

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

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

*Years Ended June 30, 2022 and 2021  
With Independent Auditors' Report*

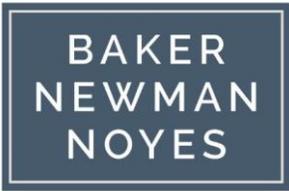
# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

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

June 30, 2022 and 2021

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**INDEPENDENT AUDITORS' REPORT**

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

**Opinion**

We have audited the consolidated financial statements of Good Shepherd Food Bank of Maine and subsidiary (the Company), which comprise the consolidated statements of financial position as of June 30, 2022 and 2021, 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).

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of June 30, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

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

**Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

### **Supplementary Information**

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The consolidating and other supplementary information is presented for purposes of additional analysis rather than to present the financial position and results of operations of the individual companies 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 consolidating and other supplementary information has been subjected to the auditing procedures applied in the audits 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 12, 2022

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents - unrestricted	\$ 6,077,618	\$10,254,468
Cash and cash equivalents - donor restricted	1,324,125	569,107
Certificates of deposit	752,479	750,105
Pledges receivable, current portion	1,249,283	820,209
Accounts receivable – agency fees (net of allowance)	626,494	259,452
Accounts receivable – USDA	375,998	324,274
Accounts receivable – other	73,658	177,665
Grants receivable, current portion	40,000	–
Inventory – purchased product	1,395,059	936,179
Inventory – donated product	1,968,850	1,220,464
Inventory – USDA commodities	3,534,639	3,052,055
Prepaid expenses	<u>598,135</u>	<u>447,972</u>
Total current assets	18,016,338	18,811,950
Property, plant and equipment, net	12,032,319	8,827,838
Other assets:		
Other assets	54,035	6,030
Pledges receivable, net of current portion	1,790,450	1,836,700
Investments	16,276,717	20,015,821
Investments – board designated	6,009,436	5,000,000
Beneficial interest in assets held by others	<u>–</u>	<u>975,361</u>
Total other assets	<u>24,130,638</u>	<u>27,833,912</u>
Total assets	<u>\$54,179,295</u>	<u>\$55,473,700</u>

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
Current liabilities:		
Accounts payable	\$ 651,318	\$ 316,897
Agency designations payable	235,725	337,000
Accrued expenses	34,646	27,038
Accrued salaries and wages	238,693	171,289
Accrued compensated absences	<u>331,279</u>	<u>294,729</u>
Total current liabilities	<u>1,491,661</u>	<u>1,146,953</u>
Total liabilities	1,491,661	1,146,953
Net assets:		
Without donor restrictions		
Board designated – endowment	6,303,593	5,866,281
Operations	<u>41,889,971</u>	<u>45,044,815</u>
Total without donor restrictions	48,193,564	50,911,096
With donor restrictions	<u>4,494,070</u>	<u>3,415,651</u>
Total net assets	52,687,634	54,326,747
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$54,179,295</u>	<u>\$55,473,700</u>

See accompanying notes.

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

**CONSOLIDATED STATEMENTS OF ACTIVITIES**

Years Ended June 30, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Donated product	\$ 56,657,023	\$ –	\$ 56,657,023	\$ 63,093,739	\$ –	\$ 63,093,739
Contributions	12,649,542	1,236,848	13,886,390	39,170,180	2,539,926	41,710,106
Product and program income	1,773,309	–	1,773,309	1,408,971	–	1,408,971
Grants	1,003,148	1,840,929	2,844,077	2,083,541	672,164	2,755,705
USDA	584,532	–	584,532	1,197,959	–	1,197,959
Government support revenue	873,437	341,526	1,214,963	1,756,314	755,607	2,511,921
Special events	296,142	–	296,142	288,033	–	288,033
In-kind contributions	172,200	–	172,200	39,300	–	39,300
Other revenue	57,473	–	57,473	72,905	–	72,905
Investment (loss) return	(2,396,068)	–	(2,396,068)	213,235	–	213,235
Interest and dividends	266,608	–	266,608	30,765	–	30,765
Forgiveness of PPP loan	–	–	–	859,875	–	859,875
Net assets released from restrictions	<u>2,340,884</u>	<u>(2,340,884)</u>	<u>–</u>	<u>2,691,712</u>	<u>(2,691,712)</u>	<u>–</u>
Revenues, gains and other support	<u>74,278,230</u>	<u>1,078,419</u>	<u>75,356,649</u>	<u>112,906,529</u>	<u>1,275,985</u>	<u>114,182,514</u>
Expenses and losses:						
Program services:						
Product distribution	70,286,260	–	70,286,260	78,203,389	–	78,203,389
Root cause solutions	2,439,932	–	2,439,932	827,101	–	827,101
Supporting services:						
General and administrative	1,751,376	–	1,751,376	1,231,035	–	1,231,035
Fundraising	<u>2,518,194</u>	<u>–</u>	<u>2,518,194</u>	<u>2,462,512</u>	<u>–</u>	<u>2,462,512</u>
Total expenses	<u>76,995,762</u>	<u>–</u>	<u>76,995,762</u>	<u>82,724,037</u>	<u>–</u>	<u>82,724,037</u>
Loss on sale of property, plant and equipment	<u>–</u>	<u>–</u>	<u>–</u>	<u>2,446</u>	<u>–</u>	<u>2,446</u>
Total expenses and losses	<u>76,995,762</u>	<u>–</u>	<u>76,995,762</u>	<u>82,726,483</u>	<u>–</u>	<u>82,726,483</u>
Change in net assets	(2,717,532)	1,078,419	(1,639,113)	30,180,046	1,275,985	31,456,031
Net assets at beginning 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>
Net assets at end of year	<u>\$ 48,193,564</u>	<u>\$ 4,494,070</u>	<u>\$ 52,687,634</u>	<u>\$ 50,911,096</u>	<u>\$ 3,415,651</u>	<u>\$ 54,326,747</u>

See accompanying notes.

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

**CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES**

Years Ended June 30, 2022 and 2021

	2022				Total
	Program Services		Support Services		
	Product Distribution	Root Cause Solutions	General and Administrative	Fundraising	
Expenses:					
Donated product distributed	\$ 55,426,053	\$ –	\$ –	\$ –	\$ 55,426,053
Product purchased	5,112,183	–	–	–	5,112,183
Program food and supply costs	111,045	30,914	–	–	141,959
Direct agency support	2,895,538	1,140,900	–	–	4,036,438
Gift card expense	–	63,680	–	–	63,680
Salaries	3,282,171	741,941	900,793	1,031,106	5,956,011
Employee benefits	628,018	121,736	218,076	181,237	1,149,067
Payroll taxes employer expense	244,329	54,143	64,060	75,905	438,437
Workers' compensation insurance	80,802	1,915	2,996	2,977	88,690
Contracted services	427,180	64,935	170,051	214,795	876,961
Professional fees	22,022	–	47,294	5,218	74,534
Direct mail printing and processing	–	–	–	731,949	731,949
Special events	–	–	–	7,356	7,356
Advertising, publicity and fundraising supplies	61,684	947	67,126	23,296	153,053
Vehicle expense	463,753	–	–	–	463,753
Postage	337	2,559	8,914	7,573	19,383
Utilities	134,576	1,402	1,402	2,804	140,184
Building maintenance	144,294	–	–	–	144,294
Warehouse supplies, equipment and maintenance	130,995	–	–	–	130,995
Occupancy – other rental	26,367	28,516	7,129	24,951	86,963
Telephone and communications	54,691	13,915	22,781	11,276	102,663
Computer supplies	353,087	63,662	79,087	81,892	577,728
Trash removal	52,122	–	–	–	52,122
Travel, conferences and meetings	57,889	12,719	23,486	5,998	100,092
Liability and vehicle insurance	53,824	7,834	15,707	10,887	88,252
Office supplies and expense	21,632	4,088	3,558	10,115	39,393
Feeding America Fees	–	–	13,788	–	13,788
Interest expense	–	–	–	–	–
Miscellaneous	18,524	36,289	45,701	27,324	127,838
Total expenses before depreciation	<u>69,803,116</u>	<u>2,392,095</u>	<u>1,691,949</u>	<u>2,456,659</u>	<u>76,343,819</u>
Depreciation	<u>483,144</u>	<u>47,837</u>	<u>59,427</u>	<u>61,535</u>	<u>651,943</u>
Total expenses	<u>\$ 70,286,260</u>	<u>\$ 2,439,932</u>	<u>\$ 1,751,376</u>	<u>\$ 2,518,194</u>	<u>\$ 76,995,762</u>

	2021				Total
	Program Services		Support Services		
	Product Distribution	Root Cause Solutions	General and Administrative	Fundraising	
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
Feeding America Fees	–	–	–	–	–
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>

See accompanying notes.

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

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Change in net assets	\$ (1,639,113)	\$ 31,456,031
Adjustments to reconcile change in net assets to net cash (used) provided by operating activities:		
Depreciation	651,943	598,371
Realized and unrealized loss (gain) on investments	2,200,279	(26,114)
Restricted contributions and grants	(3,419,303)	(3,967,697)
Loss on sale of property, plant and equipment	–	2,446
Forgiveness of PPP loan	–	(859,875)
Change in value of donated inventory	(1,230,970)	485,540
(Increase) decrease in:		
Pledges receivable	(382,824)	(1,506,396)
Accounts receivable – agency fees	(367,042)	(109,279)
Accounts receivable - USDA	(51,724)	(12,024)
Accounts receivable – other	104,007	(171,003)
Inventory – purchased product	(458,880)	86,109
Prepaid expenses	(150,163)	(126,934)
Other assets	(48,005)	–
Increase (decrease) in:		
Accounts payable	334,421	(73,387)
Agency designations payable	(101,275)	149,038
Accrued expenses	7,608	1,053
Accrued salaries and wages	67,404	36,222
Accrued compensated absences	<u>36,550</u>	<u>39,063</u>
Net cash (used) provided by operating activities	(4,447,087)	26,001,164
Cash flows from investing activities:		
Proceeds from sale of property, plant and equipment	–	1,267
Purchase of property, plant and equipment	(3,856,424)	(707,519)
Change in certificates of deposit	(2,374)	(505,879)
Purchase of investment	(32,990,753)	(25,000,000)
Proceeds from sales of investments	33,520,142	10,293
Change in beneficial interest in assets held by others	<u>975,361</u>	<u>(695,445)</u>
Net cash used by investing activities	(2,354,048)	(26,897,283)
Cash flows from financing activities:		
Repayments of long-term debt	–	(820,816)
Restricted contributions and grants	<u>3,379,303</u>	<u>4,137,697</u>
Net cash provided by financing activities	<u>3,379,303</u>	<u>3,316,881</u>
Net change in cash and cash equivalents	(3,421,832)	2,420,762
Cash, cash equivalents and restricted cash, beginning of year	<u>10,823,575</u>	<u>8,402,813</u>
Cash, cash equivalents and restricted cash, end of year	<u>\$ 7,401,743</u>	<u>\$ 10,823,575</u>

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

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

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Supplemental disclosure of cash flow information:		
Cash paid during the year for interest, including capitalized interest	\$ <u>          —</u>	\$ <u>    18,601</u>
Supplemental schedule of the effect of donated product inventory on change in net assets:		
Donated product revenue received:		
Donated product	\$ 42,888,928	\$ 41,462,365
USDA CSFP	3,907,277	5,716,573
USDA TEFAP	9,860,818	9,664,656
USDA CFAP	—	5,208,413
USDA TMP	<u>          —</u>	<u>    1,041,732</u>
Total donated product revenue	56,657,023	63,093,739
Donated product expense for product distributed:		
Donated product	39,042,642	36,683,758
USDA CSFP	3,783,652	5,393,075
USDA TEFAP	8,858,415	9,706,063
USDA CFAP	—	5,196,285
USDA TMP	—	1,046,699
Nondistributable product	<u>    3,741,344</u>	<u>    5,553,399</u>
Total donated product expense	<u>    55,426,053</u>	<u>    63,579,279</u>
Effect of donated product inventory on change in net assets	\$ <u>  1,230,970</u>	\$ <u>  (485,540)</u>
Inventory – donated product and USDA commodities, beginning of year	\$ 4,272,519	\$ 4,758,059
Effect of change in donated project inventory	<u>    1,230,970</u>	<u>    (485,540)</u>
Inventory – donated product and USDA commodities, end of year	\$ <u>  5,503,489</u>	\$ <u>  4,272,519</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>2022</u>	<u>2021</u>
Change in net assets	\$ (1,639,113)	\$ 31,456,031
Change from donated product inventory	<u>    (1,230,970)</u>	<u>    485,540</u>
Change in net assets from operations	\$ <u>(2,870,083)</u>	\$ <u>31,941,571</u>

See accompanying notes.

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

### 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 600 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 29 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. Harvesting Good has been consolidated in the accompanying consolidated financial statements for the years ended June 30, 2022 and 2021.

### 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.

#### Principles of Consolidation

The accompanying consolidated financial statements include the accounts of GSFB and its wholly-owned subsidiary, Harvesting Good (collectively, the Company). 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, 2022 and 2021

### 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>2022</u>	<u>2021</u>
Cash and cash equivalents	\$6,077,618	\$10,254,468
Restricted cash	<u>1,324,125</u>	<u>569,107</u>
	<u>\$7,401,743</u>	<u>\$10,823,575</u>

At June 30, 2022 and 2021, 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. During 2022, the Food Bank released \$2.5 million of this fund in support of operations.

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

### 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. At June 30, 2022, GSFb recorded allowance for doubtful accounts of \$1,919. 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, 2022 and 2021

### 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 \$30,822 and \$27,271 as of June 30, 2022 and 2021, respectively.

#### 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, 2022 and 2021

### 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, 2022 and 2021, the value per pound of donated product was \$1.92 and \$1.79, respectively, and the value of USDA commodities was \$1.53 and \$1.70, respectively. The adopted per pound change increased the ending value of the inventory by approximately \$260,000 and \$435,000 as of June 30, 2022 and 2021, respectively. During fiscal years 2022 and 2021, approximately 35.1 and 38.4 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, 2022 and 2021 were \$463,168 and \$403,095, 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 14,833 and 10,460 hours with an estimated value of \$444,248 and \$267,358, respectively for the years ended June 30, 2022 and 2021. The value was computed using an hourly rate of \$29.95 and \$25.56 based on the Independent Sector's value of volunteer time for the State of Maine for 2022 and 2021, 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 \$172,200 and \$39,300, respectively for the years ended June 30, 2022 and 2021. Donated skilled services are valued at the standard hourly rates charged for these services.

All donated services and assets were utilized by GSFb's programs and supporting services. There were no donor-imposed restrictions associated with the donated services and assets.

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

### 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, 2022.

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, 2022 and 2021

### 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.

#### *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 12, 2022 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, 2022 or 2021.

### 4. **Pledges Receivable**

GSFB 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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

**4. Pledges Receivable (Continued)**

Pledges receivable consisted of the following amounts at June 30:

	<u>2022</u>	<u>2021</u>
Due in one year	\$1,249,283	\$ 820,209
Due in two to five years	2,015,716	1,926,064
Less net present value discount	(194,444)	(62,093)
Less allowance on pledges receivable	<u>(30,822)</u>	<u>(27,271)</u>
	<u>\$3,039,733</u>	<u>\$2,656,909</u>

**5. Property, Plant and Equipment**

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

	<u>2022</u>	<u>2021</u>
Land and land improvements	\$ 448,194	\$ 444,694
Buildings and improvements	9,679,933	9,509,854
Office equipment	356,559	342,465
Warehouse equipment	1,649,082	1,379,556
Computer equipment	810,737	500,713
Vehicles	664,703	664,703
Construction in progress	<u>3,187,766</u>	<u>199,104</u>
	16,796,974	13,041,089
Less accumulated depreciation	<u>(4,764,655)</u>	<u>(4,213,251)</u>
	<u>\$12,032,319</u>	<u>\$ 8,827,838</u>

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

		<u>2022</u>	<u>2021</u>
Building and improvements	39 years	\$291,631	\$286,614
Office equipment	5 – 7 years	56,177	42,255
Warehouse equipment	5 – 10 years	110,228	81,039
Computer equipment	5 years	148,176	148,694
Vehicles	5 – 10 years	32,884	30,110
Land improvements	15 years	<u>12,847</u>	<u>9,659</u>
		<u>\$651,943</u>	<u>\$598,371</u>

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

### 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 were 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 was 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, continued 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") was paid and distributed to GSFb at least annually. GSFb could 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 approved of the withdrawal. During year ending June 30, 2022, GSFb transferred all endowment funds from the Foundation to a qualified custodian and accounts are managed by an investment manager. At June 30, 2022, no endowment funds were held by others on behalf of GSFb. At June 30, 2021, the endowment fund held by the Foundation has a value of \$975,361, which is reported in the consolidated statements of financial position as a beneficial interest in assets held by others.

### 7. Investments

GSFB investments include amount held for future operations and endowment fund restricted for special purposes. Investments consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Cash equivalents	\$ 5,123,980	\$10,028,220
Corporate bonds	858,155	—
Equity securities	4,068,072	—
Exchange traded funds and mutual funds – fixed income	11,423,797	14,987,601
U.S. Treasuries	<u>812,149</u>	<u>—</u>
Ending balance	<u>\$22,286,153</u>	<u>\$25,015,821</u>

### 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.

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

### 8. Fair Value Measurements (Continued)

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.

*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, 2022 and 2021.

*Cash equivalents:* Recorded at cost, plus accrued interest, which approximates fair value

*Corporate bonds:* Certain corporate bonds are valued at the closing price reported in the active market in which the bond is traded. Other corporate bonds are valued based on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar bonds, the bond is valued under a discounted cash flow approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable, such as credit and liquidity risks.

*Equity securities:* The fair value of marketable equity securities are principally based on quoted market prices.

*Exchange traded funds:* Valued at the last sale price or official closing price on the exchange or system on which they are principally traded.

*Mutual funds:* Valued at their net asset value (NAV) at year end. These funds are required to publish their daily NAV and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

*U.S. Treasury notes:* Valued at the closing price reported in the active market in which the security is traded. Level 2 investments are valued based on yields currently available on comparable securities of issuers with similar credit ratings.

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

**8. Fair Value Measurements (Continued)**

*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>
<b><u>2022</u></b>				
Cash equivalents	\$ 5,123,980	\$ –	\$ –	\$ 5,123,980
Corporate bonds	–	858,155	–	858,155
Equity securities	4,068,072	–	–	4,068,072
Exchange traded and mutual funds	7,970,169	–	–	7,970,169
Mutual funds	3,453,628	–	–	3,453,628
U.S. Treasuries	–	812,149	–	812,149
Certificates of deposit	<u>–</u>	<u>752,479</u>	<u>–</u>	<u>752,479</u>
	<u>\$20,615,849</u>	<u>\$2,422,783</u>	<u>\$ –</u>	<u>\$23,038,632</u>
<b><u>2021</u></b>				
Cash equivalents	\$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>

**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. During year ending June 30, 2022, investment funds transferred from the Foundation to a new investment manager and investments are held by a new custodian.

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

	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 975,361	\$279,916
Contributions	–	530,500
Change in value	–	173,025
Released for operation	–	(8,080)
Transfer to investment manager	<u>(975,361)</u>	<u>–</u>
Ending balance	<u>\$ –</u>	<u>\$975,361</u>

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

**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, 4.75% at June 30, 2022. Advances are secured by a first security interest in all business assets. As of June 30, 2022 and 2021, there was no outstanding balance on the line of credit.

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.

**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>2022</u>	<u>2021</u>
Purpose restriction:		
Cooking Matters	\$ 38,425	\$ 70,555
Youth & Family Initiatives	–	114,000
Bangor region campaign	–	214,780
Endowment income	49,612	66,905
Support future operations	3,039,734	2,442,129
Other restrictions	<u>1,324,124</u>	<u>465,107</u>
	4,451,895	3,373,476
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>\$4,494,070</u>	<u>\$3,415,651</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.

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

**10. Net Assets (Continued)**

*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.

The changes in GSFb's endowment funds by net asset category for the years ended June 30, 2022 and 2021 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, 2020	\$ 205,691	\$ 41,550	\$42,175	\$ 289,416
Net appreciation	144,590	28,435	–	173,025
Appropriation 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	5,866,281	66,905	42,175	5,975,361
Net depreciation	(940,738)	(13,649)	–	(954,387)
Appropriation for expenditure	–	(3,644)	–	(3,644)
Contributions	<u>1,378,050</u>	<u>–</u>	<u>–</u>	<u>1,378,050</u>
Endowment net assets, June 30, 2022	<u>\$6,303,593</u>	<u>\$ 49,612</u>	<u>\$42,175</u>	<u>\$6,395,380</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, 2022 and 2021 were \$291,491 and \$203,797, 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 2029.

For the years ended June 30, 2022 and 2021, rental expense totaled \$329,290 and \$337,951, respectively.

# GOOD SHEPHERD FOOD BANK OF MAINE AND SUBSIDIARY

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

June 30, 2022 and 2021

### 12. Operating Leases (Continued)

Future minimum lease payments are as follows:

2023	\$239,081
2024	191,655
2025	167,693
2026	114,550
2027	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, 2022:

Cash and cash equivalents	\$6,077,618
Certificates of deposit	752,479
Pledges receivable, current portion	1,249,283
Accounts receivable	<u>1,076,150</u>
	<u>\$9,155,530</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).

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

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS

	<u>Good Shepherd Food Bank</u>	<u>Harvesting Good</u>	<u>Eliminations</u>	<u>Total</u>
Current assets:				
Cash and cash equivalents - unrestricted	\$ 4,139,345	\$ 1,938,273	\$ –	\$ 6,077,618
Cash and cash equivalents - donor restricted	1,324,125	–	–	1,324,125
Certificates of deposit	752,479	–	–	752,479
Pledges receivable, current portion	1,249,283	–	–	1,249,283
Accounts receivable – agency fees (net of allowance)	626,494	–	–	626,494
Accounts receivable – USDA	375,998	–	–	375,998
Accounts receivable – other	73,658	–	–	73,658
Grants receivable, current portion	40,000	–	–	40,000
Inventory – purchased product	1,395,059	–	–	1,395,059
Inventory – donated product	1,968,850	–	–	1,968,850
Inventory – USDA commodities	3,534,639	–	–	3,534,639
Prepaid expenses	315,515	282,620	–	598,135
Due from related parties	<u>127,751</u>	<u>–</u>	<u>(127,751)</u>	<u>–</u>
Total current assets	15,923,196	2,220,893	(127,751)	18,016,338
Property, plant and equipment, net	9,021,928	3,010,391	–	12,032,319
Other assets:				
Other assets	54,035	–	–	54,035
Investment in subsidiary	4,923,932	–	(4,923,932)	–
Pledges receivable, net of current portion	1,790,450	–	–	1,790,450
Investments	16,276,717	–	–	16,276,717
Investments – board designated	<u>6,009,436</u>	<u>–</u>	<u>–</u>	<u>6,009,436</u>
Total other assets	<u>29,054,570</u>	<u>–</u>	<u>(4,923,932)</u>	<u>24,130,638</u>
Total assets	<u>\$53,999,694</u>	<u>\$5,231,284</u>	<u>\$(5,051,683)</u>	<u>\$54,179,295</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	\$ 471,717	\$ 179,601	\$ —	\$ 651,318
Agency designations payable	235,725	—	—	235,725
Accrued expenses	34,646	—	—	34,646
Accrued salaries and wages	238,693	—	—	238,693
Accrued compensated absences	331,279	—	—	331,279
Due to related parties	<u>—</u>	<u>127,751</u>	<u>(127,751)</u>	<u>—</u>
Total current liabilities	<u>1,312,060</u>	<u>307,352</u>	<u>(127,751)</u>	<u>1,491,661</u>
Total liabilities	1,312,060	307,352	(127,751)	1,491,661
Net assets/equity:				
Without donor restrictions				
Board designated – endowment	6,303,593	—	—	6,303,593
Operations	41,889,971	—	—	41,889,971
Retained earnings (deficit)	<u>—</u>	<u>4,923,932</u>	<u>(4,923,932)</u>	<u>—</u>
Total without donor restrictions	48,193,564	4,923,932	(4,923,932)	48,193,564
With donor restrictions	<u>4,494,070</u>	<u>—</u>	<u>—</u>	<u>4,494,070</u>
Total net assets/equity	<u>52,687,634</u>	<u>4,923,932</u>	<u>(4,923,932)</u>	<u>52,687,634</u>
Total liabilities and net assets/equity	<u>\$53,999,694</u>	<u>\$5,231,284</u>	<u>\$(5,051,683)</u>	<u>\$54,179,295</u>

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

**CONSOLIDATING STATEMENT OF ACTIVITIES**

Year Ended June 30, 2022

	<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>Eliminations</u>	<u>Total</u>
Revenues, gains and other support:					
Donated product	\$ 56,657,023	\$ —	\$ —	\$ —	\$ 56,657,023
Contributions	12,649,542	1,236,848	—	—	13,886,390
Product and program income	1,773,309	—	—	—	1,773,309
Grants	923,727	1,840,929	79,421	—	2,844,077
USDA	584,532	—	—	—	584,532
Government support revenue	816,537	341,526	56,900	—	1,214,963
Special events	296,142	—	—	—	296,142
In-kind contributions	172,200	—	—	—	172,200
Other revenue	4,723,999	—	40,142	(4,706,668)	57,473
Investment (loss) return	(2,396,068)	—	—	—	(2,396,068)
Interest and dividends	261,186	—	5,422	—	266,608
Service revenue	22,428	—	—	(22,428)	—
Net assets released from restrictions	<u>2,340,884</u>	<u>(2,340,884)</u>	—	—	—
Revenues, gains and other support	<u>78,825,441</u>	<u>1,078,419</u>	<u>181,885</u>	<u>(4,729,096)</u>	<u>75,356,649</u>
Expenses and losses:					
Program services:					
Product distribution	69,965,098	—	343,590	(22,428)	70,286,260
Root cause solutions	2,439,932	—	—	—	2,439,932
Supporting services:					
General and administrative	6,619,749	—	131,627	(5,000,000)	1,751,376
Fundraising	<u>2,518,194</u>	—	—	—	<u>2,518,194</u>
Total expenses and losses	<u>81,542,973</u>	<u>—</u>	<u>475,217</u>	<u>(5,022,428)</u>	<u>76,995,762</u>
Change in net assets/equity	(2,717,532)	1,078,419	(293,332)	293,332	(1,639,113)
Contributed capital	—	—	5,000,000	(5,000,000)	—
Net assets/equity at beginning 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>
Net assets/equity at end of year	<u>\$ 48,193,564</u>	<u>\$ 4,494,070</u>	<u>\$ 4,923,932</u>	<u>\$ (4,923,932)</u>	<u>\$ 52,687,634</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, 2022 and 2021

ASSETS

	<u>2022</u>	<u>2021</u>
Current assets:		
Cash and cash equivalents - unrestricted	\$ 4,139,345	\$ 9,991,166
Cash and cash equivalents - donor restricted	1,324,125	569,107
Certificates of deposit	752,479	750,105
Pledges receivable, current portion	1,249,283	820,209
Accounts receivable – agency fees (net of allowance)	626,494	259,254
Accounts receivable – USDA	375,998	324,274
Accounts receivable – other	73,658	177,665
Grants receivable, current portion	40,000	–
Inventory – purchased product	1,395,059	936,179
Prepaid expenses	315,515	447,972
Due from related parties	<u>127,751</u>	<u>46,038</u>
Total current assets	10,419,707	14,321,969
Property, plant and equipment, net	9,021,928	8,827,838
Other assets:		
Other assets	54,035	6,030
Investment in subsidiary	4,923,932	217,264
Pledges receivable	1,790,450	1,836,700
Investments	16,276,717	20,015,821
Investments – board designated	6,009,436	5,000,000
Beneficial interest in assets held by others	<u>–</u>	<u>975,361</u>
Total other assets	<u>29,054,570</u>	<u>28,051,176</u>
Total assets	<u>\$48,496,205</u>	<u>\$51,200,983</u>

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
Current liabilities:		
Accounts payable	\$ 471,717	\$ 316,699
Agency designations payable	235,725	337,000
Accrued expenses	34,646	27,038
Accrued salaries and wages	238,693	171,289
Accrued compensated absences	<u>331,279</u>	<u>294,729</u>
Total current liabilities	<u>1,312,060</u>	<u>1,146,755</u>
Total liabilities	1,312,060	1,146,755
Net assets:		
Without donor restriction	42,690,075	46,638,577
With donor restrictions	<u>4,494,070</u>	<u>3,415,651</u>
Total net assets	47,184,145	50,054,228
	<hr/>	<hr/>
Total liabilities and net assets	<u>\$48,496,205</u>	<u>\$51,200,983</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. The excluded activities have no impact on cash management.

**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, 2022 and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains and other support:						
Contributions	\$12,649,542	\$ 1,236,848	\$13,886,390	\$39,170,180	\$ 2,539,926	\$41,710,106
Product and program income	1,773,309	–	1,773,309	1,408,971	–	1,408,971
Grants	923,727	1,840,929	2,764,656	1,961,941	672,164	2,634,105
USDA	584,532	–	584,532	1,197,959	–	1,197,959
Government support revenue	816,537	341,526	1,158,063	1,756,314	755,607	2,511,921
Special events	296,142	–	296,142	288,033	–	288,033
In-kind contributions	172,200	–	172,200	39,300	–	39,300
Other revenue	(276,001)	–	(276,001)	87,275	–	87,275
Investment (loss) return	(2,396,068)	–	(2,396,068)	213,235	–	213,235
Interest and dividends	261,186	–	261,186	30,461	–	30,461
Forgiveness of PPP loan	–	–	–	859,875	–	859,875
Net assets released from restrictions	<u>2,340,884</u>	<u>(2,340,884)</u>	<u>–</u>	<u>2,691,712</u>	<u>(2,691,712)</u>	<u>–</u>
Revenues, gains and other support	<u>17,145,990</u>	<u>1,078,419</u>	<u>18,224,409</u>	<u>49,705,256</u>	<u>1,275,985</u>	<u>50,981,241</u>
Expenses and losses:						
Program services:						
Product distribution	14,926,409	–	14,926,409	14,546,764	–	14,546,764
Root cause solutions	2,409,666	–	2,409,666	827,101	–	827,101
Supporting services:						
General and administrative	1,743,195	–	1,743,195	1,200,847	–	1,200,847
Fundraising	<u>2,490,439</u>	<u>–</u>	<u>2,490,439</u>	<u>2,462,512</u>	<u>–</u>	<u>2,462,512</u>
Total expenses	<u>21,569,709</u>	<u>–</u>	<u>21,569,709</u>	<u>19,037,224</u>	<u>–</u>	<u>19,037,224</u>
Loss on sale of property, plant and equipment	–	–	–	2,446	–	2,446
Total expenses and losses	<u>21,569,709</u>	<u>–</u>	<u>21,569,709</u>	<u>19,039,670</u>	<u>–</u>	<u>19,039,670</u>
Change in net assets	(4,423,719)	1,078,419	(3,345,300)	30,665,586	1,275,985	31,941,571
Net assets at beginning 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>
Net assets at end of year	<u>\$42,214,858</u>	<u>\$ 4,494,070</u>	<u>\$46,708,928</u>	<u>\$46,638,577</u>	<u>\$ 3,415,651</u>	<u>\$50,054,228</u>

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**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, 2022 and 2021

	2022				
	Program Services		Support Services		Total
	Product Distribution	Root Cause Solutions	General and Administrative	Fundraising	
Expenses:					
Product purchased	\$ 5,112,183	\$ –	\$ –	\$ –	\$ 5,112,183
Program food and supply costs	111,044	30,914	–	–	141,958
Direct agency support	2,895,538	1,140,900	–	–	4,036,438
Gift card expense	–	63,680	–	–	63,680
Salaries	3,282,171	741,941	900,793	1,031,106	5,956,011
Employee benefits	628,018	121,736	218,076	181,237	1,149,067
Payroll taxes employer expense	244,329	54,143	64,060	75,905	438,437
Workers' compensation insurance	80,802	1,915	2,996	2,977	88,690
Contracted services	427,180	64,935	170,051	214,795	876,961
Professional fees	22,022	–	47,294	5,218	74,534
Direct mail printing and processing	–	–	–	731,949	731,949
Special events	–	–	–	7,356	7,356
Advertising, publicity and fundraising supplies	61,684	947	67,126	23,296	153,053
Vehicle expense	463,753	–	–	–	463,753
Postage	337	2,559	8,914	7,573	19,383
Utilities	140,184	–	–	–	140,184
Building maintenance	144,294	–	–	–	144,294
Warehouse supplies, equipment and maintenance	130,995	–	–	–	130,995
Occupancy – other rental	86,963	–	–	–	86,963
Telephone and communications	54,691	13,915	22,781	11,276	102,663
Computer supplies	353,087	63,662	79,087	81,892	577,728
Trash removal	52,122	–	–	–	52,122
Travel, conferences and meetings	57,889	12,719	23,486	5,998	100,092
Liability and vehicle insurance	53,824	7,834	15,707	10,887	88,252
Office supplies and expense	21,632	4,088	3,558	10,115	39,393
Feeding America Fees	–	–	13,788	–	13,788
Interest expense	–	–	–	–	–
Miscellaneous	18,523	35,941	46,051	27,324	127,839
Total expenses before depreciation	<u>14,443,265</u>	<u>2,361,829</u>	<u>1,683,768</u>	<u>2,428,904</u>	<u>20,917,766</u>
Depreciation	<u>483,144</u>	<u>47,837</u>	<u>59,427</u>	<u>61,535</u>	<u>651,943</u>
Total expenses	<u>\$ 14,926,409</u>	<u>\$ 2,409,666</u>	<u>\$ 1,743,195</u>	<u>\$ 2,490,439</u>	<u>\$ 21,569,709</u>

	2021				
	Program Services		Support Services		Total
	Product Distribution	Root Cause Solutions	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
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>

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