions when the donated or acquired assets are placed in service. All Faiths reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment are depreciated used the straight-line method over estimated useful lives ranging from three to thirty-nine years.

##### Advertising

All Faiths expenses advertising cost as incurred. Advertising expenses were \$70,154 for 2019.

##### Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the Consolidated Statement of Activities and Changes in Net Assets and in the Consolidated Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services based on the relative benefit provided.

##### Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

##### Income Taxes

All Faiths is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to All Faiths tax-exempt purpose is subject to taxation as unrelated business income.

Management has evaluated the effect of an accounting standard relating to accounting for uncertainty in income taxes. Management has determined that All Faiths had no uncertain income tax positions that could have a significant effect on the financial statements for the year ended December 31, 2019. All Faiths federal income tax returns are subject to examination by the Internal Revenue Service, generally for three years after the federal income tax returns were filed.

##### Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform with the presentation in the current-year financial statements.

All Faiths Food Bank, Inc.

Notes to Financial Statements

December 31, 2019

**Note 1 – Organization and Summary of Significant Accounting Policies – continued:**

Summarized Comparative Information

The 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. Accordingly, such information should be read in conjunction with All Faiths financial statements for the year ended December 31, 2018, from which the summarized information was derived.

**Note 2 – Concentration of Credit Risk:**

All Faith's financial instruments that are exposed to concentrations of credit risk consist primarily of cash. All Faiths places its cash and cash equivalents with local financial institutions. At times, cash balances may be in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance limits. Management considers the risk to be minimal and makes efforts to keep balances within FDIC limits.

**Note 3 – Pledges Receivable:**

Unconditional pledges to All Faiths consist of pledges for campus expansion. Management reviews the collectability of pledges on an ongoing basis. At December 31, 2019, all pledges were due within one year and management considered them to be fully collectible, thus no allowance has been recorded.

**Note 4 – Inventory:**

Inventory consists of the following:

Donated food	\$	954,789
Purchased food		<u>252,852</u>
Total	\$	<u>1,207,641</u>

**Note 5 – Property and Equipment:**

Property and equipment consists of the following:

Land and land improvements	\$	1,476,826
Building and improvements		4,162,394
Warehouse equipment		1,270,678
Office equipment		187,346
Vehicles		<u>1,786,561</u>
Total property and equipment		9,040,006
Less: accumulated depreciation		<u>(2,254,204)</u>
Property and equipment, net	\$	<u>6,785,802</u>

**All Faiths Food Bank, Inc.**

**Notes to Financial Statements**

December 31, 2019

**Note 6 – Investments:**

The components of investments at December 31, 2019, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Loss</u>
Cash	\$ 25,683	25,683	-
Mutual funds			
Equities			
Large cap	1,012,694	1,214,653	201,959
Mid cap	207,874	226,402	18,528
Small cap	150,000	140,834	(9,166)
Int'l developed	379,491	399,624	20,133
Int'l emerging	125,000	118,936	(6,064)
Bond	800,573	818,096	17,523
Real estate	119,799	126,438	6,639
Total	<u>\$ 2,821,114</u>	<u>3,070,666</u>	<u>249,552</u>

Investment earnings (losses), net, for the year ended December 31, 2019 were comprised of the following:

Interest and dividends	\$ 143,451
Realized and unrealized losses	443,769
Investment fees	<u>(10,289)</u>
Total	<u>\$ 577,030</u>

**Note 7 – Lines of Credit:**

All Faiths has a line of credit agreement for \$250,000. Interest is at the prime rate plus .50%, currently 5%, and is payable on demand. Borrowings are collateralized by business assets. There was no balance outstanding at December 31, 2019.

During 2016, All Faiths entered into a second line of credit agreement for \$2,000,000 for the expansion of the facility. Interest is at the one-month LIBOR rate plus 2%, currently 3.49% and matures May 5, 2020. Borrowings are collateralized by investments. There was no balance outstanding at December 31, 2019.

**Note 8 – Net Assets With Donor Restrictions:**

Net assets with donor restrictions are restricted for the following purposes or periods.

Subject to expenditure for specified programs or uses:

Inventory – for distribution to agencies	\$ 954,789
Programs	943,537
Pledges receivable, net	<u>22,500</u>
Total	<u>\$ 1,920,826</u>

**All Faiths Food Bank, Inc.**

**Notes to Financial Statements**

December 31, 2019

**Note 9 – Donated Services:**

A number of volunteers have contributed approximately 50,019 hours of time in 2019 to the activities of All Faiths without compensation. The financial statements do not reflect the value of these donated services because, although clearly substantial, they do not meet the criteria for recorded donated services. However, management estimates the value of these services to be \$1,202,451 for 2019 based on the rate provided by the Independent Sector for the value of volunteer time for the State of Florida.

**Note 10 – Retirement Plan:**

All Faiths has a defined contribution plan that is available to all employees that have completed one year of service. All Faiths matches up to 5% of the employee's contribution. The employee fully vests in the All Faith's contribution after four years of service. Retirement expense was \$90,957 for the year ended December 31, 2019.

**Note 11 – Fair Value of Financial Assets:**

Certain assets of All Faiths are presented at fair value. The FASB Accounting Standards Codification provides enhanced guidance for using fair value to measure assets and liabilities and clarifies the principle that fair value should be based on the assumption market participants would use when pricing the assets or liabilities and establishes a hierarchy that prioritizes the information used to develop those assumptions.

The following table presents information about All Faiths assets that are measured at fair value on a recurring basis as of December 31, 2019, and indicate the fair value hierarchy of the valuation techniques used to determine such fair value. The three levels for measuring fair value are based on the reliability of inputs and are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities, such as publicly traded equity securities

Level 2 – inputs other than quoted prices included in level 1 that are observable, either directly or indirectly. Such inputs may include quoted prices for similar assets, observable inputs other than quoted prices (interest rates, yield curves, etc.) or inputs derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – inputs are unobservable data points for the asset or liability, and include situations where there is little, if any, market activity for the asset or liability (for example, hedge funds, private equity and other). The inputs reflect the organization's assumptions based on the best information available in the circumstance.

**All Faiths Food Bank, Inc.**

**Notes to Financial Statements**

December 31, 2019

**Note 11 – Fair Value of Financial Assets – continued:**

Financial assets at fair value on a recurring basis at December 31, 2019:

<u>Description</u>	<u>Total</u>	Financial Assets and Liabilities at Fair Value on a Recurring Basis at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash	\$ 25,683	25,683	-	-
Mutual Funds				
Equities				
Large cap	1,214,653	1,214,653	-	-
Mid cap	226,402	226,402	-	-
Small cap	140,834	140,834	-	-
Int'l developed	399,624	399,624	-	-
Int'l emerging	118,936	-	118,936	-
Bond	818,096	-	818,096	-
Real estate	126,438	-	126,438	-
Total financial assets at fair value	<u>\$ 3,070,666</u>	<u>2,007,196</u>	<u>1,063,470</u>	<u>-</u>

**Note 12 – Liquidity:**

All Faiths receives unrestricted and restricted contributions to provide funds for its programs. Funding is also provided by county and private grants, primarily based on estimated costs incurred for specific programs and product deliveries to associated food distribution-point agencies. Requests for tracking expenditures are prepared quarterly and/or annually by All Faiths and submitted to the grantors.

The focus of All Faiths' liquidity management is to have sufficient cash available to pay for three month's operating expenses on a timely basis. During the year ended December 31, 2019 All Faiths was able to meet this objective.

The organization manages its liquidity and reserves following three guiding principles: Operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance of All Faiths' ability to purchase emergency food supplies in disaster recovery situations. The organization has a liquidity policy to maintain current unrestricted financial assets less current liabilities at a minimum of 60 days operating expenses.

## All Faiths Food Bank, Inc.

### Notes to Financial Statements

December 31, 2019

#### **Note 12 – Liquidity - continued:**

As of December 31, 2019, the following financial assets could readily be made available within 30 days of the balance sheet date to meet general expenditures. In addition, All Faiths has two lines of credit totaling \$2,250,000 to meet any needs in excess of that available by other means. At December 31, 2019, there was no outstanding balance on either of the lines of credit.

Cash and cash equivalents	\$ 2,323,525
Board designated reserves	3,000,000
Legacy fund investments	<u>3,070,666</u>
Total assets available	8,394,191
Unused line of credit – AMB	2,000,000
Unused line of credit – BMO	<u>250,000</u>
Total assets and credit available	\$ <u>10,644,191</u>

The liquidity and cash management plans as described above may be impacted by the subsequent events described in Note 14. However, management believes the organization is well positioned to handle any challenges presented by these events.

#### **Note 13 – Functionalized Expenses:**

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 occupancy, depreciation, and amortization, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

#### **Note 14 – Subsequent Events:**

Since December 31, 2019 the outbreak of COVID-19 and related global responses have caused material disruptions to businesses around the world, leading to economic slowdown. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on All Faith's financial condition, liquidity, and future results of operations. Management is actively monitoring the impact of the virus on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, All Faiths is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2020.

However, some impacts have been substantial and immediate:

- The post-outbreak impact on the stock market affected the organization dramatically, as our investment portfolio declined in value by \$342,000 by the end of April 2020. Recovery in 2020 is unknown.
- The high unemployment rate caused by the virus significantly increased the demand for food.



**All Faiths Food Bank, Inc.**

**Notes to Financial Statements**

December 31, 2019

**Note 14 – Subsequent Events - continued:**

- Social distancing and isolation practices caused a 100% reduction to our volunteer workforce. As a result, almost all administrative, development, and program personnel were reassigned to do tasks normally completed by volunteers in the March-June time frame. All these support costs will be program costs in 2020.
- The organization anticipates cancelling fund-raising events for 2020, which would have a greater than \$400,000 impact to the third and fourth quarters. The Summer Hunger fund-raising initiative for Apr-May was moved into March, and the summer feeding for children started in March rather than June. This program uses primarily purchased product, so product cost was incurred earlier than in 2019 and will result in higher total purchased product costs for 2020.
- All Faiths received significant local funds in March – May 2020, but anticipates the second half revenue to decrease. Feeding America was able to source significant funds on a national scale in March and April, and we received over \$600,000 to buy food.
- Due to closure of restaurants, an excess supply of donated food hit the market in March and April, resulting in large “donated food” revenue in that period, although waste increased, as well. The USDA is also buying up excess food to process and assign to food banks to distribute to those in need. Purchased, donated, and USDA Inventory values increased 85% during the second quarter 2020.
- There has been wide-spread disruption of the food supply chain resulting in acute shortages of donated food and possible future increases in food costs. Food purchases increased threefold over the prior year.

Other subsequent events have been evaluated through June 19, 2020, which is the date the financial statements were available to be issued.