

# **Good Shepherd Food Bank of Maine and Subsidiary**

**Audited Consolidated Financial Statements,  
Other Financial Information  
and Supplementary Information**

*Years Ended June 30, 2021 and 2020  
With Independent Auditors' Report*

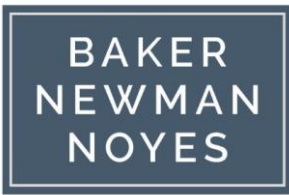
# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## AUDITED CONSOLIDATED FINANCIAL STATEMENTS, OTHER FINANCIAL INFORMATION AND SUPPLEMENTARY INFORMATION

June 30, 2021 and 2020

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## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Good Shepherd Food Bank of Maine and Subsidiary

### **Report on the Financial Statements**

We have audited the accompanying consolidated financial statements of Good Shepherd Food Bank of Maine and subsidiary, which comprise the consolidated statements of financial position as of June 30, 2021 and 2020, the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, 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 and Subsidiary

***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 and Subsidiary as of June 30, 2021 and 2020, and the results of their operations, changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***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 27, 2021

**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents - unrestricted	\$10,254,468	\$ 7,599,280
Cash and cash equivalents - donor restricted	569,107	803,533
Certificates of deposit	750,105	244,226
Pledges receivable, current portion	820,209	402,759
Accounts receivable – agency fees (net of allowance)	259,452	150,173
Accounts receivable – USDA	324,274	312,250
Accounts receivable – other	177,665	6,662
Grants receivable, current portion	–	170,000
Inventory – purchased product	936,179	1,022,288
Inventory – donated product	1,220,464	1,990,343
Inventory – USDA commodities	3,052,055	2,767,716
Prepaid expenses	<u>447,972</u>	<u>321,038</u>
Total current assets	18,811,950	15,790,268
Property, plant and equipment, net	8,827,838	8,722,403
Other assets:		
Other assets	6,030	6,030
Pledges receivable, net of current portion	1,836,700	747,754
Investments	20,015,821	–
Investments – board designated	5,000,000	–
Beneficial interest in assets held by others	<u>975,361</u>	<u>279,916</u>
Total other assets	<u>27,833,912</u>	<u>1,033,700</u>
Total assets	<u>\$55,473,700</u>	<u>\$25,546,371</u>

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
Current liabilities:		
Accounts payable	\$ 316,897	\$ 390,284
Agency designations payable	337,000	187,962
Accrued expenses	27,038	25,985
Accrued salaries and wages	171,289	135,067
Accrued compensated absences	294,729	255,666
Current portion of long-term debt	<u>—</u>	<u>65,666</u>
Total current liabilities	1,146,953	1,060,630
Long-term liabilities:		
Long-term debt	<u>—</u>	<u>1,615,025</u>
Total liabilities	1,146,953	2,675,655
Net assets:		
Without donor restrictions		
Board designated – endowment	5,866,281	205,691
Operations	<u>45,044,815</u>	<u>20,525,359</u>
Total without donor restrictions	50,911,096	20,731,050
With donor restrictions	<u>3,415,651</u>	<u>2,139,666</u>
Total net assets	54,326,747	22,870,716
Total liabilities and net assets	<u>\$55,473,700</u>	<u>\$25,546,371</u>

See accompanying notes.

**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Donated product	\$ 63,093,739	\$ –	\$ 63,093,739	\$47,888,195	\$ –	\$47,888,195
Contributions	39,170,180	2,539,926	41,710,106	8,471,399	5,007,407	13,478,806
Product and program income	1,408,971	–	1,408,971	1,149,229	–	1,149,229
Grants	2,083,541	672,164	2,755,705	3,657,474	844,788	4,502,262
USDA	1,197,959	–	1,197,959	756,049	–	756,049
Government support revenue	1,756,314	755,607	2,511,921	–	1,000,000	1,000,000
Special events	288,033	–	288,033	731,834	–	731,834
In-kind contributions	39,300	–	39,300	41,700	–	41,700
Other revenue	72,905	–	72,905	19,884	–	19,884
Investment return	213,235	–	213,235	2,206	–	2,206
Interest and dividends	30,765	–	30,765	26,050	–	26,050
Forgiveness of PPP loan	859,875	–	859,875	–	–	–
Net assets released from restrictions	<u>2,691,712</u>	<u>(2,691,712)</u>	<u>–</u>	<u>6,299,730</u>	<u>(6,299,730)</u>	<u>–</u>
Revenues, gains and other support	<u>112,906,529</u>	<u>1,275,985</u>	<u>114,182,514</u>	<u>69,043,750</u>	<u>552,465</u>	<u>69,596,215</u>
Expenses and losses:						
Program services:						
Product distribution	78,203,389	–	78,203,389	57,263,485	–	57,263,485
Community education	827,101	–	827,101	794,907	–	794,907
Supporting services:						
General and administrative	1,231,035	–	1,231,035	1,026,990	–	1,026,990
Fundraising	<u>2,462,512</u>	<u>–</u>	<u>2,462,512</u>	<u>1,896,581</u>	<u>–</u>	<u>1,896,581</u>
Total expenses	<u>82,724,037</u>	<u>–</u>	<u>82,724,037</u>	<u>60,981,963</u>	<u>–</u>	<u>60,981,963</u>
Loss (gain) on sale of property, plant and equipment	<u>2,446</u>	<u>–</u>	<u>2,446</u>	<u>(74,276)</u>	<u>–</u>	<u>(74,276)</u>
Total expenses and losses	<u>82,726,483</u>	<u>–</u>	<u>82,726,483</u>	<u>60,907,687</u>	<u>–</u>	<u>60,907,687</u>
Change in net assets	30,180,046	1,275,985	31,456,031	8,136,063	552,465	8,688,528
Net assets at beginning of year	<u>20,731,050</u>	<u>2,139,666</u>	<u>22,870,716</u>	<u>12,594,987</u>	<u>1,587,201</u>	<u>14,182,188</u>
Net assets at end of year	<u>\$ 50,911,096</u>	<u>\$ 3,415,651</u>	<u>\$ 54,326,747</u>	<u>\$20,731,050</u>	<u>\$ 2,139,666</u>	<u>\$22,870,716</u>

See accompanying notes.

**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

Years Ended June 30, 2021 and 2020

	2021				<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	\$ 63,579,279	\$ –	\$ –	\$ –	\$ 63,579,279
Product purchased	4,208,734	–	–	–	4,208,734
Program food and supply costs	114,797	10,388	7,207	–	132,392
Direct agency support	4,437,047	6,000	–	–	4,443,047
Gift card expense	151,275	61,690	–	–	212,965
Salaries	2,871,691	438,699	647,053	984,225	4,941,668
Employee benefits	525,344	75,079	143,841	165,579	909,843
Payroll taxes employer expense	210,193	30,465	45,846	71,005	357,509
Workers' compensation insurance	80,807	1,440	3,017	3,218	88,482
Contracted services	326,040	51,509	137,859	215,053	730,461
Professional fees	1,565	–	60,285	4,597	66,447
Direct mail printing and processing	–	–	–	747,103	747,103
Special events	–	–	37	3,511	3,548
Advertising, publicity and fundraising supplies	–	–	–	33,740	33,740
Vehicle expense	406,053	–	–	–	406,053
Postage	45	3,466	6,502	29,730	39,743
Utilities	164,594	1,715	1,715	3,429	171,453
Building maintenance	129,646	–	–	–	129,646
Warehouse supplies, equipment and maintenance	104,539	–	–	–	104,539
Occupancy – other rental	11,525	22,221	–	22,221	55,967
Telephone and communications	58,264	9,524	15,631	12,532	95,951
Computer supplies	208,480	27,347	36,582	54,340	326,749
Trash removal	60,256	–	–	–	60,256
Travel, conferences and meetings	45,448	2,593	6,515	6,395	60,951
Liability and vehicle insurance	39,997	3,113	12,439	6,983	62,532
Office supplies and expense	18,788	2,603	16,632	11,131	49,154
Interest expense	–	–	18,601	–	18,601
Miscellaneous	6,396	43,227	23,087	16,143	88,853
Total expenses before depreciation	<u>77,760,803</u>	<u>791,079</u>	<u>1,182,849</u>	<u>2,390,935</u>	<u>82,125,666</u>
Depreciation	<u>442,586</u>	<u>36,022</u>	<u>48,186</u>	<u>71,577</u>	<u>598,371</u>
Total expenses	<u>\$ 78,203,389</u>	<u>\$ 827,101</u>	<u>\$ 1,231,035</u>	<u>\$ 2,462,512</u>	<u>\$ 82,724,037</u>



	2020				Total
	Program Services		Support Services		
	Product Distribution	Community Education	General and Administrative	Fundraising	
Expenses:					
Donated product distributed	\$ 46,439,023	\$ –	\$ –	\$ –	\$ 46,439,023
Product purchased	2,521,440	–	–	–	2,521,440
Program food and supply costs	1,202,267	3,898	–	–	1,206,165
Direct agency support	1,297,605	600	–	–	1,298,205
Gift card expense	843,950	96,450	–	–	940,400
Salaries	2,610,120	419,178	535,492	720,196	4,284,986
Employee benefits	486,469	61,698	109,061	126,347	783,575
Payroll taxes employer expense	189,492	29,695	36,908	50,982	307,077
Workers' compensation insurance	68,209	1,235	2,342	2,198	73,984
Contracted services	115,752	39,491	141,400	187,748	484,391
Professional fees	–	1,666	30,804	–	32,470
Direct mail printing and processing	–	–	–	498,401	498,401
Special events	–	–	–	30,887	30,887
Advertising, publicity and fundraising supplies	–	24,860	–	56,128	80,988
Vehicle expense	374,508	–	–	–	374,508
Postage	19	1,931	7,237	67,752	76,939
Utilities	167,081	1,740	1,740	3,481	174,042
Building maintenance	140,599	–	–	–	140,599
Warehouse supplies, equipment and maintenance	99,050	–	200	–	99,250
Occupancy – other rental	4,701	32,123	1,004	6,023	43,851
Telephone and communications	55,923	7,074	11,392	10,914	85,303
Computer supplies	140,189	16,015	19,600	32,149	207,953
Trash removal	31,347	–	–	–	31,347
Travel, conferences and meetings	63,187	18,439	18,275	13,658	113,559
Liability and vehicle insurance	31,877	2,121	7,954	3,645	45,597
Office supplies and expense	14,337	2,015	10,278	10,440	37,070
Feeding America fees	–	–	8,916	–	8,916
Interest expense	–	–	43,196	–	43,196
Miscellaneous	6,290	4,767	4,583	15,586	31,226
Total expenses before depreciation	<u>56,903,435</u>	<u>764,996</u>	<u>990,382</u>	<u>1,836,535</u>	<u>60,495,348</u>
Depreciation	<u>360,050</u>	<u>29,911</u>	<u>36,608</u>	<u>60,046</u>	<u>486,615</u>
Total expenses	<u>\$ 57,263,485</u>	<u>\$ 794,907</u>	<u>\$ 1,026,990</u>	<u>\$ 1,896,581</u>	<u>\$ 60,981,963</u>

See accompanying notes.

**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 31,456,031	\$ 8,688,528
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation	598,371	486,615
Realized and unrealized gain on investments	(26,114)	
Restricted contributions and grants	(3,967,697)	(6,852,195)
Loss (gain) on sale of property, plant and equipment	2,446	(74,276)
Forgiveness of PPP loan	(859,875)	-
Change in value of donated inventory	485,540	(1,449,172)
(Increase) decrease in:		
Pledges receivable	(1,506,396)	(663,353)
Accounts receivable – agency fees	(109,279)	(32,338)
Accounts receivable - USDA	(12,024)	(219,750)
Accounts receivable – other	(171,003)	14,157
Inventory – purchased product	86,109	(708,490)
Prepaid expenses	(126,934)	(141,386)
Other assets	-	5,470
Increase (decrease) in:		
Accounts payable	(73,387)	89,202
Agency designations payable	149,038	164,470
Accrued expenses	1,053	(12,890)
Accrued salaries and wages	36,222	59,560
Accrued compensated absences	<u>39,063</u>	<u>50,643</u>
Net cash provided (used) by operating activities	26,001,164	(595,205)
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	1,267	74,276
Purchase of property, plant and equipment	(707,519)	(662,082)
Change in certificates of deposit	(505,879)	(84,708)
Purchase of investment	(25,000,000)	-
Proceeds from sales of investments	10,293	-
Change in beneficial interest in assets held by others	<u>(695,445)</u>	<u>830</u>
Net cash used by investing activities	(26,897,283)	(671,684)
Cash flows from financing activities:		
Proceeds from long-term debt	-	986,513
Repayments of long-term debt	(820,816)	(873,797)
Restricted contributions and grants	<u>4,137,697</u>	<u>7,102,195</u>
Net cash provided by financing activities	<u>3,316,881</u>	<u>7,214,911</u>
Net change in cash and cash equivalents	2,420,762	5,948,022
Cash, cash equivalents and restricted cash, beginning of year	<u>8,402,813</u>	<u>2,454,791</u>
Cash, cash equivalents and restricted cash, end of year	\$ <u>10,823,575</u>	\$ <u>8,402,813</u>

**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

**CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)**

Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest, including capitalized interest	\$ <u>18,601</u>	\$ <u>58,982</u>
Supplemental schedule of the effect of donated product inventory on change in net assets:		
Donated product revenue received:		
Donated product	\$41,462,365	\$34,570,770
USDA CSFP	5,716,573	6,226,575
USDA TEFAP	9,664,656	6,906,579
USDA CFAP	5,208,413	184,271
USDA TMP	<u>1,041,732</u>	<u>—</u>
Total donated product revenue	63,093,739	47,888,195
Donated product expense for product distributed:		
Donated product	36,683,758	30,768,371
USDA CSFP	5,393,075	5,509,154
USDA TEFAP	9,706,063	7,381,777
USDA CFAP	5,196,285	174,846
USDA TMP	1,046,699	—
Nondistributable product	<u>5,553,399</u>	<u>2,604,875</u>
Total donated product expense	<u>63,579,279</u>	<u>46,439,023</u>
Effect of donated product inventory on change in net assets	\$ <u>(485,540)</u>	\$ <u>1,449,172</u>
Inventory – donated product and USDA commodities, beginning of year	\$ 4,758,059	\$ 3,308,887
Effect of change in donated project inventory	<u>(485,540)</u>	<u>1,449,172</u>
Inventory – donated product and USDA commodities, end of year	\$ <u>4,272,519</u>	\$ <u>4,758,059</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 consolidated 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>2021</u>	<u>2020</u>
Change in net assets	\$31,456,031	\$ 8,688,528
Change from donated product inventory	<u>485,540</u>	<u>(1,449,172)</u>
Change in net assets from operations	\$ <u>31,941,571</u>	\$ <u>7,239,356</u>

See accompanying notes.

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

### 1. Description of Organization

Good Shepherd Food Bank of Maine (GSFB) 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 500 partner agencies across the state, including food pantries, meal sites, shelters, schools, senior centers, and youth programs. Together with its network, 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, GSFB distributes over 31 million meals annually to families, children, and seniors in need throughout Maine.

Harvesting Good (HG), a for-profit entity, was organized April 17, 2020 as a Maine benefit corporation. HG intends to process and sell local vegetables with the intent to improve access to nutritious food for people in need while strengthening regional food systems. At the time of formation, Harvesting Good sold all 100 shares of its common stock to GSFB. As a result, Harvesting Good has been consolidated in the accompanying consolidated financial statements for the year ended June 30, 2021 and 2020.

### 2. Summary of Significant Accounting Policies

#### Basis of Accounting

The accompanying consolidated financial statements of GSFB and subsidiary (collectively, GSFB) 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 GSFB'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 GSFB, or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

#### Principals of Consolidation

The accompanying consolidated financial statements include the accounts of GSFB and its wholly-owned subsidiary, Harvesting Good. Intercompany balances and transactions have been eliminated from the consolidated financial statements.

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (Continued)

#### Use of Estimates

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

#### Cash, Cash Equivalents and Restricted Cash

For purposes of the consolidated 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.

The following table provides a reconciliation of cash and cash equivalents and restricted cash reported within the consolidated statements of financial position that sum to the total of the same such amounts shown in the consolidated statements of cash flows:

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$10,254,468	\$7,599,280
Restricted cash	<u>569,107</u>	<u>803,533</u>
	<u>\$10,823,575</u>	<u>\$8,402,813</u>

At June 30, 2021 and 2020, restricted cash is to be used for support of various programs.

#### 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.

#### Investments

Early in 2021, GSFb entered the public phase of the Campaign to End Hunger In Maine, an effort to raise \$100 million in cash and \$150 million in donated food to meet the bold goal of assuring that by 2025, all Mainers have access to the healthy food they need, when and where they need it. In response to campaign solicitations and the impact of the ongoing COVID-19 pandemic on food insecurity rates, donors entrusted GSFb with millions of dollars of support in fiscal year 2021. Consistent with strategic priorities to be funded by the campaign, the Board of Directors voted to hold \$5 million as quasi-endowment and to invest another \$20 million in low-risk instruments for release and spending between 2022 and 2025.

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (Continued)

Investments are stated at fair value. Gains and losses on investments are computed on the specific identification basis. Investment income and realized and unrealized gains/losses are included in revenue without donor restrictions unless restricted by donor or law. In addition, investment returns from net assets with donor restrictions are classified as restricted until appropriated for expenditures.

Investments, in general, are exposed to various risks, such as interest rate, credit, liquidity and overall market volatility. As such, it is reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statements of financial position and activities.

#### Investment Return

Investment return is reported in the consolidated statements of activities and consists of realized and unrealized investment gains and losses, less investment expenses.

#### 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 \$21,630 at June 30, 2020. At June 30, 2021, no allowance for doubtful accounts was necessary.

#### Revenue Recognition

The majority of GSFb's revenue is derived from grants and contributions for which revenue is recognized in accordance with Accounting Standards Update (ASU) No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. GSFb accounts for product and program income in accordance with Accounting Standards Codification (ASC) Topic 606, *Revenue from Contracts with Customers*.

Performance obligations associated with program and product income are typically satisfied when the product is shipped to or received by the customer under the terms of delivery. Customers are generally invoiced shortly after product is delivered, with payment generally due within a month or less of the invoice date.

Substantially all of GSFb's performance obligations are satisfied as of a point in time. Therefore, there is little judgment in determining when control transfers for GSFb's revenue streams as described above. The transaction price for sales generally equals the amount billed to the customer for the product delivered during the accounting period.

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (Continued)

#### Pledges Receivable

Unconditional promises to give are included in the consolidated 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 established an allowance of \$27,271 as of June 30, 2021. No allowance was recorded as of June 30, 2020.

#### 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 contributions to GSFb's endowment fund, the gift or promise to give is reflected in the consolidated 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. 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.

#### 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 a reduced price subsidized by cash donations. Both shared maintenance fees and purchased product sales proceeds are included in product and program income.

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (Continued)

#### Inventory

Inventories consist of three categories: food and product which is purchased for resale or no-cost distribution 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, 2021 and 2020, the value per pound of donated product was \$1.79 and \$1.62, respectively, and the value of USDA commodities was \$1.70 and \$1.52, respectively. The adopted per pound change increased the ending value of the inventory by approximately \$435,000 as of June 30, 2021 and decreased the ending value of the inventory by approximately \$165,000 as of June 30, 2020. During fiscal years 2021 and 2020, approximately 38.4 and 32.6 million pounds of donated and purchased food was distributed to program recipients, respectively.

#### Shipping Costs

GSFB shipping costs are included in the consolidated statements of functional expenses as vehicle expenses which represent direct shipping costs. Total shipping costs for the years ended June 30, 2021 and 2020 were \$403,095 and \$374,508, 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.

#### 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 consolidated financial statements since the services do not require specialized skills. Volunteers donated 10,460 and 19,450 hours with an estimated value of \$267,358 and \$470,885, respectively for the years ended June 30, 2021 and 2020. The value was computed using an hourly rate of \$25.56 and \$24.21 based on the Independent Sector's value of volunteer time for the State of Maine for 2021 and 2020, respectively. Volunteers play a significant role in the handling and distribution of product, in addition to other mission-focused activities. GSFb also received skilled donated services which are recorded within in-kind contributions and program expenses in the consolidated statements of activities that totaled \$39,300 and \$41,700, respectively for the years ended June 30, 2021 and 2020.



# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (Continued)

#### 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 consolidated 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 FASB, 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.

GSFB has evaluated the positions taken on its filed tax returns. GSFB has concluded no uncertain income tax positions exist at June 30, 2021.

HG is a taxable entity subject to federal and state taxation. Income taxes are recorded based upon the assets and liabilities method as prescribed by the Accounting Standards Codification (ASC) Topic for Income Tax. HG believes that it has appropriate support for the income tax positions taken and to be taken on tax returns, and that their accruals for tax liabilities are adequate for all open tax years based on an assessment of many factors including experience and interpretations of tax laws applied to the facts of each matter. HG has concluded there are no significant uncertain tax positions requiring disclosure and there is no material liability for unrecognized tax benefits.

#### Functional Allocation of Expenses

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

#### 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. GSFB makes the following disclosures related to this guidance and adoption of UPMIFA:

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

### 2. Summary of Significant Accounting Policies (Continued)

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.

The Board of Directors interpreted UPMIFA as requiring the preservation of the fair value of the endowed gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, GSFB considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. GSFB has interpreted UPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law.

#### Risks and Uncertainties

On March 11, 2020, the World Health Organization declared the outbreak of coronavirus (COVID-19) a pandemic. The recent COVID-19 outbreak could negatively impact, for some period of time, the overall economy as well as certain business segments. Investment markets have experienced increased volatility which may negatively affect the carrying value of GSFB's investments. Any potential future impact on GSFB's operation is unknown at this time.

#### 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 consolidated financial statements. Management has evaluated subsequent events through October 27, 2021 which is the date the consolidated 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. No direct reimbursements were made to the Bureau of Unemployment for the years ended June 30, 2021 or 2020.

**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

**4. Pledges Receivable**

GFSB is receiving pledges (unconditional promises to give) in support of ongoing operations. Management has recorded the pledges at fair value, which was determined to be the amount of the pledge less an allowance for uncollectible pledges and has presented them in the consolidated 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>2021</u>	<u>2020</u>
Due in one year	\$ 820,209	\$ 402,759
Due in two to five years	1,926,064	770,754
Less net present value discount	(62,093)	(23,000)
Less allowance on pledges receivable	<u>(27,271)</u>	<u>—</u>
	<u>\$2,656,909</u>	<u>\$1,150,513</u>

**5. Property, Plant and Equipment**

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

	<u>2021</u>	<u>2020</u>
Land and land improvements	\$ 444,694	\$ 294,010
Buildings and improvements	9,509,854	9,482,178
Office equipment	342,465	257,179
Warehouse equipment	1,379,556	1,295,410
Computer equipment	500,713	500,713
Vehicles	664,703	568,767
Construction in progress	<u>199,104</u>	<u>—</u>
	13,041,089	12,398,257
Less accumulated depreciation	<u>(4,213,251)</u>	<u>(3,675,854)</u>
	<u>\$ 8,827,838</u>	<u>\$ 8,722,403</u>

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

		<u>2021</u>	<u>2020</u>
Building and improvements	39 years	\$286,614	\$256,590
Office equipment	5 – 7 years	42,255	32,260
Warehouse equipment	5 – 10 years	81,039	64,868
Computer equipment	5 years	148,694	97,141
Vehicles	5 – 10 years	30,110	33,345
Land improvements	15 years	<u>9,659</u>	<u>2,411</u>
		<u>\$598,371</u>	<u>\$486,615</u>

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

### 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. The transferred funds are accounted for in accordance with ASC 958-605-25, *Transfers of Assets to a Not-for-Profit Organization or Charitable Trust That Raises or Holds Contributions for Others*, which requires that if a community foundation accepts a contribution from a not-for-profit organization and the foundation agrees to accept a transfer of those assets, the return on investment of those assets, or both to the not-for-profit organization, then these contributions must be presented as a liability on the foundation's financial statements. The agency fund is reported by the Foundation as an asset on its statements of financial position offset by a corresponding liability. The GSFb, as the not-for-profit that transferred the funds, continues to report an asset on its statement of financial position. Under terms of the agency 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 June 30, 2021 and 2020, the endowment fund has a value of \$975,361 and \$279,916, respectively, which is reported in the consolidated statements of financial position as a beneficial interest in assets held by others.

### 7. **Investments**

GSFB classifies amounts held for future operations as investments. Investments consist of the following as of June 30, 2021:

Cash	\$10,028,220
Mutual funds – fixed income	<u>14,987,601</u>
Ending balance	<u>\$25,015,821</u>

Investments that individually exceed 10% of total investments include the Blackrock Ultra Short Term bond Fund and the U.S. Government Money Market Fund.

### 8. **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 AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

**8. 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 are descriptions of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

*Mutual funds:* Mutual funds are valued based upon quoted market prices which represent the net asset values of shares held by GSFb.

*Certificates 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.

*Investments:* All of GSFb's investments consist of cash and mutual funds, and are measured at fair value using Level 1 inputs.

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>
<b><u>2021</u></b>				
Cash	\$10,028,220	\$ –	\$ –	\$10,028,220
Mutual funds	14,987,601	–	–	14,987,601
Certificates of deposit	–	750,105	–	750,105
Beneficial interest in assets held by others	<u>–</u>	<u>–</u>	<u>975,361</u>	<u>975,361</u>
	<u>\$25,015,821</u>	<u>\$750,105</u>	<u>\$975,361</u>	<u>\$26,741,287</u>
<b><u>2020</u></b>				
Certificates of deposit	\$ –	\$244,226	\$ –	\$ 244,226
Beneficial interest in assets held by others	<u>–</u>	<u>–</u>	<u>279,916</u>	<u>279,916</u>
	<u>\$ –</u>	<u>\$244,226</u>	<u>\$279,916</u>	<u>\$ 524,142</u>

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

### 8. Fair Value Measurements (Continued)

#### 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.

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>2021</u>	<u>2020</u>
Beginning balance	\$279,916	\$280,746
Contributions	530,500	500
Change in value	173,025	2,270
Released for operation	<u>(8,080)</u>	<u>(3,600)</u>
Ending balance	<u>\$975,361</u>	<u>\$279,916</u>

### 9. Line of Credit and 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, 3.25% at June 30, 2021. Advances are secured by a first security interest in all business assets. As of June 30, 2021 and 2020, there was no outstanding balance on the line of credit.

Long-term debt consists of the following at June 30, 2020:

Note payable to Bangor Savings Bank – paid in full February 2021	\$ 820,816
Small Business Administration (SBA) Payroll Protection Program (PPP)	<u>859,875</u>
	1,680,691
Less current portion	<u>(65,666)</u>
	<u>\$1,615,025</u>

There was no long-term debt outstanding for the year ended June 30, 2021.

In April 2020, GSFB received loan proceeds in the amount of \$859,875 under the PPP. The PPP, established as part of the *Coronavirus Aid, Relief and Economic Security Act* (CARES Act), provides for loans to qualifying businesses for amounts up to 2.5 times the average monthly payroll expenses. The loans and accrued interest had original terms that were forgivable after eight or twenty-four weeks, based on the borrower's election, as long as the borrower used the loan proceeds for eligible purposes, including payroll, benefits, rent and utilities, and maintained its payroll levels. GSFB utilized all of the proceeds for the purpose consistent with the PPP. During the June 30, 2021 fiscal year, GSFB received notification that 100% of its PPP loans had been forgiven by the SBA and no further action is required. GSFB recognized \$859,875 as revenue related to the forgiveness for the year ended June 30, 2021.

**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

**10. 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>2021</u>	<u>2020</u>
Purpose restriction:		
Cooking Matters	\$ 70,555	\$ 127,973
Youth & Family Initiatives	114,000	37,344
Bangor region campaign	214,780	322,513
Agency capacity building	–	63,463
Endowment income	66,905	41,550
Support future operations	2,442,129	828,000
Community Health & Hunger	–	73,571
Mainers Feeding Mainers	–	208,077
Other restrictions	<u>465,107</u>	<u>395,000</u>
	3,373,476	2,097,491
Perpetual in nature:		
Purchase endowment	24,050	24,050
Marchetti endowment	13,125	13,125
Other endowment	<u>5,000</u>	<u>5,000</u>
	<u>42,175</u>	<u>42,175</u>
	<u>\$3,415,651</u>	<u>\$2,139,666</u>

*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 and Other Endowments:* These funds were 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 AND SUBSIDIARY**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2021 and 2020

**10. Net Assets (Continued)**

The changes in GSFb's endowment funds by net asset category for the years ended June 30, 2021 and 2020 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, 2019	\$ 204,724	\$43,847	\$36,675	\$ 285,246
Net appreciation	1,647	623	–	2,270
Appropriated for expenditure	(680)	(2,920)	–	(3,600)
Contributions	<u>–</u>	<u>–</u>	<u>5,500</u>	<u>5,500</u>
Endowment net assets, June 30, 2020	205,691	41,550	42,175	289,416
Net appreciation	144,590	28,435	–	173,025
Appreciation for expenditure	(5,000)	(3,080)	–	(8,080)
Contributions	<u>5,521,000</u>	<u>–</u>	<u>–</u>	<u>5,521,000</u>
Endowment net assets, June 30, 2021	<u>\$5,866,281</u>	<u>\$66,905</u>	<u>\$42,175</u>	<u>\$5,975,361</u>

**11. Retirement Plan**

GSFB sponsors a 403(b) retirement plan whereby participating employees may contribute up to the maximum allowed by the Internal Revenue Service. Effective January 1, 2021, GSFb matches 100% of employee retirement contributions up to 6% of the employee's salary. Previously, GSFb fully matched 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, 2021 and 2020 were \$203,797 and \$139,536, respectively.

**12. 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 of \$4,647. GSFb has also entered into various noncancellable equipment operating leases with varying expiration dates through fiscal 2027.

For the years ended June 30, 2021 and 2020, rental expense totaled \$337,951 and \$275,536, respectively.



**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**

June 30, 2021 and 2020

**12. Operating Leases (Continued)**

Future minimum lease payments are as follows:

2022	\$260,090
2023	240,005
2024	192,595
2025	121,747
2026	97,985
Thereafter	60,286

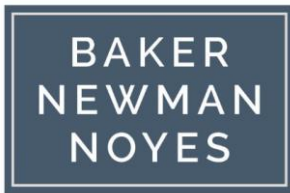
**13. Liquidity and Availability**

Financial assets available for general expenditure within one year of the statement of financial position date consist of the following at June 30, 2021:

Cash and cash equivalents	\$10,254,468
Certificates of deposit	750,105
Pledges receivable, current portion	820,209
Accounts receivable	<u>761,391</u>
	<u>\$12,586,173</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 three 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 10. In addition, GSFb maintains a line of credit in the amount of \$400,000 (see Note 9).



**INDEPENDENT AUDITORS' REPORT  
ON OTHER FINANCIAL INFORMATION**

Board of Trustees  
Good Shepherd Food Bank of Maine and Subsidiary

We have audited the consolidated financial statements of Good Shepherd Food Bank of Maine and Subsidiary as of and for the years ended June 30, 2021 and 2020, and have issued our report thereon, which contains an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating and other information is presented for purposes of additional analysis rather than to present the financial position, results of operations and cash flows of the individual entities and is not a required part of the consolidated 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 consolidated financial statements. The consolidating and other information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

*Baker Newman + Noyes LLC*

Portland, Maine  
October 27, 2021

**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF FINANCIAL POSITION**

June 30, 2021

ASSETS

	<u>Good Shepherd Food Bank</u>	<u>Harvesting Good</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents - unrestricted	\$ 9,991,166	\$263,302	\$ –	\$10,254,468
Cash and cash equivalents - donor restricted	569,107	–	–	569,107
Certificates of deposit	750,105	–	–	750,105
Pledges receivable, current portion	820,209	–	–	820,209
Accounts receivable – agency fees (net of allowance)	259,452	–	–	259,452
Accounts receivable – USDA	324,274	–	–	324,274
Accounts receivable – other	177,665	–	–	177,665
Inventory – purchased product	936,179	–	–	936,179
Inventory – donated product	1,220,464	–	–	1,220,464
Inventory – USDA commodities	3,052,055	–	–	3,052,055
Prepaid expenses	447,972	–	–	447,972
Due from related parties	<u>45,840</u>	<u>–</u>	<u>(45,840)</u>	<u>–</u>
Total current assets	18,594,488	263,302	(45,840)	18,811,950
Property, plant and equipment, net	8,827,838	–	–	8,827,838
Other assets:				
Other assets	6,030	–	–	6,030
Investment in subsidiary	217,264	–	(217,264)	–
Pledges receivable, net of current portion	1,836,700	–	–	1,836,700
Investments	20,015,821	–	–	20,015,821
Investments – board designated	5,000,000	–	–	5,000,000
Beneficial interest in assets held by others	<u>975,361</u>	<u>–</u>	<u>–</u>	<u>975,361</u>
Total other assets	<u>28,051,176</u>	<u>–</u>	<u>(217,264)</u>	<u>27,833,912</u>
Total assets	<u>\$55,473,502</u>	<u>\$263,302</u>	<u>\$(263,104)</u>	<u>\$55,473,700</u>

LIABILITIES AND NET ASSETS/EQUITY

	<u>Good Shepherd Food Bank</u>	<u>Harvesting Good</u>	<u>Eliminations</u>	<u>Total</u>
Current liabilities:				
Accounts payable	\$ 316,699	\$ 198	\$ –	\$ 316,897
Agency designations payable	337,000	–	–	337,000
Accrued expenses	27,038	–	–	27,038
Accrued salaries and wages	171,289	–	–	171,289
Accrued compensated absences	294,729	–	–	294,729
Due to related parties	<u>–</u>	<u>45,840</u>	<u>(45,840)</u>	<u>–</u>
Total current liabilities	<u>1,146,755</u>	<u>46,038</u>	<u>(45,840)</u>	<u>1,146,953</u>
Total liabilities	1,146,755	46,038	(45,840)	1,146,953
Net assets/equity:				
Without donor restrictions				
Board designated – endowment	5,866,281	–	–	5,866,281
Operations	45,044,815	–	–	45,044,815
Retained earnings	<u>–</u>	<u>217,264</u>	<u>(217,264)</u>	<u>–</u>
Total without donor restrictions	50,911,096	217,264	(217,264)	50,911,096
With donor restrictions	<u>3,415,651</u>	<u>–</u>	<u>–</u>	<u>3,415,651</u>
Total net assets/equity	<u>54,326,747</u>	<u>217,264</u>	<u>(217,264)</u>	<u>54,326,747</u>
Total liabilities and net assets/equity	<u>\$55,473,502</u>	<u>\$263,302</u>	<u>\$(263,104)</u>	<u>\$55,473,700</u>

**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

**CONSOLIDATING STATEMENT OF ACTIVITIES**

Year Ended June 30, 2021

	<u>Good Shepherd Food Bank</u>		<u>Harvesting Good</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Without Donor Restrictions</u>		<u>Total</u>
Revenues, gains and other support:					
Donated product	\$ 63,093,739	\$ –	\$ –	\$ –	\$ 63,093,739
Contributions	39,170,180	2,539,926	–	–	41,710,106
Product and program income	1,408,971	–	–	–	1,408,971
Grants	1,961,941	672,164	121,600	–	2,755,705
USDA	1,197,959	–	–	–	1,197,959
Government support revenue	1,756,314	755,607	–	–	2,511,921
Special events	288,033	–	–	–	288,033
In-kind contributions	39,300	–	–	–	39,300
Other revenue	237,275	–	–	(164,370)	72,905
Investment return	213,235	–	–	–	213,235
Interest and dividends	30,461	–	304	–	30,765
Service revenue	45,840	–	–	(45,840)	–
Forgiveness of PPP loan	859,875	–	–	–	859,875
Net assets released from restrictions	<u>2,691,712</u>	<u>(2,691,712)</u>	<u>–</u>	<u>–</u>	<u>–</u>
Revenues, gains and other support	<u>112,994,835</u>	<u>1,275,985</u>	<u>121,904</u>	<u>(210,210)</u>	<u>114,182,514</u>
Expenses and losses:					
Program services:					
Product distribution	78,171,883	–	77,346	(45,840)	78,203,389
Community education	827,101	–	–	–	827,101
Supporting services:					
General and administrative	1,350,847	–	30,188	(150,000)	1,231,035
Fundraising	<u>2,462,512</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,462,512</u>
Total expenses	<u>82,812,343</u>	<u>–</u>	<u>107,534</u>	<u>(195,840)</u>	<u>82,724,037</u>
(Gain) on sale of property, plant and equipment	<u>2,446</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,446</u>
Total expenses and losses	<u>82,814,789</u>	<u>–</u>	<u>107,534</u>	<u>(195,840)</u>	<u>82,726,483</u>
Change in net assets/equity	30,180,046	1,275,985	14,370	(14,370)	31,456,031
Contributed capital	–	–	150,000	(150,000)	–
Net assets/equity at beginning of year	<u>20,731,050</u>	<u>2,139,666</u>	<u>52,894</u>	<u>(52,894)</u>	<u>22,870,716</u>
Net assets/equity at end of year	<u>\$ 50,911,096</u>	<u>\$ 3,415,651</u>	<u>\$217,264</u>	<u>\$(217,264)</u>	<u>\$ 54,326,747</u>

**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

**SCHEDULES OF FINANCIAL POSITION**  
(Excluding the Effects of Donated Product Activity and Harvesting Good)

June 30, 2021 and 2020

ASSETS

	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents - unrestricted	\$ 9,991,166	\$ 7,524,280
Cash and cash equivalents - donor restricted	569,107	803,533
Certificates of deposit	750,105	244,226
Pledges receivable, current portion	820,209	402,759
Accounts receivable – agency fees (net of allowance)	259,254	150,173
Accounts receivable – USDA	324,274	312,250
Accounts receivable – other	177,665	6,662
Grants receivable, current portion	–	170,000
Inventory – purchased product	936,179	1,022,288
Prepaid expenses	447,972	321,038
Due from related parties	<u>46,038</u>	<u>22,106</u>
Total current assets	14,321,969	10,979,315
Property, plant and equipment, net	8,827,838	8,722,403
Other assets:		
Other assets	6,030	6,030
Investment in subsidiary	217,264	52,894
Pledges receivable	1,836,700	747,754
Investments	20,015,821	–
Investments – board designated	5,000,000	–
Beneficial interest in assets held by others	<u>975,361</u>	<u>279,916</u>
Total other assets	28,051,176	1,086,594
Total assets	<u>\$51,200,983</u>	<u>\$20,788,312</u>

LIABILITIES AND NET ASSETS

	<u>2021</u>	<u>2020</u>
Current liabilities:		
Accounts payable	\$ 316,699	\$ 390,284
Agency designations payable	337,000	187,962
Accrued expenses	27,038	25,985
Accrued salaries and wages	171,289	135,067
Accrued compensated absences	294,729	255,666
Current portion of long-term debt	<u>—</u>	<u>65,666</u>
Total current liabilities	1,146,755	1,060,630
Long-term liabilities:		
Long-term debt	<u>—</u>	<u>1,615,025</u>
Total liabilities	1,146,755	2,675,655
Net assets:		
Without donor restriction	46,638,577	15,972,991
With donor restrictions	<u>3,415,651</u>	<u>2,139,666</u>
Total net assets	<u>50,054,228</u>	<u>18,112,657</u>
Total liabilities and net assets	<u>\$51,200,983</u>	<u>\$20,788,312</u>

The selected financial information excludes certain activities, which are not intended to be in accordance with accounting principles generally accepted in the United States of America.

**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

**SCHEDULES OF ACTIVITIES**  
(Excluding the Effects of Donated Product Activity and Harvesting Good)

Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Contributions	\$39,170,180	\$ 2,539,926	\$41,710,106	\$ 8,471,399	\$ 5,007,407	\$13,478,806
Product and program income	1,408,971	-	1,408,971	1,149,229	-	1,149,229
Grants	1,961,941	672,164	2,634,105	3,657,474	844,788	4,502,262
USDA	1,197,959	-	1,197,959	756,049	-	756,049
Government support revenue	1,756,314	755,607	2,511,921	-	1,000,000	1,000,000
Special events	288,033	-	288,033	731,834	-	731,834
In-kind contributions	39,300	-	39,300	41,700	-	41,700
Other revenue	87,275	-	87,275	19,884	-	19,884
Investment return	213,235	-	213,235	2,206	-	2,206
Interest and dividends	30,461	-	30,461	26,050	-	26,050
Forgiveness of PPP loan	859,875	-	859,875	-	-	-
Net assets released from restrictions	<u>2,691,712</u>	<u>(2,691,712)</u>	<u>-</u>	<u>6,299,730</u>	<u>(6,299,730)</u>	<u>-</u>
Revenues, gains and other support	49,705,256	1,275,985	50,981,241	21,155,555	552,465	21,708,020
Expenses and losses:						
Program services:						
Product distribution	14,546,764	-	14,546,764	10,824,462	-	10,824,462
Community education	827,101	-	827,101	794,907	-	794,907
Supporting services:						
General and administrative	1,200,847	-	1,200,847	1,026,990	-	1,026,990
Fundraising	<u>2,462,512</u>	<u>-</u>	<u>2,462,512</u>	<u>1,896,581</u>	<u>-</u>	<u>1,896,581</u>
Total expenses	19,037,224	-	19,037,224	14,542,940	-	14,542,940
(Gain) loss on sale of property, plant and equipment	2,446	-	2,446	(74,276)	-	(74,276)
Total expenses and losses	<u>19,039,670</u>	<u>-</u>	<u>19,039,670</u>	<u>14,468,664</u>	<u>-</u>	<u>14,468,664</u>
Change in net assets	30,665,586	1,275,985	31,941,571	6,686,891	552,465	7,239,356
Net assets at beginning of year	<u>15,972,991</u>	<u>2,139,666</u>	<u>18,112,657</u>	<u>9,286,100</u>	<u>1,587,201</u>	<u>10,873,301</u>
Net assets at end of year	<u>\$46,638,577</u>	<u>\$ 3,415,651</u>	<u>\$50,054,228</u>	<u>\$15,972,991</u>	<u>\$ 2,139,666</u>	<u>\$18,112,657</u>

The selected financial information excludes certain activities, which are not intended to be in accordance with accounting principles generally accepted in the United States of America.



**GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY**

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

Years Ended June 30, 2021 and 2020

	2021				Total
	Program Services		Support Services		
	Product Distribution	Community Education	General and Administrative	Fundraising	
Expenses:					
Product purchased	\$ 4,208,734	\$ –	\$ –	\$ –	\$ 4,208,734
Program food and supply costs	114,797	10,388	7,207	–	132,392
Direct agency support	4,437,047	6,000	–	–	4,443,047
Gift card expense	151,275	61,690	–	–	212,965
Salaries	2,825,848	438,699	647,053	984,225	4,895,825
Employee benefits	525,344	75,079	143,841	165,579	909,843
Payroll taxes employer expense	210,193	30,465	45,846	71,005	357,509
Workers' compensation insurance	80,807	1,440	3,017	3,218	88,482
Contracted services	297,177	51,509	137,859	215,053	701,598
Professional fees	1,565	–	30,439	4,597	36,601
Direct mail printing and processing	–	–	–	747,103	747,103
Special events	–	–	37	3,511	3,548
Advertising, publicity and fundraising supplies	–	–	–	33,740	33,740
Vehicle expense	406,053	–	–	–	406,053
Postage	45	3,466	6,502	29,730	39,743
Utilities	164,594	1,715	1,715	3,429	171,453
Building maintenance	129,646	–	–	–	129,646
Warehouse supplies, equipment and maintenance	104,539	–	–	–	104,539
Occupancy – other rental	11,525	22,221	–	22,221	55,967
Telephone and communications	58,264	9,524	15,631	12,532	95,951
Computer supplies	208,480	27,347	36,582	54,340	326,749
Trash removal	60,256	–	–	–	60,256
Travel, conferences and meetings	43,265	2,593	6,515	6,395	58,768
Liability and vehicle insurance	39,997	3,113	12,439	6,983	62,532
Office supplies and expense	18,678	2,603	16,632	11,131	49,044
Feeding America fees	–	–	–	–	–
Interest expense	–	–	18,601	–	18,601
Miscellaneous	6,049	43,227	22,745	16,143	88,164
Total expenses before depreciation	<u>14,104,178</u>	<u>791,079</u>	<u>1,152,661</u>	<u>2,390,935</u>	<u>18,438,853</u>
Depreciation	<u>442,586</u>	<u>36,022</u>	<u>48,186</u>	<u>71,577</u>	<u>598,371</u>
Total expenses	<u>\$ 14,546,764</u>	<u>\$ 827,101</u>	<u>\$ 1,200,847</u>	<u>\$ 2,462,512</u>	<u>\$ 19,037,224</u>

	2020				Total
	Program Services		Support Services		
	Product Distribution	Community Education	General and Administrative	Fundraising	
Expenses:					
Product purchased	\$ 2,521,440	\$ –	\$ –	\$ –	\$ 2,521,440
Program food and supply costs	1,202,267	3,898	–	–	1,206,165
Direct agency support	1,297,605	600	–	–	1,298,205
Gift card expense	843,950	96,450	–	–	940,400
Salaries	2,610,120	419,178	535,492	720,196	4,284,986
Employee benefits	486,469	61,698	109,061	126,347	783,575
Payroll taxes employer expense	189,492	29,695	36,908	50,982	307,077
Workers' compensation insurance	68,209	1,235	2,342	2,198	73,984
Contracted services	115,752	39,491	141,400	187,748	484,391
Professional fees	–	1,666	30,804	–	32,470
Direct mail printing and processing	–	–	–	498,401	498,401
Special events	–	–	–	30,887	30,887
Advertising, publicity and fundraising supplies	–	24,860	–	56,128	80,988
Vehicle expense	374,508	–	–	–	374,508
Postage	19	1,931	7,237	67,752	76,939
Utilities	167,081	1,740	1,740	3,481	174,042
Building maintenance	140,599	–	–	–	140,599
Warehouse supplies, equipment and maintenance	99,050	–	200	–	99,250
Occupancy – other rental	4,701	32,123	1,004	6,023	43,851
Telephone and communications	55,923	7,074	11,392	10,914	85,303
Computer supplies	140,189	16,015	19,600	32,149	207,953
Trash removal	31,347	–	–	–	31,347
Travel, conferences and meetings	63,187	18,439	18,275	13,658	113,559
Liability and vehicle insurance	31,877	2,121	7,954	3,645	45,597
Office supplies and expense	14,337	2,015	10,278	10,440	37,070
Feeding America fees	–	–	8,916	–	8,916
Interest expense	–	–	43,196	–	43,196
Miscellaneous	6,290	4,767	4,583	15,586	31,226
Total expenses before depreciation	<u>10,464,412</u>	<u>764,996</u>	<u>990,382</u>	<u>1,836,535</u>	<u>14,056,325</u>
Depreciation	<u>360,050</u>	<u>29,911</u>	<u>36,608</u>	<u>60,046</u>	<u>486,615</u>
Total expenses	<u>\$ 10,824,462</u>	<u>\$ 794,907</u>	<u>\$ 1,026,990</u>	<u>\$ 1,896,581</u>	<u>\$ 14,542,940</u>

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