

All Faiths Food Bank, Inc.

Financial Statements

December 31, 2021

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CAVANAUGH & CO, LLP
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

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

Opinion

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, 2021, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements.

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, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of All Faiths Food Bank, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about All Faiths Food Bank, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from

fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 All Faiths Food Bank, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about All Faiths Food Bank, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information

We have previously audited All Faiths Food Bank, Inc.'s 2020 financial statements, and our report dated May 10, 2021, 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, 2020, 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
April 29, 2022

All Faiths Food Bank, Inc.

Statement of Financial Position

December 31, 2021

(with comparative totals for 2020)

	<u>ASSETS</u>			
	2021			
	<u>Without</u>	<u>With</u>	<u>Total</u>	<u>2020</u>
	<u>Restrictions</u>	<u>Restrictions</u>		
Current assets:				
Cash and cash equivalents				
Available for operations	\$ 11,824,819	-	11,824,819	6,508,547
Board designated	5,000,000	-	5,000,000	5,000,000
Donor restricted	-	1,231,487	1,231,487	3,324,754
Total cash and cash equivalents	<u>16,824,819</u>	<u>1,231,487</u>	<u>18,056,306</u>	<u>14,833,301</u>
Contributions receivable	179,158	-	179,158	146,989
Grants and contracts receivable	296,226	-	296,226	51,102
Inventory	560,507	429,173	989,680	1,282,574
Prepays expenses and deposits	<u>177,142</u>	-	<u>177,142</u>	<u>100,966</u>
Total current assets	<u>18,037,852</u>	<u>1,660,660</u>	<u>19,698,512</u>	<u>16,414,932</u>
Property and equipment, net	7,039,105	-	7,039,105	6,686,615
Other assets:				
Investments - Legacy Fund	5,444,009	-	5,444,009	3,646,513
Right of use asset	18,450	-	18,450	42,710
Total assets	<u>\$ 30,539,416</u>	<u>1,660,660</u>	<u>32,200,076</u>	<u>26,790,770</u>

	<u>LIABILITIES AND NET ASSETS</u>			
Current liabilities:				
Accounts payable	\$ 439,345	-	439,345	307,257
Accrued liabilities	349,026	-	349,026	193,715
Lease obligation - current portion	-	-	-	36,444
Total current liabilities	<u>788,371</u>	<u>-</u>	<u>788,371</u>	<u>537,416</u>
Lease obligation - less current portion	<u>22,554</u>	<u>-</u>	<u>22,554</u>	<u>6,499</u>
Total liabilities	<u>810,925</u>	<u>-</u>	<u>810,925</u>	<u>543,915</u>
Net assets:				
Without donor restrictions				
For operations	12,245,377	-	12,245,377	6,987,191
Board designated				
Reserve	5,000,000	-	5,000,000	5,000,000
Legacy Fund	5,444,009	-	5,444,009	3,646,513
Property and equipment	7,039,105	-	7,039,105	6,686,615
With donor restrictions	-	1,660,660	1,660,660	3,926,536
Total net assets	<u>29,728,491</u>	<u>1,660,660</u>	<u>31,389,151</u>	<u>26,246,855</u>
Total liabilities and net assets	<u>\$ 30,539,416</u>	<u>1,660,660</u>	<u>32,200,076</u>	<u>26,790,770</u>

See accompanying notes to financial statements.

All Faiths Food Bank, Inc.

Statement of Activities and Changes in Net Assets
 Year Ended December 31, 2021
 (with comparative totals for 2020)

	2021			
	Without Restrictions	With Restrictions	Total	2020
Revenue and support:				
<u>Revenue</u>				
Maintenance fee and food cost recovery \$	1,870,588	-	1,870,588	1,205,859
Investment earnings (losses), net	587,839	-	587,839	362,331
Miscellaneous	10,618	-	10,618	5,280
Total revenues	<u>2,469,045</u>	<u>-</u>	<u>2,469,045</u>	<u>1,573,470</u>
<u>Support</u>				
Value of contributed inventory	-	23,029,312	23,029,312	29,214,571
Contributions - general	9,185,416	2,842,758	12,028,174	15,658,907
Special events	62,200	-	62,200	116,172
Grants				
Federal	-	647,898	647,898	548,510
Local	204,405	-	204,405	184,410
Other	1,793,924	1,104,785	2,898,709	2,580,390
Total support	<u>11,245,945</u>	<u>27,624,753</u>	<u>38,870,698</u>	<u>48,302,960</u>
Net assets released from restrictions:				
Value of contributed food distributed	23,201,921	(23,201,921)	-	-
Other net assets released	<u>6,688,708</u>	<u>(6,688,708)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and support	<u>43,605,619</u>	<u>(2,265,876)</u>	<u>41,339,743</u>	<u>49,876,430</u>
Expenses:				
Program services	33,449,308	-	33,449,308	37,673,330
Management and administrative	1,408,987	-	1,408,987	1,036,220
Fund development	1,339,152	-	1,339,152	1,225,330
Total expenses	<u>36,197,447</u>	<u>-</u>	<u>36,197,447</u>	<u>39,934,880</u>
Change in net assets	7,408,172	(2,265,876)	5,142,296	9,941,550
Net assets at beginning of year	<u>22,320,319</u>	<u>3,926,536</u>	<u>26,246,855</u>	<u>16,305,305</u>
Net assets at end of year	<u>\$ 29,728,491</u>	<u>1,660,660</u>	<u>31,389,151</u>	<u>26,246,855</u>

See accompanying notes to financial statements.

All Faiths Food Bank, Inc.

Statement of Functional Expenses Year Ended December 31, 2021 (with comparative totals for 2020)

	2021			Total	2020
	Program Services	Management and Administrative	Fund Development		
Personnel expenses:					
Salaries	\$ 1,898,348	517,021	623,949	3,039,318	2,910,256
Payroll taxes	226,676	43,368	72,024	342,068	309,349
Employee benefits	381,106	62,882	114,543	558,531	546,252
Other employees costs	22,063	20,864	8,569	51,496	29,974
Total personnel expenses	<u>2,528,193</u>	<u>644,135</u>	<u>819,085</u>	<u>3,991,413</u>	<u>3,795,831</u>
General expenses:					
Advertising and publicity	15,392	-	110,497	125,889	114,797
Professional fees	72,930	164,039	183,528	420,497	372,235
Contract services	69,090	4,844	5,042	78,976	90,129
Depreciation	364,323	224,762	-	589,085	541,113
Subscriptions	384	929	70,923	72,236	41,351
Events and special initiatives	2,465	1,435	21,508	25,408	30,321
Donated food distributed	23,185,752	-	-	23,185,752	29,331,840
Purchased food distributed	4,346,701	-	-	4,346,701	3,149,890
Freight and delivery	112,708	-	-	112,708	80,232
Occupancy	104,519	116,224	-	220,743	198,984
Insurance	176,812	27,736	-	204,548	196,284
Meetings and conferences	10,506	3,794	7,573	21,873	55,757
Membership dues	5,112	10,701	-	15,813	9,648
Postage and mailing	34,100	4,095	72,922	111,117	123,651
Printing and copying	39,126	4,538	15,709	59,373	65,010
Equipment rental, repair and maintenance	75,712	31,881	-	107,593	116,506
Supplies	163,690	41,748	22,651	228,089	190,058
Telephone	25,981	58,008	6,389	90,378	82,162
Truck rental, maintenance and fuel	266,590	-	-	266,590	276,090
Travel	47,435	6,064	3,325	56,824	18,214
Bank, merchant and investment fees	-	63,510	-	63,510	82,399
Loss on disposal of assets	5,140	544	-	5,684	-
Disaster relief receivable forgiveness	1,780,049	-	-	1,780,049	961,631
Miscellaneous	16,598	-	-	16,598	10,747
Total expenses	<u>\$ 33,449,308</u>	<u>1,408,987</u>	<u>1,339,152</u>	<u>36,197,447</u>	<u>39,934,880</u>

See accompanying notes to financial statements.

All Faiths Food Bank, Inc.

Statement of Cash Flows
Year Ended December 31, 2021
(with comparative totals for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 5,142,296	9,941,550
Adjustments to reconcile change in net assets to change in net cash flows from operating activities:		
Depreciation	589,085	541,113
Realized and unrealized (gains) losses on investments	(564,275)	(267,966)
(Gain) Loss on disposal of fixed assets	5,684	(7,418)
(Increase) decrease in:		
Contributions receivable	(32,169)	(90,328)
Grants and contracts receivable	(245,124)	44,967
Pledges receivable	-	22,500
Inventory	292,894	(74,933)
Prepaid expenses	(76,176)	(2,540)
Right-to-use asset	24,260	33,154
Increase (decrease) in:		
Accounts payable	132,088	99,399
Accrued liabilities	155,311	42,558
Lease obligation	(20,389)	(33,240)
Total adjustments	<u>261,189</u>	<u>307,266</u>
Net cash flows from operating activities	<u>5,403,485</u>	<u>10,248,816</u>
Cash flows from investing activities:		
Purchase of investments	(1,233,221)	(307,881)
Purchase of property and equipment	<u>(947,259)</u>	<u>(434,508)</u>
Net cash flows from investing activities	<u>(2,180,480)</u>	<u>(742,389)</u>
Net increase in cash and cash equivalents	3,223,005	9,506,427
Cash and cash equivalents, beginning	<u>14,833,301</u>	<u>5,326,874</u>
Cash and cash equivalents, ending	<u>\$ 18,056,306</u>	<u>14,833,301</u>

See accompanying notes to financial statements.

All Faiths Food Bank, Inc.

Notes to Financial Statements

December 31, 2021

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 2021, All Faiths saw a 44% increase in individuals served, distributed 19 million pounds of food equating to 17 million meals, including 6 million pounds of fresh produce in partnership with 477 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, 2021

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 \$1.79 per pound as of December 31, 2021. 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, 2021

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 \$125,889 for 2021.

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, 2021. 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.

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, 2020, from which the summarized information was derived.

All Faiths Food Bank, Inc.

Notes to Financial Statements

December 31, 2021

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 – Inventory:

Inventory consists of the following:

Purchased food	\$	560,507
Donated food		<u>429,173</u>
Total	\$	<u>989,680</u>

Note 4 – Property and Equipment:

Property and equipment consists of the following:

Land and land improvements	\$	2,109,291
Building and improvements		4,445,633
Warehouse equipment		1,368,607
Office equipment		304,007
Vehicles		<u>2,095,882</u>
Total property and equipment		10,323,420
Less: accumulated depreciation		<u>(3,284,315)</u>
Property and equipment, net	\$	<u>7,039,105</u>

Note 5 – Investments:

The components of investments at December 31, 2021, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Accumulated Unrealized Loss</u>
Cash	\$ 76,049	76,049	-
Mutual funds			
Equities			
Large cap	1,979,068	2,344,336	365,268
Mid cap			
Small cap	410,789	420,430	9,641
Int'l developed	662,227	754,412	92,185
Int'l emerging	183,395	194,872	11,477
Bond	1,383,579	1,393,923	10,344
Real estate	<u>229,799</u>	<u>259,987</u>	<u>30,188</u>
Total	<u>\$ 4,924,906</u>	<u>5,444,009</u>	<u>519,103</u>

All Faiths Food Bank, Inc.

Notes to Financial Statements

December 31, 2021

Note 5 – Investments - continued:

Investment earnings (losses), net, for the year ended December 31, 2021 were comprised of the following:

Interest and dividends	\$	42,396
Realized and unrealized losses		564,275
Investment fees		<u>(19,914)</u>
Total	\$	<u>587,839</u>

Note 6 – 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 bank's prime rate plus .50%, currently 3.75%, matures in September 2022, and is payable on demand. Borrowings are collateralized by business assets. There was no balance outstanding at December 31, 2021.

\$2,000,000 line of credit, interest is at the Wall Street Journal prime rate less .50%, and matures August 2023. Borrowings are collateralized by investments. There was no balance outstanding at December 31, 2021.

Note 7 – 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	\$	429,173
Programs		<u>1,231,487</u>
Total	\$	<u>1,660,660</u>

Note 8 – Donated Services:

A number of volunteers have contributed approximately 39,221 hours of time in 2021 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 \$1,119,367 for 2021 based on the rate provided by the Independent Sector for the value of volunteer time for the State of Florida.

Note 9 – 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 \$111,587 for the year ended December 31, 2021.

All Faiths Food Bank, Inc.

Notes to Financial Statements

December 31, 2021

Note 10 – 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, 2021, 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.

Financial assets at fair value on a recurring basis at December 31, 2021:

<u>Description</u>	<u>Total</u>	Financial Assets and Liabilities at Fair Value on a Recurring Basis at Reporting Date Using		
		<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>
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>

All Faiths Food Bank, Inc.

Notes to Financial Statements

December 31, 2021

Note 11 – 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, 2021 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.

As of December 31, 2021, 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, 2021, there was no outstanding balance on either of the lines of credit.

Cash and cash equivalents	\$ 11,824,819
Board designated reserves	5,000,000
Legacy fund investments	<u>5,444,009</u>
Total assets available	22,268,828
Unused line of credit – AMB	2,000,000
Unused line of credit – BMO	<u>250,000</u>
Total assets and credit available	\$ <u>24,518,828</u>

The liquidity and cash management plans as described above may be impacted by the events described in Note 13. However, management believes the organization is well positioned to handle any challenges presented by these events.

Note 12 – 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.

All Faiths Food Bank, Inc.

Notes to Financial Statements

December 31, 2021

Note 13 – Effects of COVID-19:

Continuing response and effort was needed to respond to the Covid crises that remained with us through 2021. 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.

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 14 – Subsequent Events:

Other subsequent events have been evaluated through April 29, 2022, which is the date the financial statements were available to be issued.