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Good Shepherd Food Bank of Maine

Audited Financial Statements
and Supplementary Information

*Years Ended June 30, 2019 and 2018
With Independent Auditors' Report*

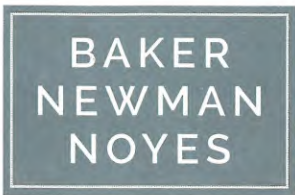
GOOD SHEPHERD FOOD BANK OF MAINE

**AUDITED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2019 and 2018

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Good Shepherd Food Bank of Maine

Report on the Financial Statements

We have audited the accompanying financial statements of Good Shepherd Food Bank of Maine, which comprise the statements of financial position as of June 30, 2019 and 2018, the related statements of activities, functional expenses, and cash flows for the years 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 auditors' 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.

The Board of Directors
Good Shepherd Food Bank of Maine

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Good Shepherd Food Bank of Maine as of June 30, 2019 and 2018, and the results of its operations, changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the financial statements, in 2019, Good Shepherd Food Bank of Maine adopted the provisions of Accounting Standards Update (ASU) No. ASU No. 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*. Our opinion is not modified with respect to this matter.

Other Matter—Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Baker Newman + Noyes LLC

Portland, Maine
October 30, 2019

GOOD SHEPHERD FOOD BANK OF MAINE

STATEMENTS OF FINANCIAL POSITION

June 30, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents - unrestricted	\$ 1,930,021	\$ 1,498,178
Cash and cash equivalents – donor restricted for capital projects	–	1,520,161
Cash and cash equivalents - donor restricted	524,770	1,615,841
Certificates of deposit	159,518	157,275
Pledges receivable, current portion	143,682	231,654
Accounts receivable – agency fees (net of allowance)	117,835	143,462
Accounts receivable – USDA	92,500	132,500
Accounts receivable – other	20,819	118,407
Grants receivable, current portion	270,000	–
Inventory – purchased product	313,798	355,653
Inventory – donated product	792,818	987,198
Inventory – USDA commodities	2,516,069	1,806,515
Prepaid expenses	<u>179,652</u>	<u>122,034</u>
Total current assets	7,061,482	8,688,878
Property, plant and equipment, net	8,546,936	4,648,617
Other assets:		
Other assets	11,500	4,605
Pledges receivable, net of current portion	343,478	261,089
Grants receivable, net of current portion	150,000	–
Beneficial interest in assets held by others	<u>280,746</u>	<u>80,151</u>
Total other assets	<u>785,724</u>	<u>345,845</u>
Total assets	<u>\$16,394,142</u>	<u>\$13,683,340</u>

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
Current liabilities:		
Accounts payable	\$ 301,082	\$ 120,435
Agency designations payable	23,492	32,313
Accrued expenses	38,875	42,380
Accrued salaries and wages	75,507	68,958
Accrued compensated absences	205,023	185,042
Current portion of long-term debt	<u>32,666</u>	<u>—</u>
Total current liabilities	676,645	449,128
Long-term liabilities:		
Long-term debt	<u>1,535,309</u>	<u>—</u>
Total liabilities	2,211,954	449,128
Net assets:		
Without donor restrictions		
Board designated – endowment	204,724	—
Operations	<u>12,390,263</u>	<u>9,480,842</u>
Total without donor restrictions	12,594,987	9,480,842
With donor restrictions	<u>1,587,201</u>	<u>3,753,370</u>
Total net assets	<u>14,182,188</u>	<u>13,234,212</u>
Total liabilities and net assets	<u>\$16,394,142</u>	<u>\$13,683,340</u>

See accompanying notes.

GOOD SHEPHERD FOOD BANK OF MAINE

STATEMENTS OF ACTIVITIES

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Donated product	\$48,265,726	\$ —	\$48,265,726	\$47,599,254	\$ —	\$47,599,254
Contributions	4,083,732	1,661,602	5,745,334	4,413,078	1,203,322	5,616,400
Product and program income	1,360,803	210,633	1,571,436	1,587,962	—	1,587,962
Grants	996,496	1,080,764	2,077,260	486,588	2,235,111	2,721,699
USDA	461,000	—	461,000	390,000	—	390,000
Special events	323,756	—	323,756	229,482	—	229,482
In-kind contributions	210,900	—	210,900	125,438	—	125,438
Other revenue	14,543	—	14,543	16,226	—	16,226
Investment return	18,174	—	18,174	6,232	—	6,232
Interest and dividends	34,311	—	34,311	26,738	—	26,738
Net assets released from restrictions	<u>5,119,168</u>	<u>(5,119,168)</u>	<u>—</u>	<u>3,538,519</u>	<u>(3,538,519)</u>	<u>—</u>
Revenues, gains and other support	60,888,609	(2,166,169)	58,722,440	58,419,517	(100,086)	58,319,431
Expenses and losses:						
Program services:						
Product distribution	54,567,086	—	54,567,086	54,007,563	—	54,007,563
Community education	755,705	—	755,705	669,557	—	669,557
Supporting services:						
General and administrative	790,872	—	790,872	864,961	—	864,961
Fundraising	<u>1,634,926</u>	<u>—</u>	<u>1,634,926</u>	<u>1,579,073</u>	<u>—</u>	<u>1,579,073</u>
Total expenses	57,748,589	—	57,748,589	57,121,154	—	57,121,154
Loss on sale of property, plant and equipment	<u>25,875</u>	<u>—</u>	<u>25,875</u>	<u>—</u>	<u>—</u>	<u>—</u>
Total expenses and losses	<u>57,774,464</u>	<u>—</u>	<u>57,774,464</u>	<u>57,121,154</u>	<u>—</u>	<u>57,121,154</u>
Change in net assets	3,114,145	(2,166,169)	947,976	1,298,363	(100,086)	1,198,277
Net assets at beginning of year	<u>9,480,842</u>	<u>3,753,370</u>	<u>13,234,212</u>	<u>8,182,479</u>	<u>3,853,456</u>	<u>12,035,935</u>
Net assets at end of year	<u>\$12,594,987</u>	<u>\$ 1,587,201</u>	<u>\$14,182,188</u>	<u>\$ 9,480,842</u>	<u>\$ 3,753,370</u>	<u>\$13,234,212</u>

See accompanying notes.

GOOD SHEPHERD FOOD BANK OF MAINE

STATEMENTS OF FUNCTIONAL EXPENSES

Years Ended June 30, 2019 and 2018

	2019				<u>Total</u>
	<u>Program Services</u>		<u>Support Services</u>		
	<u>Product Distribution</u>	<u>Community Education</u>	<u>General and Administrative</u>	<u>Fundraising</u>	
Expenses:					
Donated product distributed	\$ 47,750,552	\$ –	\$ –	\$ –	\$ 47,750,552
Product purchased	1,613,236	–	–	–	1,613,236
Program food and supply costs	767,596	32,233	–	–	799,829
Direct agency support	184,183	–	–	–	184,183
Gift card expense	–	126,090	–	–	126,090
Salaries	2,201,492	384,136	488,824	648,128	3,722,580
Employee benefits	425,117	60,049	58,591	119,435	663,192
Payroll taxes employer expense	159,708	27,483	33,966	46,307	267,464
Workers' compensation insurance	33,350	701	1,379	1,201	36,631
Contracted services	179,363	5,650	89,503	73,063	347,579
Professional fees	–	26,123	30,437	–	56,560
Direct mail printing and processing	–	–	–	519,025	519,025
Special events	–	–	–	101,204	101,204
Advertising, publicity and fundraising supplies	–	10,070	–	14,788	24,858
Vehicle expense	351,187	–	–	–	351,187
Postage	–	1,846	9,095	48,050	58,991
Utilities	136,478	1,422	1,422	2,843	142,165
Building maintenance	122,626	–	–	–	122,626
Warehouse supplies, equipment and maintenance	49,149	–	–	–	49,149
Occupancy – other rental	871	27,859	871	5,224	34,825
Telephone and communications	50,725	6,468	12,064	9,041	78,298
Computer supplies	75,074	10,704	11,861	15,188	112,827
Trash removal	30,905	–	–	–	30,905
Travel, conferences and meetings	69,243	20,608	30,774	14,119	134,744
Liability and vehicle insurance	35,595	3,354	8,640	5,659	53,248
Office supplies and expense	10,785	1,454	8,709	5,344	26,292
Feeding America fees	13,788	–	–	–	13,788
Miscellaneous	2,280	8,241	3,391	4,584	18,496
Total expenses before depreciation	<u>54,263,303</u>	<u>754,491</u>	<u>789,527</u>	<u>1,633,203</u>	<u>57,440,524</u>
Depreciation	<u>303,783</u>	<u>1,214</u>	<u>1,345</u>	<u>1,723</u>	<u>308,065</u>
Total expenses	<u>\$ 54,567,086</u>	<u>\$ 755,705</u>	<u>\$ 790,872</u>	<u>\$ 1,634,926</u>	<u>\$ 57,748,589</u>

	2018				
	Program Services		Support Services		Total
	Product Distribution	Community Education	General and Administrative	Fundraising	
Expenses:					
Donated product distributed	\$ 47,601,815	\$ –	\$ –	\$ –	\$ 47,601,815
Product purchased	1,567,915	–	–	–	1,567,915
Program food and supply costs	715,999	29,642	–	–	745,641
Direct agency support	248,984	–	–	–	248,984
Gift card expense	–	124,119	–	–	124,119
Salaries	2,084,505	323,178	471,696	613,949	3,493,328
Employee benefits	396,148	42,671	55,624	111,374	605,817
Payroll taxes employer expense	149,711	23,303	33,139	42,455	248,608
Workers' compensation insurance	30,653	427	2,661	927	34,668
Contracted services	28,881	35,359	121,634	20,318	206,192
Professional fees	–	–	35,210	–	35,210
Direct mail printing and processing	–	–	–	525,574	525,574
Special events	–	–	–	110,219	110,219
Advertising, publicity and fundraising supplies	–	32,744	–	28,735	61,479
Vehicle expense	323,349	–	–	–	323,349
Postage	–	1,795	9,470	67,286	78,551
Utilities	140,115	1,460	1,460	2,918	145,953
Building maintenance	78,948	–	–	–	78,948
Warehouse supplies, equipment and maintenance	87,880	–	–	–	87,880
Occupancy – other rental	–	21,872	1,215	1,215	24,302
Telephone and communications	39,727	3,954	23,278	8,246	75,205
Computer supplies	26,811	1,531	38,302	9,960	76,604
Trash removal	27,773	–	–	–	27,773
Travel, conferences and meetings	73,668	17,249	30,002	20,837	141,756
Liability and vehicle insurance	30,587	2,453	7,536	4,660	45,236
Office supplies and expense	15,200	112	4,433	3,999	23,744
Feeding America fees	17,142	–	–	–	17,142
Interest	–	–	18,367	–	18,367
Miscellaneous	9,043	7,505	6,352	5,210	28,110
Total expenses before depreciation	<u>53,694,854</u>	<u>669,374</u>	<u>860,379</u>	<u>1,577,882</u>	<u>56,802,489</u>
Depreciation	<u>312,709</u>	<u>183</u>	<u>4,582</u>	<u>1,191</u>	<u>318,665</u>
Total expenses	<u>\$ 54,007,563</u>	<u>\$ 669,557</u>	<u>\$ 864,961</u>	<u>\$ 1,579,073</u>	<u>\$ 57,121,154</u>

See accompanying notes.

GOOD SHEPHERD FOOD BANK OF MAINE

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Change in net assets	\$ 947,976	\$ 1,198,277
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	308,065	318,665
Restricted contributions and grants	(2,952,999)	(3,438,433)
Loss on sale of property, plant and equipment	25,875	-
Change in value of donated inventory	(515,174)	2,561
(Increase) decrease in:		
Pledges receivable	5,583	(166,575)
Accounts receivable – agency fees	25,627	20,580
Accounts receivable - USDA	40,000	(100,000)
Accounts receivable – other	97,588	(24,165)
Inventory – purchased product	41,855	(31,878)
Prepaid expenses	(57,618)	(43,517)
Other assets	(6,895)	4,013
Increase (decrease) in:		
Accounts payable	73,280	(30,262)
Agency designations payable	(8,821)	4,608
Accrued expenses	(3,505)	(20,561)
Accrued salaries and wages	6,549	(2,000)
Accrued compensated absences	19,981	52,041
Refundable liabilities	<u>-</u>	<u>(195,000)</u>
Net cash used by operating activities	(1,952,633)	(2,451,646)
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	19,988	-
Purchase of property, plant and equipment	(2,576,905)	(648,034)
Change in certificates of deposit	(2,243)	(2,031)
Change in beneficial interest in assets held by others	<u>(200,595)</u>	<u>(5,435)</u>
Net cash used by investing activities	(2,759,755)	(655,500)
Cash flows from financing activities:		
Payments of long-term debt	-	(750,000)
Restricted contributions and grants	<u>2,532,999</u>	<u>3,438,433</u>
Net cash provided by financing activities	<u>2,532,999</u>	<u>2,688,433</u>
Net change in cash and cash equivalents	(2,179,389)	(418,713)
Cash, cash equivalents and restricted cash, beginning of year	<u>4,634,180</u>	<u>5,052,893</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 2,454,791</u>	<u>\$ 4,634,180</u>

GOOD SHEPHERD FOOD BANK OF MAINE

STATEMENTS OF CASH FLOWS (CONTINUED)

Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest, including capitalized interest	\$ <u>5,814</u>	\$ <u>18,367</u>
Property, plant and equipment purchased with long-term debt and accounts payable	\$ <u>1,675,342</u>	\$ <u>—</u>
Supplemental schedule of the effect of donated product inventory on change in net assets:		
Donated product revenue received:		
Donated product	\$37,258,355	\$39,416,180
USDA CSFP	4,345,653	4,732,077
USDA TEFAP	<u>6,661,718</u>	<u>3,450,997</u>
Total donated product revenue	48,265,726	47,599,254
Donated product expense for product distributed:		
Donated product	34,922,965	36,204,903
USDA CSFP	4,900,027	5,095,571
USDA TEFAP	5,397,790	3,473,564
Nondistributable product	<u>2,529,770</u>	<u>2,827,777</u>
Total donated product expense	<u>47,750,552</u>	<u>47,601,815</u>
Effect of donated product inventory on change in net assets	\$ <u>515,174</u>	\$ <u>(2,561)</u>
Inventory – donated product and USDA commodities, beginning of year	\$ 2,793,713	\$ 2,796,274
Effect of change in donated project inventory	<u>515,174</u>	<u>(2,561)</u>
Inventory – donated product and USDA commodities, end of year	\$ <u>3,308,887</u>	\$ <u>2,793,713</u>

As noted in the notes to the financial statements, the Food Bank has adopted Feeding America's "Product Valuation Survey Methodology" to value products donated and distributed, which are noncash transactions included in the statements of activities. The effect of these transactions impact the change in net assets from operations and are included in the overall change in net assets. The effects are as follows for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Change in net assets	\$ 947,976	\$1,198,277
Change from donated project inventory	<u>(515,174)</u>	<u>2,561</u>
Change in net assets from operations	\$ <u>432,802</u>	\$ <u>1,200,838</u>

See accompanying notes.

GOOD SHEPHERD FOOD BANK OF MAINE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

1. Description of Organization

Good Shepherd Food Bank of Maine (GSFB or the Organization) was organized November 22, 1981 as a Maine corporation exempt from income tax under Internal Revenue Code Section 501(c)(3). As the largest hunger relief organization in Maine, GSFB provides for Mainers facing hunger by distributing nutritious food to more than 400 partner agencies across the state, including food pantries, meal sites, shelters, schools, senior centers, and youth programs. Together with its network, the GSFB leads a statewide effort to combat the root causes of hunger by engaging in advocacy, nutrition education, and strategic partnerships. Together with its network of partner agencies, the GSFB distributes approximately 25 million meals annually to families, children, and seniors in need throughout Maine.

2. Summary of Significant Accounting Policies

Basis of Accounting

The accompanying financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Basis of Presentation

GSFB is required to report information regarding its financial position and activities according to two classes of net assets as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions. This includes a board restricted endowment to support sustained delivery of the Organization's programs.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Cash, Cash Equivalents and Restricted Cash

For purposes of the statements of cash flows, GSFB considers all highly liquid investments available for current use with an initial maturity of three months or less to be cash equivalents. At June 30, 2019 and 2018, approximately \$525,000 and \$3,130,000, respectively, of the cash balance is restricted for support of various programs.

GOOD SHEPHERD FOOD BANK OF MAINE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Concentration of Credit Risk

GSFB maintains its cash balances and certificates of deposit at several financial institutions which, at times, may exceed federal insured limits. GSFB has not experienced any losses on such accounts and does not believe it is exposed to any significant credit risks on its cash and certificates of deposit accounts.

Accounts Receivable

Accounts receivable due from non-profit agencies and organizations are stated at the amount management expects to collect from balances outstanding at year-end. Management provides for uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable. The allowance for doubtful accounts was \$2,176 and \$5,796 at June 30, 2019 and 2018, respectively.

Pledges Receivable

Unconditional promises to give are included in the financial statements as pledges receivable and support for the appropriate net asset category subject to a discount, for multi-year pledges, when a donor makes a promise that is unconditional. GSFB evaluates its pledges receivable for collectability on a periodic basis and establishes an allowance based on prior experience and an analysis of specific promises made.

Restricted and Unrestricted Support

Contributions and grants received or donor promises to give are recorded as with or without donor restrictions, depending on the existence or nature of any donor restriction. Contributions made to GSFB are considered available for unrestricted use unless specifically restricted by the donor. In the case of unconditional contributions to GSFB's endowment fund, the gift or promise to give is reflected in the statements of activities as increasing net assets with donor restrictions to be held in perpetuity. All other donor restricted support is reported as an increase in net assets with donor restrictions for a specific purpose. However, support that is restricted by the donor is reported in net assets without donor restrictions if the restriction expires in the reporting period in which the support is received. When a restriction expires, such as when a stipulated time restriction ends or a purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions. Investment income and gains restricted by donors are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

GOOD SHEPHERD FOOD BANK OF MAINE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Shared Maintenance Fees and Purchased Product

On November 23, 1994, GSFb became an affiliate of Feeding America, a national network of over 200 food banks, which provides GSFb with information, legislation advocacy, and other benefits of a national organization. Based on Feeding America's guidelines, a food bank is allowed to charge agencies a maintenance fee to offset a portion of the handling and redistribution costs incurred by the food bank; however, this fee cannot be more than \$.19 per pound. Currently, GSFb receives donated product and outside donations from many sources, which allows GSFb to distribute a significant amount of this donated product at no charge. GSFb also purchases product from wholesalers, farms, and other providers. This product is distributed for free, at cost, or at cost with a small markup to recover handling and redistribution costs. Both shared maintenance fees and purchased product sales proceeds are included in product and program income.

Inventory

Inventories consist of three categories: food and product which is purchased for resale by GSFb, food and product which is donated, and government surplus food which is warehoused on behalf of the government by GSFb for redistribution. Inventory values for purchased products are stated at the lower of cost or net realizable value. Donated inventory items are valued at the estimated average wholesale value of one pound of donated product as outlined in the "Product Valuation Survey Methodology", prepared by Feeding America. For the years ended June 30, 2019 and 2018, the value per pound of donated product was \$1.68 and \$1.73, respectively, and the value of USDA commodities was \$1.57 and \$1.52, respectively. The adopted per pound change increased the ending value of the inventory by approximately \$86,000 as of June 30, 2019 and decreased the ending value of the inventory by \$175,200 as of June 30, 2018. During fiscal years 2019 and 2018, approximately 30.3 and 29.5 million pounds of donated and purchased food was distributed to program recipients, respectively.

Shipping Costs

GSFB shipping costs in the statements of functional expenses includes vehicle expenses which represent direct shipping costs. Total shipping costs for the years ended June 30, 2019 and 2018 were \$351,187 and \$323,349, respectively.

Property, Plant and Equipment

GSFB capitalizes all property, plant and equipment with a cost of \$2,500 if purchased, and a fair value of \$2,500 at date of donation if received by contribution. Such donations are reported as contributions without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. The cost of maintenance and repairs is expensed as incurred, whereas significant renewals and betterments are capitalized.

GOOD SHEPHERD FOOD BANK OF MAINE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Volunteer Hours and Donated Services

GSFB receives without charge a variety of services consisting of personal time that is used for the benefit of GSFB's food and product distribution program. The value of this contributed time is not reflected in the accompanying financial statements since the services do not require specialized skills. Volunteers donated 19,840 and 19,696 hours with an estimated value of \$458,701 and \$443,800, respectively for the years ended June 30, 2019 and 2018. The value was computed using an hourly rate of \$23.12 and \$22.53 based on the Independent Sector's value of volunteer time for the State of Maine for 2019 and 2018, respectively. Volunteers are an important part of the GSFB's operations without which distribution of goods would be difficult. GSFB also received skilled donated services which are recorded within in-kind contributions and program expenses in the statements of activities that totaled \$135,600 and \$57,225, respectively for the years ended June 30, 2019 and 2018.

Advertising Costs

Advertising costs are charged to expense as incurred.

Income Tax Status

GSFB is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and comparable state law and, therefore, has made no provision for income taxes in the accompanying financial statements.

Tax-exempt organizations could be required to record an obligation for income taxes as the result of a tax position they have historically taken on various tax exposure items including unrelated business income or tax status. Under guidance issued by the Financial Accounting Standards Board, assets and liabilities are established for uncertain tax positions taken or positions expected to be taken in income tax returns when such positions are judged to not meet the "more-likely-than-not" threshold, based upon the technical merits of the position. Estimated interest and penalties, if applicable, related to uncertain tax positions are included as a component of income tax expense.

GSFB has evaluated the positions taken on its filed tax returns. GSFB has concluded no uncertain income tax positions exist at June 30, 2019.

Functional Allocation of Expenses

The costs of providing various programs have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among program services, fundraising and general and administrative based on employees' time and effort.

GOOD SHEPHERD FOOD BANK OF MAINE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

2. Summary of Significant Accounting Policies (Continued)

Spending Policies

GAAP provides guidance on classifying the net assets associated with board designated and donor-restricted endowment funds held by organizations that are subject to an enacted version of the *Uniform Prudent Management of Institutional Funds Act (UPMIFA)*, which serves as a model act for states to modernize their laws governing donor-restricted endowment funds. UPMIFA was adopted by the State of Maine in 2009. The GSFb makes the following disclosures related to this guidance and adoption of UPMIFA:

GSFB has adopted a spending policy, approved by the Board of Directors, which allows for distributions of up to 4% of the market value of the donor and Board restricted endowment funds on an annual basis, calculated on a three year rolling average. Distributions from the Board restricted endowment may be made at any time at the discretion of GSFb Board of Directors.

New Accounting Pronouncements

In August 2016, the FASB issued ASU No. 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, that changes how a not-for-profit organization classifies its net assets, as well as the information it presents in financial statements and notes about its liquidity, and financial performance. The ASU requires amended presentation and disclosures to help not-for-profits provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditors, and other users. ASU 2016-14 was effective for GSFb on July 1, 2018. The ASU has been applied retrospectively to all periods presented with the effects relating to the change in net asset classification from unrestricted, temporarily restricted and permanently restricted to net assets with and without donor restrictions. For 2018, GSFb reclassified unrestricted net assets to net assets without donor restrictions and temporarily and permanently restricted net assets to net assets with donor restrictions.

Subsequent Events

Events occurring after the statement of financial position date are evaluated by management to determine whether such events should be recognized or disclosed in the financial statements. Management has evaluated subsequent events through October 30, 2019 which is the date the financial statements were available to be issued.

3. Unemployment Deposit

Under a special election to self-insure unemployment claims in lieu of making unemployment tax payments, GSFb was required under Maine Employment Security Law to deposit funds equal to five percent of taxable wages for the four completed calendar quarters immediately preceding the effective date of the election. A certificate of deposit in the amount of \$5,000 was deposited for this purpose and is included with certificates of deposit in the statement of financial position. Due to increases in payroll GSFb was subsequently required to obtain a surety bond with the Maine Department of Labor through Hanover Insurance Company in the amount of \$38,000. Direct reimbursements made to the Bureau of Unemployment for the years ended June 30, 2019 and 2018 were \$4,488 and \$12,272, respectively.

GOOD SHEPHERD FOOD BANK OF MAINE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

4. Pledges Receivable

During the fiscal year ending June 30, 2016, GSFb began receiving pledges (unconditional promises to give) for their Bangor Region Campaign. The campaign has currently only targeted certain individuals and local business partners. GSFb also receives pledges toward the Comprehensive Campaign. Based on the limited number of pledges, nature of the pledges and relationships with the donors, management has determined that an allowance for doubtful pledges is currently not required. Management has recorded the pledges at fair value, which was determined to be the amount of the pledge and has presented them in the statements of financial position as a current asset or other asset based on when the receipt of the pledge is expected.

Pledges receivable consisted of the following amounts at June 30:

	<u>2019</u>	<u>2018</u>
Due in one year	\$143,682	\$231,654
Due in two to five years	329,208	267,520
Due in six to seven years	37,270	28,570
Less net present value discount	<u>(23,000)</u>	<u>(35,001)</u>
	<u>\$487,160</u>	<u>\$492,743</u>

5. Property, Plant and Equipment

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

	<u>2019</u>	<u>2018</u>
Land and land improvements	\$ 291,209	\$ 291,209
Buildings and improvements	5,491,415	5,416,505
Office equipment	166,164	163,887
Warehouse equipment	1,152,079	1,123,192
Computer equipment	151,825	55,453
Vehicles	614,050	685,050
Construction in progress	<u>3,936,817</u>	<u>—</u>
	11,803,559	7,735,296
Less accumulated depreciation	<u>(3,256,623)</u>	<u>(3,086,679)</u>
	<u>\$ 8,546,936</u>	<u>\$ 4,648,617</u>

GOOD SHEPHERD FOOD BANK OF MAINE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

5. Property, Plant and Equipment (Continued)

Based on estimated useful lives shown below, depreciation expense was as follows at June 30:

		<u>2019</u>	<u>2018</u>
Building and improvements	39 years	\$148,474	\$159,012
Office equipment	5 – 7 years	18,469	13,645
Warehouse equipment	5 – 10 years	66,275	55,242
Computer equipment	5 years	12,798	9,163
Vehicles	5 – 10 years	59,639	79,159
Land improvements	15 years	<u>2,410</u>	<u>2,444</u>
		<u>\$308,065</u>	<u>\$318,665</u>

6. Beneficial Interest in Assets Held by Others

In January 2007, GSFb transferred funds to the Maine Community Foundation (the "Foundation") to establish an endowment fund with GSFb named as beneficiary. Under terms of the agreement, a percentage of the market value of the fund ("annual spending policy") shall be paid and distributed to GSFb at least annually, or on a schedule to which the parties may from time to time change. GSFb can withdraw all or a portion of the original amount transferred, any appreciation on those transferred assets, or both, provided that a majority of the governing boards of GSFb and the Foundation approve of the withdrawal. At the time of the transfer, GSFb granted variance power to the Foundation. That power gives the Foundation the right to distribute the investment income to another not-for-profit organization of its choice if GSFb ceases to exist or if the governing board of the Foundation votes that support of GSFb (a) is no longer necessary, (b) is incapable of fulfillment, or (c) is inconsistent with the needs of the community. At June 30, 2019 and 2018, the endowment fund has a value of \$280,746 and \$80,151, respectively, which is reported in the statements of financial position as a beneficial interest in assets held by others.

7. Fair Value Measurements

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

The three levels of the fair value hierarchy under FASB ASC 820, *Fair Value Measurements*, are described as follows:

Level 1 – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that GSFb has the ability to access at the measurement date.

GOOD SHEPHERD FOOD BANK OF MAINE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

7. Fair Value Measurements (Continued)

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Level 3 – Inputs that are unobservable inputs for the asset or liability.

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019 and 2018.

Certificate of deposit: The carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those instruments.

Beneficial interest: GSFb's legal interest is in its pro rata portion of the trust and not the trust's underlying assets. GSFb's interest is valued based upon its pro rata ownership of the total trust. As the actual assets are not readily available to GSFb, the asset is considered to be level 3.

The following table sets forth by level, within the fair value hierarchy, GSFb's assets at fair value as of June 30:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
<u>2019</u>				
Certificate of deposit	\$ –	\$159,518	\$ –	\$159,518
Beneficial interest in assets held by others	<u>–</u>	<u>–</u>	<u>280,746</u>	<u>280,746</u>
	<u>\$ –</u>	<u>\$159,518</u>	<u>\$280,746</u>	<u>\$440,264</u>
<u>2018</u>				
Certificate of deposit	\$ –	\$157,275	\$ –	\$157,275
Beneficial interest in assets held by others	<u>–</u>	<u>–</u>	<u>80,151</u>	<u>80,151</u>
	<u>\$ –</u>	<u>\$157,275</u>	<u>\$ 80,151</u>	<u>\$237,426</u>

Beneficial Interest in Assets Held by Others

Fair value for the beneficial interest in assets held by others is determined from information obtained from the Maine Community Foundation based on their value of the underlying investments.

GOOD SHEPHERD FOOD BANK OF MAINE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

7. Fair Value Measurements (Continued)

The table below presents information about the changes in the beneficial interest in assets held by others investments for the year ended June 30:

	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 80,151	\$74,716
Contributions	184,483	–
Change in value	18,852	5,435
Released for operation	<u>(2,740)</u>	<u>–</u>
Ending balance	<u>\$280,746</u>	<u>\$80,151</u>

8. Long-Term Debt

GSFB has available a line of credit with a local financial institution in the amount of \$400,000 for short-term working capital needs with interest at the Wall Street Prime Rate, 5.5% at June 30, 2019. The loan is secured by a first security interest in all business assets excluding real property. As of June 30, 2019 and 2018, there was no outstanding balance on the line of credit. The note is not subject to any restrictive covenants.

GSFB has a \$3 million construction line of credit with a local financial institution for renovations to the distribution center in Hampden, Maine, with a fixed interest rate of 3.8% for seven years. Monthly payments of interest only are required until February 22, 2020 (the construction phase). At the conclusion of the construction phase, advances under the line will be converted to a term note with principal and interest payments due monthly until January 22, 2027, when a balloon payment for any remaining outstanding balance is due. The note is secured by real estate and business assets.

Based on the amounts drawn through June 30, 2019, estimated maturities of long-term debt for subsequent fiscal years are as follows:

2020	\$ 32,666
2021	78,399
2022	78,399
2023	78,399
2024	78,399
Thereafter	1,221,713

GOOD SHEPHERD FOOD BANK OF MAINE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

9. Net Assets

The balance in net assets with donor restrictions represents assets available for future program expenses restricted by the donor and not yet expended. Net assets with donor restrictions at June 30 are as follows:

	<u>2019</u>	<u>2018</u>
Purpose restriction:		
Cooking Matters	\$ 175,764	\$ 180,139
Youth & Family Initiatives	220,014	148,561
Mainers Feeding Mainers	-	1,057,655
Bangor region campaign	410,894	2,012,904
Agency capacity building	48,902	135,702
Endowment income	43,847	-
Support future operations	396,265	-
Community Health & Hunger	38,410	82,499
Other restrictions	<u>216,430</u>	<u>99,235</u>
	1,550,526	3,716,695
Perpetual in nature:		
Purchase endowment	23,550	23,550
Marchetti endowment	<u>13,125</u>	<u>13,125</u>
	<u>36,675</u>	<u>36,675</u>
	<u>\$1,587,201</u>	<u>\$3,753,370</u>

In September 2016, The Finance Authority of Maine (FAME) awarded GSFb \$3,000,000 to purchase vegetables, fruit, and seafood from Maine producers to be distributed to hunger relief programs across the State. The original funding was made available as a result of legislation passed in the spring of 2016 (LD 1471) which would allow GSFb to purchase, process, store, and transport the food as part of the Mainers Feeding Mainers program. As of June 30, 2019 and 2018, \$1,057,655 and \$1,035,077, respectively, was disbursed and included in net assets released from restrictions in the statements of activities.

Purchase Endowment: Amounts donated to GSFb for the purpose of purchasing resale products to help provide balanced nutrition to the hungry. The assets are permanently set-aside with the income to be used for these purposes.

Marchetti Endowment: This fund was established for the purpose of providing the agency with interest income to be used at the Board's discretion. The principal corpus is to remain intact.

GOOD SHEPHERD FOOD BANK OF MAINE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

9. Net Assets (Continued)

The changes in GSFb's endowment funds by net asset category for the years ended June 30, 2019 and 2018 are as follows:

	<u>Board Restricted</u>	<u>Purpose Restriction</u>	<u>Perpetual in Nature</u>	<u>Total</u>
Changes in endowment net assets:				
Endowment net assets, July 1, 2017	\$ -	\$ -	\$ -	\$ -
Net appreciation	-	-	-	-
Contributions	<u>-</u>	<u>-</u>	<u>36,675</u>	<u>36,675</u>
Endowment net assets, June 30, 2018	-	-	36,675	36,675
Net appreciation	15,241	46,587	-	61,828
Appropriated for expenditure	-	(2,740)	-	(2,740)
Contributions	<u>189,483</u>	<u>-</u>	<u>-</u>	<u>189,483</u>
Endowment net assets, June 30, 2019	<u>\$204,724</u>	<u>\$ 43,847</u>	<u>\$ 36,675</u>	<u>\$ 285,246</u>

10. Retirement Plan

GSFB sponsors a 403(b) retirement plan whereby participating employees may contribute up to the maximum allowed by the Internal Revenue Service. GSFb fully matches the elective contribution up to 2% of employee salary and 50% of the next 4% of employee salary. Total matching contributions by GSFb for the years ended June 30, 2019 and 2018 were \$110,859 and \$109,955, respectively.

11. Operating Leases

GSFB leases warehouse space in Portland, Maine and office space in Yarmouth, Maine. The warehouse space is used as part of one of its programs with monthly payments of \$500 per month; the lease renews annually. The office space lease expires in November 2024 with monthly payments ranging from \$2,850 to \$3,147.

GSFB has entered into various noncancellable operating leases with varying expiration dates through fiscal 2023. For the years ended June 30, 2019 and 2018, rental expense totaled \$34,825 and \$24,302, respectively.

Future minimum lease payments are as follows:

2020	\$219,812
2021	200,173
2022	199,033
2023	180,596
2024	132,980
Thereafter	108,386

GOOD SHEPHERD FOOD BANK OF MAINE

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

12. Liquidity and Availability

Financial assets available for general expenditure within one year of the statement of financial position date consist of the following at June 30:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$1,930,021	\$1,498,178
Certificates of deposit	159,518	157,275
Pledges receivable, current portion	143,682	231,654
Accounts receivable	231,154	394,369
Grants receivable, current portion	<u>270,000</u>	<u>—</u>
	<u>\$2,734,375</u>	<u>\$2,281,476</u>

To manage liquidity, GSFb maintains sufficient cash and cash equivalent balances to support daily operations throughout the year. By policy, GSFb maintains unrestricted cash and cash equivalents in the range of two to six months of total expenses, excluding those expenses supported by restricted funds, and excluding the value of donated product distributed, including required minimum payments on long-term debt, as determined by the board-approved budget for the current fiscal year.

GSFB also has certain board designated assets, which are available for general expenditure within one year in the normal course of operations. However, it is GSFb's policy to only expend a maximum of 4% of these assets in any given year. Accordingly, these assets have been excluded from the quantitative information above. GSFb has other assets whose use is limited for donor restricted purposes. These assets are fully described in Note 9. In addition, GSFb maintains a line of credit in the amount of \$400,000 (see Note 8).

GOOD SHEPHERD FOOD BANK OF MAINE

SCHEDULES OF FINANCIAL POSITION
(Excluding the Effects of Donated Product Activity)

June 30, 2019 and 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Current assets:		
Cash and cash equivalents - unrestricted	\$ 1,930,021	\$ 1,498,178
Cash and cash equivalents – donor restricted for capital projects	–	1,520,161
Cash and cash equivalents - donor restricted	524,770	1,615,841
Certificates of deposit	159,518	157,275
Pledges receivable, current portion	143,682	231,654
Accounts receivable – agency fees (net of allowance)	117,835	143,462
Accounts receivable – USDA	92,500	132,500
Accounts receivable – other	20,819	118,407
Grants receivable, current portion	270,000	–
Inventory – purchased product	313,798	355,653
Prepaid expenses	<u>179,652</u>	<u>122,034</u>
Total current assets	3,752,595	5,895,165
Property, plant and equipment, net	8,546,936	4,648,617
Other assets:		
Other assets	11,500	4,605
Pledges receivable, net of current portion	343,478	261,089
Grants receivable, net of current portion	150,000	–
Beneficial interest in assets held by others	<u>280,746</u>	<u>80,151</u>
Total other assets	<u>785,724</u>	<u>345,845</u>
Total assets	<u>\$13,085,255</u>	<u>\$10,889,627</u>

LIABILITIES AND NET ASSETS

	<u>2019</u>	<u>2018</u>
Current liabilities:		
Accounts payable	\$ 301,082	\$ 120,435
Agency designations payable	23,492	32,313
Accrued expenses	38,875	42,380
Accrued salaries and wages	75,507	68,958
Accrued compensated absences	205,023	185,042
Current portion of long-term debt	<u>32,666</u>	<u>—</u>
Total current liabilities	676,645	449,128
Long-term liabilities:		
Long-term debt	<u>1,535,309</u>	<u>—</u>
Total liabilities	2,211,954	449,128
Net assets:		
Without donor restrictions	9,286,100	6,687,129
With donor restrictions	<u>1,587,201</u>	<u>3,753,370</u>
Total net assets	<u>10,873,301</u>	<u>10,440,499</u>
Total liabilities and net assets	<u>\$13,085,255</u>	<u>\$10,889,627</u>

The selected financial information excludes the effects of donated product activity, which is not intended to be in accordance with accounting principles generally accepted in the United States of America.

GOOD SHEPHERD FOOD BANK OF MAINE

SCHEDULES OF ACTIVITIES
(Excluding the Effects of Donated Product Activity)

Years Ended June 30, 2019 and 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Contributions	\$ 4,083,702	\$ 1,661,602	\$ 5,745,334	\$ 4,413,078	\$ 1,203,322	\$ 5,616,400
Product and program income	1,360,803	210,633	1,571,436	1,587,962	-	1,587,962
Grants	996,496	1,080,764	2,077,260	486,588	2,235,111	2,721,699
USDA	461,000	-	461,000	390,000	-	390,000
Special events	323,756	-	323,756	229,482	-	229,482
In-kind contributions	210,900	-	210,900	125,438	-	125,438
Other revenue	14,543	-	14,543	16,226	-	16,226
Investment return	18,174	-	18,174	6,232	-	6,232
Interest and dividends	34,311	-	34,311	26,738	-	26,738
Net assets released from restrictions	<u>5,119,168</u>	<u>(5,119,168)</u>	<u>-</u>	<u>3,538,519</u>	<u>(3,538,519)</u>	<u>-</u>
Revenues, gains and other support	12,622,883	(2,166,169)	10,456,714	10,820,263	(100,086)	10,720,177
Expenses and losses:						
Program services:						
Product distribution	6,816,534	-	6,816,534	6,405,748	-	6,405,748
Community education	755,705	-	755,705	669,557	-	669,557
Supporting services:						
General and administrative	790,872	-	790,872	864,961	-	864,961
Fundraising	<u>1,634,926</u>	<u>-</u>	<u>1,634,926</u>	<u>1,579,073</u>	<u>-</u>	<u>1,579,073</u>
Total expenses	9,998,037	-	9,998,037	9,519,339	-	9,519,339
Loss on sale of property, plant and equipment	<u>25,875</u>	<u>-</u>	<u>25,875</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenses and losses	<u>10,023,912</u>	<u>-</u>	<u>10,023,912</u>	<u>9,519,339</u>	<u>-</u>	<u>9,519,339</u>
Change in net assets	2,598,971	(2,166,169)	432,802	1,300,924	(100,086)	1,200,838
Net assets at beginning of year	<u>6,687,129</u>	<u>3,753,370</u>	<u>10,440,499</u>	<u>5,386,205</u>	<u>3,853,456</u>	<u>9,239,661</u>
Net assets at end of year	<u>\$ 9,286,100</u>	<u>\$ 1,587,201</u>	<u>\$10,873,301</u>	<u>\$ 6,687,129</u>	<u>\$ 3,753,370</u>	<u>\$10,440,499</u>

The selected financial information excludes the effects of donated product activity, which is not intended to be in accordance with accounting principles generally accepted in the United States of America.

GOOD SHEPHERD FOOD BANK OF MAINE

SCHEDULES OF FUNCTIONAL EXPENSES
(Excluding the Effects of Donated Product Activity)

Years Ended June 30, 2019 and 2018

	2019				Total
	Program Services		Support Services		
	Product Distribution	Community Education	General and Administrative	Fundraising	
Expenses:					
Product purchased	\$ 1,613,236	\$ –	\$ –	\$ –	\$ 1,613,236
Program food and supply costs	767,596	32,233	–	–	799,829
Direct agency support	184,183	–	–	–	184,183
Gift card expense	–	126,090	–	–	126,090
Salaries	2,201,492	384,136	488,824	648,128	3,722,580
Employee benefits	425,117	60,049	58,591	119,435	663,192
Payroll taxes employer expense	159,708	27,483	33,966	46,307	267,464
Workers' compensation insurance	33,350	701	1,379	1,201	36,631
Contracted services	179,363	5,650	89,503	73,063	347,579
Professional fees	–	26,123	30,437	–	56,560
Direct mail printing and processing	–	–	–	519,025	519,025
Special events	–	–	–	101,204	101,204
Advertising, publicity and fundraising supplies	–	10,070	–	14,788	24,858
Vehicle expense	351,187	–	–	–	351,187
Postage	–	1,846	9,095	48,050	58,991
Utilities	136,478	1,422	1,422	2,843	142,165
Building maintenance	122,626	–	–	–	122,626
Warehouse supplies, equipment and maintenance	49,149	–	–	–	49,149
Occupancy – other rental	871	27,859	871	5,224	34,825
Telephone and communications	50,725	6,468	12,064	9,041	78,298
Computer supplies	75,074	10,704	11,861	15,188	112,827
Trash removal	30,905	–	–	–	30,905
Travel, conferences and meetings	69,243	20,608	30,774	14,119	134,744
Liability and vehicle insurance	35,595	3,354	8,640	5,659	53,248
Office supplies and expense	10,785	1,454	8,709	5,344	26,292
Feeding America fees	13,788	–	–	–	13,788
Miscellaneous	2,280	8,241	3,391	4,584	18,496
Total expenses before depreciation	<u>6,512,751</u>	<u>754,491</u>	<u>789,527</u>	<u>1,633,203</u>	<u>9,689,972</u>
Depreciation	<u>303,783</u>	<u>1,214</u>	<u>1,345</u>	<u>1,723</u>	<u>308,065</u>
Total expenses	<u>\$ 6,816,534</u>	<u>\$ 755,705</u>	<u>\$ 790,872</u>	<u>\$ 1,634,926</u>	<u>\$ 9,998,037</u>

	2018				Total
	Program Services		Support Services		
	Product Distribution	Community Education	General and Administrative	Fundraising	
Expenses:					
Product purchased	\$ 1,567,915	\$ –	\$ –	\$ –	\$ 1,567,915
Program food and supply costs	715,999	29,642	–	–	745,641
Direct agency support	248,984	–	–	–	248,984
Gift card expense	–	124,119	–	–	124,119
Salaries	2,084,505	323,178	471,696	613,949	3,493,328
Employee benefits	396,148	42,671	55,624	111,374	605,817
Payroll taxes employer expense	149,711	23,303	33,139	42,455	248,608
Workers' compensation insurance	30,653	427	2,661	927	34,668
Contracted services	28,881	35,359	121,634	20,318	206,192
Professional fees	–	–	35,210	–	35,210
Direct mail printing and processing	–	–	–	525,574	525,574
Special events	–	–	–	110,219	110,219
Advertising, publicity and fundraising supplies	–	32,744	–	28,735	61,479
Vehicle expense	323,349	–	–	–	323,349
Postage	–	1,795	9,470	67,286	78,551
Utilities	140,115	1,460	1,460	2,918	145,953
Building maintenance	78,948	–	–	–	78,948
Warehouse supplies, equipment and maintenance	87,880	–	–	–	87,880
Occupancy – other rental	–	21,872	1,215	1,215	24,302
Telephone and communications	39,727	3,954	23,278	8,246	75,205
Computer supplies	26,811	1,531	38,302	9,960	76,604
Trash removal	27,773	–	–	–	27,773
Travel, conferences and meetings	73,668	17,249	30,002	20,837	141,756
Liability and vehicle insurance	30,587	2,453	7,536	4,660	45,236
Office supplies and expense	15,200	112	4,433	3,999	23,744
Feeding America fees	17,142	–	–	–	17,142
Interest	–	–	18,367	–	18,367
Miscellaneous	9,043	7,505	6,352	5,210	28,110
Total expenses before depreciation	<u>6,093,039</u>	<u>669,374</u>	<u>860,379</u>	<u>1,577,882</u>	<u>9,200,674</u>
Depreciation	<u>312,709</u>	<u>183</u>	<u>4,582</u>	<u>1,191</u>	<u>318,665</u>
Total expenses	<u>\$ 6,405,748</u>	<u>\$ 669,557</u>	<u>\$ 864,961</u>	<u>\$ 1,579,073</u>	<u>\$ 9,519,339</u>

The selected financial information excludes the effects of donated product activity, which is not intended to be in accordance with accounting principles generally accepted in the United States of America.