



AFFB Management Commentary on 2020 Results

The impact of the pandemic on the food bank has been profound.

COVID-19 presented a sudden, intense and complex crisis which resulted in supply chain disruptions, partner agency closures, and furloughed volunteers. No-touch/low-touch requirements necessitated complete modification of All Faiths Food Bank's food distribution models.

The demand for food is unlike anything anyone has ever experienced.

AFFB distributed historic levels of food. Fortunately, AFFB also experienced historic financial investments from the community (comparable to other food banks in the national Feeding America network). This generosity allowed us to immediately and effectively respond. Outcomes include:

- 53% increase in the number of people seeking food assistance
- 65% increase in the number of meals provided
- Almost \$1M subsidy to agency partners
- Additional outreach workers, benefits specialists, drivers, and warehouse staff
- Purchasing and leasing 4 additional refrigerated trucks
- Leasing more warehouse space

The long-term impact and timeframe for recovery are uncertain. However, changes to the operating environment will continue to increase future operating costs. Because of the extraordinary compassion and generosity of our community, the Board has directed that funds be carried over for the next 2 fiscal years, primarily to:

- Increase food purchases
- Expand services including new agency partners and new mobile market sites
- Add more days/hours of service and large drive-through distributions
- Support member agencies and promote equity
- Expand the warehouse and cold storage
- Fortify disaster relief reserves
- Strengthen the hunger relief system

Thank you for standing with us during this difficult year. In the uncertain times that lie ahead, we will move forward with an unwavering commitment to provide food for as many of our struggling neighbors as we possibly can.

A handwritten signature in blue ink that reads "Ben Hanan".

Ben Hanan
Chair, All Faiths Food Bank

A handwritten signature in blue ink that reads "Sandra Frank".

Sandra Frank
CEO, All Faiths Food Bank

Except for statements of historical fact, the information contained herein constitutes forward-looking statements and includes, but is not limited to, the projected financial performance of AFFB.

All Faiths Food Bank, Inc.

Financial Statements

December 31, 2020

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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, 2020, 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.

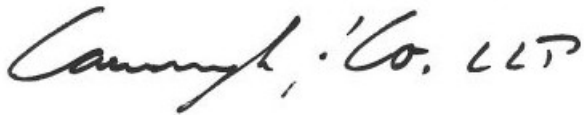
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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, 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.

Report on Summarized Comparative Information

We have previously audited All Faiths Food Bank, Inc.'s 2019 financial statements, and our report dated June 19, 2020, 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, 2019, 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 "Cammy, Co. LLP". The signature is written in a cursive, flowing style.

Sarasota, Florida
May 10, 2021

All Faiths Food Bank, Inc.

Statement of Financial Position

December 31, 2020

(with comparative totals for 2019)

	<u>ASSETS</u>			
	2020			
	<u>Without</u>	<u>With</u>	<u>Total</u>	<u>2019</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
Current assets:				
Cash and cash equivalents				
Available for operations	\$ 6,508,547	-	6,508,547	1,383,337
Board designated	5,000,000	-	5,000,000	3,000,000
Donor restricted	-	3,324,754	3,324,754	943,537
Total cash and cash equivalents	<u>11,508,547</u>	<u>3,324,754</u>	<u>14,833,301</u>	<u>5,326,874</u>
Accounts receivable	146,989	-	146,989	56,661
Grants and contracts receivable	51,102	-	51,102	96,069
Pledges receivable - current portion	-	-	-	22,500
Inventory	680,792	601,782	1,282,574	1,207,641
Prepays expenses and deposits	<u>100,966</u>	<u>-</u>	<u>100,966</u>	<u>98,426</u>
Total current assets	<u>12,488,396</u>	<u>3,926,536</u>	<u>16,414,932</u>	<u>6,808,171</u>
Property and equipment, net	6,686,615	-	6,686,615	6,785,802
Other assets:				
Investments - Legacy Fund	3,646,513	-	3,646,513	3,070,666
Right of use asset	<u>42,710</u>	<u>-</u>	<u>42,710</u>	<u>75,864</u>
Total assets	<u>\$ 22,864,234</u>	<u>3,926,536</u>	<u>26,790,770</u>	<u>16,740,503</u>

LIABILITIES AND NET ASSETS

Current liabilities:				
Accounts payable	\$ 307,257	-	307,257	207,858
Accrued liabilities	193,715	-	193,715	151,157
Lease obligation - current portion	-	-	-	36,444
Total current liabilities	<u>500,972</u>	<u>-</u>	<u>500,972</u>	<u>395,459</u>
Lease obligation - less current portion	<u>42,943</u>	<u>-</u>	<u>42,943</u>	<u>39,739</u>
Total liabilities	<u>543,915</u>	<u>-</u>	<u>543,915</u>	<u>435,198</u>
Net assets:				
Without donor restrictions				
For operations	6,987,191	-	6,987,191	1,528,011
Board designated				
Reserve	5,000,000	-	5,000,000	3,000,000
Legacy Fund	3,646,513	-	3,646,513	3,070,666
Property and equipment	6,686,615	-	6,686,615	6,785,802
With donor restrictions	-	3,926,536	3,926,536	1,920,826
Total net assets	<u>22,320,319</u>	<u>3,926,536</u>	<u>26,246,855</u>	<u>16,305,305</u>
Total liabilities and net assets	<u>\$ 22,864,234</u>	<u>3,926,536</u>	<u>26,790,770</u>	<u>16,740,503</u>

See accompanying notes to financial statements.

All Faiths Food Bank, Inc.

Statement of Activities and Changes in Net Assets

Year Ended December 31, 2020

(with comparative totals for 2019)

	2020			
	Without Restrictions	With Restrictions	Total	2019
Revenue and support:				
<u>Revenue</u>				
Maintenance fee and food cost recovery \$	1,205,859	-	1,205,859	435,087
Investment earnings (losses), net	362,331	-	362,331	577,030
Miscellaneous	5,280	-	5,280	38,443
Total revenues	<u>1,573,470</u>	<u>-</u>	<u>1,573,470</u>	<u>1,050,560</u>
<u>Support</u>				
Value of contributed inventory	-	29,214,571	29,214,571	17,663,985
Contributions - general	8,718,506	6,940,401	15,658,907	5,022,006
Contributions - capital campaign	-	-	-	10,000
Special events	116,172	-	116,172	267,290
Grants				
Federal	-	548,510	548,510	314,434
Local	184,410	-	184,410	160,356
Other	1,136,476	1,443,914	2,580,390	1,862,672
Total support	<u>10,155,564</u>	<u>38,147,396</u>	<u>48,302,960</u>	<u>25,300,743</u>
Net assets released from restrictions:				
Value of contributed food distributed	29,331,840	(29,331,840)	-	-
Other net assets released	6,809,846	(6,809,846)	-	-
Total revenues, gains and support	<u>47,870,720</u>	<u>2,005,710</u>	<u>49,876,430</u>	<u>26,351,303</u>
Expenses:				
Program services	37,673,330	-	37,673,330	22,930,889
Management and administrative	1,036,220	-	1,036,220	1,048,237
Fund development	1,225,330	-	1,225,330	1,057,335
Total expenses	<u>39,934,880</u>	<u>-</u>	<u>39,934,880</u>	<u>25,036,461</u>
Change in net assets	7,935,840	2,005,710	9,941,550	1,314,842
Net assets at beginning of year	<u>14,384,479</u>	<u>1,920,826</u>	<u>16,305,305</u>	<u>14,990,463</u>
Net assets at end of year	<u>\$ 22,320,319</u>	<u>3,926,536</u>	<u>26,246,855</u>	<u>16,305,305</u>

See accompanying notes to financial statements.

All Faiths Food Bank, Inc.

Statement of Functional Expenses
Year Ended December 31, 2020
(with comparative totals for 2019)

	2020			Total	2019
	Program Services	Management and Administrative	Fund Development		
Personnel expenses:					
Salaries	\$ 1,929,354	348,294	632,608	2,910,256	2,304,946
Payroll taxes	240,178	21,537	47,634	309,349	233,387
Employee benefits	374,561	61,035	110,656	546,252	571,063
Other employees costs	-	29,974	-	29,974	20,717
Total personnel expenses	<u>2,544,093</u>	<u>460,840</u>	<u>790,898</u>	<u>3,795,831</u>	<u>3,130,113</u>
General expenses:					
Advertising and publicity	-	-	114,797	114,797	70,154
Professional fees	187,827	58,485	125,923	372,235	344,012
Contract services	88,038	2,091	-	90,129	46,332
Depreciation	351,788	189,325	-	541,113	483,066
Subscriptions	180	-	41,171	41,351	42,219
Events and special initiatives	-	-	30,321	30,321	100,501
Donated food distributed	29,331,840	-	-	29,331,840	17,554,838
Purchased food distributed	3,149,890	-	-	3,149,890	1,976,253
Freight and delivery	80,232	-	-	80,232	178,419
Occupancy	173,668	25,316	-	198,984	177,568
Insurance	164,367	31,917	-	196,284	138,700
Meetings and conferences	41,317	2,796	11,644	55,757	78,909
Membership dues	2,084	3,706	3,858	9,648	12,057
Postage and mailing	50,463	3,359	69,829	123,651	62,431
Printing and copying	45,437	12,879	6,694	65,010	40,345
Equipment rental, repair and maintenance	31,216	73,365	11,925	116,506	133,279
Supplies	155,758	22,992	11,308	190,058	135,355
Telephone	23,833	53,328	5,001	82,162	73,327
Truck rental, maintenance and fuel	276,090	-	-	276,090	172,375
Travel	6,256	9,997	1,961	18,214	53,447
Bank, merchant and investment fees	-	82,399	-	82,399	25,864
Loss on disposal of assets	-	-	-	-	5,911
Disaster relief receivable forgiveness	961,631	-	-	961,631	-
Miscellaneous	<u>7,322</u>	<u>3,425</u>	<u>-</u>	<u>10,747</u>	<u>986</u>
Total expenses	<u>\$ 37,673,330</u>	<u>1,036,220</u>	<u>1,225,330</u>	<u>39,934,880</u>	<u>25,036,461</u>

See accompanying notes to financial statements.

All Faiths Food Bank, Inc.

Statement of Cash Flows
Year Ended December 31, 2020
(with comparative totals for 2019)

	2020	2019
Cash flows from operating activities:		
Change in net assets	\$ 9,941,550	1,314,842
Adjustments to reconcile change in net assets to change in net cash flows from operating activities:		
Depreciation	541,113	483,066
Realized and unrealized (gains) losses on investments	(267,966)	(443,769)
(Gain) Loss on disposal of fixed assets	(7,418)	5,911
(Increase) decrease in:		
Accounts receivable	(90,328)	(32,435)
Grants and contracts receivable	44,967	(1,349)
Pledges receivable	22,500	145,500
Inventory	(74,933)	(315,842)
Prepaid expenses	(2,540)	20,308
Right-to-use asset	33,154	35,637
Increase (decrease) in:		
Accounts payable	99,399	32,211
Accrued liabilities	42,558	60,007
Lease obligation	(33,240)	(35,318)
Total adjustments	307,266	(46,073)
Net cash flows from operating activities	10,248,816	1,268,769
Cash flows from investing activities:		
Purchase of investments	(307,881)	(309,736)
Purchase of property and equipment	(434,508)	(681,324)
Net cash flows from investing activities	(742,389)	(991,060)
Net increase in cash and cash equivalents	9,506,427	277,709
Cash and cash equivalents, beginning	5,326,874	5,049,165
Cash and cash equivalents, ending	\$ 14,833,301	5,326,874

See accompanying notes to financial statements.

All Faiths Food Bank, Inc.

Notes to Financial Statements

December 31, 2020

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 2020, All Faiths saw a 53% increase in individuals served, distributed 22.4 million pounds of food equating to 18.4 million meals, including 8.1 million pounds of fresh produce in partnership with 196 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 exclude cash held in brokerage accounts.

All Faiths Food Bank, Inc.

Notes to Financial Statements

December 31, 2020

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 \$1.74 per pound as of December 31, 2020. 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, 2020

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 \$114,797 for 2020.

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, 2020. 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, 2020

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, 2019, 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	\$	601,782
Purchased food		<u>680,792</u>
Total	\$	<u>1,282,574</u>

Note 5 – Property and Equipment:

Property and equipment consists of the following:

Land and land improvements	\$	1,476,826
Building and improvements		4,289,359
Warehouse equipment		1,330,695
Office equipment		201,013
Vehicles		<u>1,806,006</u>
Total property and equipment		9,391,066
Less: accumulated depreciation		<u>(2,704,451)</u>
Property and equipment, net	\$	<u>6,686,615</u>

All Faiths Food Bank, Inc.

Notes to Financial Statements

December 31, 2020

Note 6 – Investments:

The components of investments at December 31, 2020, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Loss</u>
Cash	\$ 30,799	30,799	-
Mutual funds			
Equities			
Large cap	1,186,206	1,571,804	385,598
Mid cap	162,510	199,952	37,442
Small cap	92,390	96,494	4,104
Int'l developed	404,484	457,937	53,453
Int'l emerging	132,220	148,827	16,607
Bond	965,953	1,016,105	50,152
Real estate	<u>131,799</u>	<u>124,595</u>	<u>(7,204)</u>
Total	<u>\$ 3,106,361</u>	<u>3,646,513</u>	<u>540,152</u>

Investment earnings (losses), net, for the year ended December 31, 2020 were comprised of the following:

Interest and dividends	\$ 107,716
Realized and unrealized losses	267,966
Investment fees	<u>(13,624)</u>
Total	\$ <u>362,331</u>

Note 7 – Lines of Credit:

All Faiths has two lines of credit to provide funds as needed as follows:

\$250,000 line of credit, interest at the prime rate plus .50%, currently 3.75%, and is payable on demand. Borrowings are collateralized by business assets. There was no balance outstanding at December 31, 2020 and

\$2,000,000 line of credit, interest is at the one-month LIBOR rate plus 1.5%, currently 1.653% and matures July 2021. Borrowings are collateralized by investments. There was no balance outstanding at December 31, 2020.

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	\$ 601,782
Programs	<u>1,025,294</u>
Total	\$ <u>1,627,076</u>

All Faiths Food Bank, Inc.

Notes to Financial Statements

December 31, 2020

Note 9 – Donated Services:

A number of volunteers have contributed approximately 30,649 hours of time in 2020 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 \$615,432 for 2020 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 \$110,536 for the year ended December 31, 2020.

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, 2020, 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, 2020

Note 11 – Fair Value of Financial Assets – continued:

Financial assets at fair value on a recurring basis at December 31, 2020:

<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	\$ 30,799	30,799	-	-
Mutual Funds				
Equities				
Large cap	1,571,804	1,571,804	-	-
Mid cap	199,952	199,952	-	-
Small cap	96,494	96,494	-	-
Int'l developed	457,937	457,937	-	-
Int'l emerging	148,827	-	148,827	-
Bond	1,016,105	-	1,016,105	-
Real estate	124,595	-	124,595	-
Total financial assets at fair value	\$ <u>3,646,513</u>	<u>2,356,986</u>	<u>1,289,527</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, 2020 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, 2020

Note 12 – Liquidity - continued:

As of December 31, 2020, 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, 2020, there was no outstanding balance on either of the lines of credit.

Cash and cash equivalents	\$ 6,508,547
Board designated reserves	5,000,000
Legacy fund investments	<u>3,646,513</u>
Total assets available	15,155,060
Unused line of credit – AMB	2,000,000
Unused line of credit – BMO	<u>250,000</u>
Total assets and credit available	\$ <u>17,405,060</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 – Effects of COVID-19:

The fiscal year ended December 31, 2020 was an unprecedented year for All Faiths as COVID-19 presented a complex crisis of increased demand, supply chain disruptions, partner agency closures, furloughed volunteers and extraordinary modification of food distribution models. Fortunately, during this time, All Faiths also experienced historic financial investment and funding from the community. This generosity allowed All Faiths to immediately and effectively respond to the skyrocketing need.

The long-term impact of the pandemic and timeframe for recovery are uncertain. Changes to the operating environment have, and will continue to, increase future operating costs. Shared maintenance fees and fees for purchased food ceased to be charged by All Faiths starting in March 2020, and All Faiths continues to do so in 2021. Additional implications include the ability of donors to continue making donations. The ultimate outcome of these matters on All Faiths cannot be determined at this time.

All Faiths Food Bank, Inc.

Notes to Financial Statements

December 31, 2020

Note 14 – Effects of COVID-19 - continued:

As indicated in the accompanying 2020 statements of financial position and activities, our community's generosity resulted in a surplus of restricted and unrestricted support. All Faiths will remain transparent, strategic and innovative with respect to current reserves. All Faiths will continue to meet the immediate needs of the community and has earmarked funds for service expansion, including new agencies and new mobile market sites, expanded hours of service, and large drive-through distributions. The funds will also be utilized to build partner agency and facility capacity to help sustain the response over what is like to be a protracted, multi-year economic recovery.

Note 15 – Subsequent Events:

Other subsequent events have been evaluated through May 10, 2021, which is the date the financial statements were available to be issued.