



Consolidated Financial Statements
June 30, 2015

Utah Food Bank and Utah Food Bank Foundation

Utah Food Bank and Utah Food Bank Foundation

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Independent Auditor's Report

To the Board of Directors
Utah Food Bank and Utah Food Bank Foundation

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Utah Food Bank (a Utah nonprofit corporation) and Utah Food Bank Foundation (a Utah nonprofit corporation) (collectively, the Organization), which comprise the consolidated statement of financial position as of June 30, 2015, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Utah Food Bank and Utah Food Bank Foundation as of June 30, 2015 and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary schedules (Consolidating Schedule of Assets, Liabilities, and Net Assets; Consolidating Schedule of Activities; and Eliminating Entries to Consolidating Schedules) are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The supplementary schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such 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 Consolidating Schedule of Assets, Liabilities, and Net Assets; Consolidating Schedule of Activities; and Eliminating Entries to Consolidating Schedules are fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated October 26, 2015, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.



Salt Lake City, Utah
October 26, 2015

Utah Food Bank and Utah Food Bank Foundation
Consolidated Statement of Financial Position
June 30, 2015

Assets

Cash and cash equivalents	\$ 2,603,883
Accounts receivable	
Government contracts	234,567
Other	754
Food inventory	2,313,629
Prepaid expenses	5,132
Investment in CD's	789,066
Cash equivalents - restricted for debt service	118,048
Debt issuance costs, net of accumulated amortization	90,702
Note receivable	8,785,700
Land, building and equipment, net of accumulated depreciation	<u>10,847,910</u>
 Total assets	 <u><u>\$ 25,789,391</u></u>

Liabilities and Net Assets

Liabilities

Accounts payable	\$ 141,281
Accrued liabilities	389,749
Notes payable	<u>12,243,713</u>
 Total liabilities	 <u>12,774,743</u>

Net Assets

Unrestricted	
Designated	
Food inventory	2,313,629
Property and equipment, net of related debt	4,164,544
Undesignated	<u>6,125,302</u>
 Total unrestricted	 12,603,475
 Temporarily restricted	 <u>411,173</u>
 Total net assets	 <u>13,014,648</u>
 Total liabilities and net assets	 <u><u>\$ 25,789,391</u></u>

Utah Food Bank and Utah Food Bank Foundation
Consolidated Statement of Activities
June 30, 2015

	Unrestricted	Temporarily Restricted	Total
Public Support and Revenues			
In-Kind Support			
Volunteers	\$ 22,022	\$ -	\$ 22,022
Advertising	79,950	-	79,950
Food	64,476,615	-	64,476,615
Other supplies and equipment	501,895	-	501,895
Total in-kind support	<u>65,080,482</u>	<u>-</u>	<u>65,080,482</u>
Direct Contributions			
Contributions	5,791,740	45,200	5,836,940
Grants	2,174,484	365,973	2,540,457
United Way	226,504	-	226,504
Net assets released from restrictions	170,422	(170,422)	-
Total direct contributions	<u>8,363,150</u>	<u>240,751</u>	<u>8,603,901</u>
Revenues			
Government contracts	1,649,367	-	1,649,367
Interest income and other	50,659	-	50,659
Total revenues	<u>1,700,026</u>	<u>-</u>	<u>1,700,026</u>
Total public support and revenues	<u>75,143,658</u>	<u>240,751</u>	<u>75,384,409</u>
Program Expenses			
Logistics	69,697,912	-	69,697,912
Food programs and other	1,916,857	-	1,916,857
Total program expenses	<u>71,614,769</u>	<u>-</u>	<u>71,614,769</u>
Support Expenses			
Development	1,690,206	-	1,690,206
Management and general	1,743,720	-	1,743,720
Total support expenses	<u>3,433,926</u>	<u>-</u>	<u>3,433,926</u>
Total expenses	<u>75,048,695</u>	<u>-</u>	<u>75,048,695</u>
Change in Net Assets	94,963	240,751	335,714
Net Assets, Beginning of Year	<u>12,508,512</u>	<u>170,422</u>	<u>12,678,934</u>
Net Assets, End of Year	<u>\$ 12,603,475</u>	<u>\$ 411,173</u>	<u>\$ 13,014,648</u>

Utah Food Bank and Utah Food Bank Foundation
Consolidated Statement of Functional Expenses
June 30, 2015

	Logistics	Food Programs and Other	Total Programs	Development	Management and General	Total
Salaries and wages	\$ 1,787,848	\$ 609,323	\$ 2,397,171	\$ 472,736	\$ 798,102	\$ 3,668,009
Payroll taxes and benefits	582,105	189,886	771,991	126,237	167,553	1,065,781
Total salaries and related expenses	2,369,953	799,209	3,169,162	598,973	965,655	4,733,790
Insurance	62,857	-	62,857	-	37,225	100,082
Office supplies	4,241	2,557	6,798	2,938	11,328	21,064
Postage and printing	2,050	1,078	3,128	44,298	7,212	54,638
Professional fees	1,197	130	1,327	84,666	82,721	168,714
Project costs	8,058	17,311	25,369	221,278	14,552	261,199
Direct solicitations	-	-	-	617,152	-	617,152
Warehouse supplies	154,852	6,012	160,864	-	-	160,864
Vehicle fuel and taxes	259,759	-	259,759	-	-	259,759
Food transportation	351,375	-	351,375	-	-	351,375
Utilities and property taxes	95,048	26,290	121,338	-	27,398	148,736
Building and equipment rent	17,992	-	17,992	-	3,578	21,570
Repairs and maintenance	328,923	7,283	336,206	1,148	18,906	356,260
Communications	27,297	4,125	31,422	2,374	36,614	70,410
Travel	18,508	860	19,368	3,073	8,715	31,156
Dues and subscriptions	21,919	4,286	26,205	16,472	2,738	45,415
Employee training and seminars	6,771	4,364	11,135	2,212	10,641	23,988
Financial fees	-	-	-	-	62,591	62,591
Advertising	23	-	23	1,500	-	1,523
Non-capital equipment purchases	5,436	15,119	20,555	-	32,979	53,534
Interest expense	39,226	-	39,226	-	123,614	162,840
Purchased food	253,511	979,712	1,233,223	579	-	1,233,802
In-kind food distribution	65,189,251	-	65,189,251	-	-	65,189,251
In-kind volunteers	-	-	-	-	22,022	22,022
In-kind project supplies	50,994	413	51,407	51,343	-	102,750
In-kind advertising	-	37,750	37,750	42,200	-	79,950
Total before depreciation	69,269,241	1,906,499	71,175,740	1,690,206	1,468,489	74,334,435
Depreciation and amortization	428,671	10,358	439,029	-	275,231	714,260
Total Functional Expenses	<u>\$ 69,697,912</u>	<u>\$ 1,916,857</u>	<u>\$ 71,614,769</u>	<u>\$ 1,690,206</u>	<u>\$ 1,743,720</u>	<u>\$ 75,048,695</u>

See Notes to Consolidated Financial Statements

Utah Food Bank and Utah Food Bank Foundation
Consolidated Statement of Cash Flows
June 30, 2015

Operating Activities	
Change in net assets	\$ 335,714
Adjustments to reconcile change in net assets to net cash from operating activities	
Depreciation and amortization	714,260
In-kind food support	(64,476,615)
In-kind food distribution	65,189,251
In-kind equipment donations	(399,145)
Changes in assets and liabilities	
Government contracts receivable	(83,730)
Other receivables	132
Purchased inventory	(22,838)
Prepaid expenses	(5,132)
Accounts payable	35,977
Accrued liabilities	39,032
	<u>1,326,906</u>
Net Cash from Operating Activities	
Investing Activities	
Purchase of investments	(1,663,753)
Sale of investments	874,687
Purchase of land, building, and equipment	(250,696)
	<u>(1,039,762)</u>
Net Cash Used for investing Activities	
Financing Activities	
Receipts of temporarily restricted pledges	27,987
Payments on note payable	(34,474)
	<u>(6,487)</u>
Net Cash Used for Financing Activities	
Net Change in Cash and Cash Equivalents	280,657
Cash and Cash Equivalents, Beginning of Year	<u>2,441,274</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,721,931</u>
Reconciliation to Statement of Financial Position	
Cash and cash equivalents	\$ 2,603,883
Cash equivalents - debt service reserve	118,048
	<u>118,048</u>
Total cash and cash equivalents	<u>\$ 2,721,931</u>

Note 1 - Organization and Significant Accounting Policies

Utah Food Bank (the Food Bank) is a nonprofit organization established in 1904 to provide various community services to other agencies and to individuals in need. Utah Food Bank currently operates from two main facilities—one in Saint George, Utah and one in Salt Lake City, Utah, which allows the Food Bank’s efforts to reach individuals throughout the state of Utah. The Food Bank is governed by an independent, volunteer Board of Directors who oversees the Food Bank’s operations.

Utah Food Bank Foundation (the Foundation) is a nonprofit organization established in 2009 to support Utah Food Bank and to hold and lease property that supports Utah Food Bank’s mission.

The accompanying consolidated financial statements have been prepared in accordance with standards for nonprofit organizations adopted by the American Institute of Certified Public Accountants. They are stated on the accrual basis of accounting whereby expenses are recorded when incurred, donations are recorded when received, promises to give are recorded when promised and collection is reasonably assured, and grant revenues are recorded when earned.

Basis of Consolidation

The consolidated financial statements include the accounts Utah Food Bank and the Utah Food Bank Foundation because Utah Food Bank has both control and an economic interest in the Foundation. Utah Food Bank is the sole voting member in the Foundation and, therefore, controls the Foundation. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to collectively as the “Organization.”

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, as applicable. In addition, the Organization presents a statement of cash flows.

Contributions and Donated Services

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions. Restricted contributions are reported as temporarily or permanently restricted support and are then reclassified to unrestricted net assets upon expiration of the time restriction or appropriate use of the assets. Temporarily restricted net assets at June 30, 2015 represent funds donated for specific capital acquisitions that have not yet been expended for their intended purpose.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Donated materials and equipment are reflected as contributions at their estimated fair values at date of receipt.

The government contracts are received on a reimbursement basis. All restrictions placed on the money are met when the money is spent and the receivable is recognized. The Organization has elected to record the revenue from the government contracts as unrestricted.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. In addition, management also considers money market funds to be cash equivalents.

Program and Support Services — Support and program services provided by the Organization are as follows:

Logistics — The logistics department at Food Bank is responsible for inventory shipping and receiving and also houses the fleet, including all food procurement and delivery vehicles. This department is responsible for the buildings, fleet and warehouse safety and maintenance, cleanliness, and efficient and accurate movement of product. The department also includes the Organization's Chief Operating Officer.

Food Programs and Other — The other programs department of Utah Food Bank is responsible for direct and indirect food distribution service to clients and agencies. This includes the Food Box program, Kids Café program, BackPack program, and agency relations. It also provides support services to Salt Lake County seniors through yard care, snow removal, home repair, and in-home outreach and referral services.

Development — The development department at Utah Food Bank is responsible for all fund raising, marketing, public relations, food procurement, and volunteer efforts of the Organization. This department also includes the Organization's Chief Development Officer.

Management and General — Management and general consists of the finance, human resources, and general office support functions of the Organization. The department also houses portions of the Organization's leadership, most notably the Chief Executive Officer and the Chief Financial Officer.

Allocated Expenses

The costs of providing the various programs and services have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and services benefited.

Income Taxes

The Food Bank and the Foundation are qualified charitable organizations under Section 501(c)(3) and 501(c)(2), respectively, of the Internal Revenue Code and under State of Utah tax regulations and, therefore, are not subject to federal or state income taxes in regard to their exempt activities. The Food Bank and the Foundation have been determined not to be private foundations under Sections 509(a)(1) and (3).

The Organizations are annually required to file Returns of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the organizations are subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. When applicable, the organizations file Exempt Organization Business Income Tax Returns (Form 990-T) with the IRS to report its unrelated business taxable income. Each organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The organizations would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

In-Kind Support

The Organization receives donations from a variety of sources for services and products in the furtherance of its objectives. The in-kind support consists principally of food donated for distribution to food pantries, advertising contributed by the local major media, and goods and service items donated by companies and individuals. Revenues and expenses equal to their fair market value have been recorded in connection with this in-kind support. Standard values for these donated items and services have been applied to the donations to arrive at the monetary value.

In addition to the recorded in-kind support, the Organization receives substantial assistance from volunteers who donate significant amounts of their time in program services and food donation campaigns. Time donated for work that does not require a professional or craftsman cannot be recorded on the financial statements. Volunteer hours (unaudited) which fall into this category were 85,081 for the year ended June 30, 2015. For management purposes, unrecorded volunteer hours were tracked at a value of \$23.51 per hour for the year ended June 30, 2015, which resulted in a total value of \$2,000,248 (unaudited) for the year ended June 30, 2015.

Inventory

Inventory consists principally of donated food which is valued at a price nationally established and consistently applied, which was \$1.70 per pound for the six months ended June 30, 2015. The price was \$1.72 per pound from July 1, 2014 through December 31, 2014.

Investments

The Organization holds certificates of deposit with original maturities exceeding 90 days but less than one year. The Organization has not elected the fair value reporting option for this other type of investment, and the balance is therefore reported at cost in the accompanying consolidated financial statements. Net investment return is reported with interest income in the statement of activities and consists of interest income, less investment management and custodial fees.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in certificates of deposit. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies and foundations supportive of the Organization's mission.

Property and Equipment

Equipment is recorded on the basis of cost for purchased assets or fair market value at the date of donation for donated assets. Depreciation is recorded using the straight-line method with asset lives ranging from 3 to 10 years for equipment and 10 to 40 years for buildings and improvements. The Organization capitalizes equipment with a carrying value greater than \$3,000.

Shipping and Handling Costs

Transportation costs reimbursed by government agencies are considered to be government contract revenue and related transportation costs are included in program expenses.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Advertising

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was \$81,473 for the year ended June 30, 2015, of which \$79,950 was in-kind.

Recently Issued Accounting Guidance

In April 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-03: Interest—Imputation of Interest. To simplify the presentation of debt issuance costs, the amendments in this update require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. For nonpublic entities, this new guidance is effective for annual financial statements beginning after December 15, 2015. The Organization plans to implement this new guidance in its consolidated financial statements for the year ending June 30, 2017. The implementation will mean that the Organization's statement of financial position will present debt issuance costs as a reduction of the Organization's liabilities, instead of presenting the debt issuance costs as assets, and the amortization of debt issuance costs will be included with interest expense.

Subsequent Events

Subsequent events have been evaluated through October 26, 2015, the date the consolidated financial statements were available to be issued.

Note 2 - Inventory

The following table indicates the inventory activity for the year ended June 30, 2015:

	Pounds	Dollars
Beginning food inventory	1,773,377	\$ 3,003,427
Inventory valuation change		
Food received (donations and purchases)	39,287,745	66,119,188
Food shipped and other adjustments	(39,654,125)	(66,808,986)
Ending food inventory	1,406,997	\$ 2,313,629

Donated inventory was valued at \$1.70 per pound as of June 30, 2015, which was a nationally established value. Purchased inventory is valued at cost.

Note 3 - Note Receivable

During the year ended June 30, 2010, the Food Bank advanced \$8,785,700 to UFB NMTC Investment Fund (see Note 5) and was issued a note receivable. The note accrues interest at 0.5% annually. Payments of interest only are required quarterly through December 2016. Principal and interest payments are required January 2017 through maturity in January 2040.

Note 4 - Land, Building and Equipment

The carrying value of land, building and equipment as of June 30, 2015 was as follows:

	Useful Life	Balance
Land		\$ 1,851,633
Building and improvements	10-40 years	9,349,461
Furniture, vehicles and equipment	3-10 years	4,094,623
Total cost		15,295,717
Less accumulated depreciation		(4,447,807)
Net land, building and equipment		\$ 10,847,910

The Organization recognized depreciation expense of \$653,792 during the year ended June 30, 2015.

Note 5 - New Market Tax Credit Project

In connection with the Organization's effort to obtain a new facility, the Food Bank partnered with UFB NMTC Investment Fund and obtained additional funding for its facility by utilizing the federal New Markets Tax Credit Program (NMTC). As part of the process to obtain NMTC funding, the Food Bank formed Utah Food Bank Foundation, of which the Food Bank is the sole member. Utah Food Bank Foundation is a nonprofit entity formed on December 1, 2009.

The NMTC permits taxpayers to receive a credit against federal income taxes for making qualified equity investments in designated Community Development Entities (CDEs). Substantially all of the qualified equity investment must, in turn, be used by the CDE to provide investments in low-income communities. The tax credit provided to the investor totals 39 percent of the cost of the investment and the credit is claimed over a seven-year credit allowance period. In each of the first three years, the investor receives a credit equal to five percent of the total amount paid for the stock or capital interest at the time of purchase. For the final four years, the value of the credit is six percent annually. Investors may not redeem their investments in CDEs prior to the conclusion of the seven-year period.

In connection with the NMTC project, in December 2009, the Food Bank borrowed for one day \$8,785,700 from a financial institution. The Food Bank loaned the \$8,785,700 to UFB NMTC Investment Fund (see Note 3), who invested the funds in NFF New Markets Fund III, LLC. NFF New Markets Fund III, LLC then loaned \$8,785,700 to Utah Food Bank Foundation, along with additional loans of \$2,592,550 (see Note 6).

The Foundation then used the funds to acquire inventory, property, and equipment from the Food Bank for \$10,384,365. The following day, the Food Bank repaid the loan of \$8,785,700 to the financial institution. With the assets acquired, the Foundation is designated as a Community Development Entity and operates a portion of the Organization's warehouse.

In December 2009 the Food Bank also granted to the investors of the NFF New Markets Fund III, LLC and the investors of the UFB NMTC Investment Fund (collectively, the Funds), the right to sell to the Food Bank, after seven years, their investments in the Funds for the sum of \$234,400. If the investors exercise this option, the Food Bank would be able to re-acquire the assets purchased by the Foundation and would be able to cancel the note receivable (see Note 3) and the notes payable (see Note 6). If the investors do not exercise this option, the Food Bank will have the option of purchasing at fair market value the investments in the Funds.

Note 6 - Notes Payable

During the year ended June 30, 2010, the Foundation issued three long-term notes payable as a part of the New Market Tax Credit Project (Note 5). The payment terms and balances are summarized as follows as of June 30, 2015:

Note payable to investment fund, annual interest of 1.09%, payable quarterly. Interest-only through December 2016. Quarterly principal and interest payments of \$108,053 due January 2017 through maturity at January 2040. Secured by equipment and buildings.	\$ 8,785,700
Note payable to investment fund, annual interest of 1.09%, payable quarterly. Interest-only through December 2016. Quarterly principal and interest payments of \$29,890 due January 2017 through maturity at January 2040. Secured by equipment and buildings.	2,430,324
Note payable to investment fund, annual interest of 1.09%, payable quarterly. Interest-only through December 2016. Quarterly principal and interest payments of \$1,995 due January 2017 through maturity at January 2040. Secured by equipment and buildings.	162,226
	\$ 11,378,250

As of June 30, 2015, scheduled future annual maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2016	\$ -	\$ 151,770	\$ 151,770
2017	408,899	122,697	531,596
2018	442,379	117,374	559,753
2019	447,205	112,548	559,753
2020	452,083	107,670	559,753
2021 - 2040	9,627,684	1,044,569	10,672,253
Total	\$ 11,378,250	\$ 1,656,628	\$ 13,034,878

In connection with the New Market Tax Credit project and the issuance of the notes payable, the Foundation incurred debt issuance costs of \$423,280. The debt issuance costs are amortized on a straight-line basis across the projected loan period. Amortization expense for the year ended June 30, 2015 was \$60,468, while accumulated amortization was \$332,578 at the end of the year.

The Foundation is required to keep on deposit a reserve for future interest payments. As of June 30, 2015, the reserve balance was \$118,048.

During the year ended June 30, 2012, the Organization secured a loan of \$981,575 from a financial institution bearing a variable interest rate tied to the five-year Libor Index. The interest rate for this loan is calculated by adding 3.5 points to the Index, which resulted in a variable interest rate of 4.375% as of June 30, 2015. The loan is payable in monthly installments of \$6,119, including interest, and matures in 2032. The loan is secured by equipment and buildings.

The loan also includes various covenants, including a requirement that the Organization maintain a debt coverage ratio of 1.25 to 1.0. The debt coverage ratio is evaluated at the end of the Organization's fiscal year.

As of June 30, 2015, scheduled future annual maturities are as follows:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 36,289	\$ 37,142	\$ 73,431
2017	37,908	35,523	73,431
2018	39,601	33,830	73,431
2019	41,369	32,062	73,431
2020	43,215	30,216	73,431
Thereafter	<u>667,081</u>	<u>184,720</u>	<u>851,801</u>
Total	<u>\$ 865,463</u>	<u>\$ 353,493</u>	<u>\$ 1,218,956</u>

Note 7 - Employee Benefit Plan

The Organization has adopted a 403(b) Thrift Plan for its employees whereby employees can contribute a certain percentage of their compensation. The Organization may also contribute to the plan, at the Organization's discretion. The Organization contributed \$157,343 for the year ended June 30, 2015.

Note 8 - Supplemental Cash Flow Information

Cash paid for interest was \$162,840 for the year ended June 30, 2015.

Note 9 - Related Party Transactions

The Organization makes regular food purchases from various suppliers. Three of the Organization's board members are employed by two different food suppliers from which the Organization purchases food. During the year ended June 30, 2015, the Organization purchased \$8,773 in food from one supplier and \$42,048 from the other. In addition, to take advantage of discounted fuel prices during the year ended June 30, 2015, the Organization purchased \$214,938 of fuel through a shipping company of which one of the board members is employed along with \$23,035 of fuel through another shipping company of which one of the board members is the President. Another board member is associated with a financial institution which is holding a promissory note for the Organization. See also Note 6 for information regarding notes payable.

In accordance with the Organization's conflict of interest policy, board members shall excuse themselves from positions, discussions, or votes where they have, appear to have, or believe they have a conflict of interest that would prevent them from acting in the best interests of the Organization.



Supplementary Information
June 30, 2015

Utah Food Bank and Utah Food Bank Foundation

Utah Food Bank and Utah Food Bank Foundation
Consolidating Schedule of Assets, Liabilities and Net Assets
June 30, 2015

	Utah Food Bank	Utah Food Bank Foundation	Eliminations	Total
Assets				
Cash and cash equivalents	\$ 2,560,641	\$ 43,242	\$ -	\$ 2,603,883
Accounts receivable				
Government contracts	234,567	-	-	234,567
Other	754	-	-	754
Food inventory	2,313,629	-	-	2,313,629
Prepaid expenses	5,132	-	-	5,132
Investment in CD's	789,066	-	-	789,066
Cash equivalents - debt service reserve	-	118,048	-	118,048
Debt issuance costs, net	-	179,717	(89,015) A	90,702
Note receivable	8,785,700	-	-	8,785,700
Investment in affiliate	439,407	-	(439,407) B	-
Land, building and equipment, net	<u>5,030,007</u>	<u>5,817,903</u>	<u>-</u>	<u>10,847,910</u>
Total Assets	<u>\$20,158,903</u>	<u>\$ 6,158,910</u>	<u>\$ (528,422)</u>	<u>\$ 25,789,391</u>
Liabilities and Net Assets				
Liabilities				
Accounts payable	\$ 141,281	\$ -	\$ -	\$ 141,281
Accrued liabilities	389,749	-	-	389,749
Notes payable	<u>865,463</u>	<u>11,378,250</u>	<u>-</u>	<u>12,243,713</u>
Total liabilities	<u>1,396,493</u>	<u>11,378,250</u>	<u>-</u>	<u>12,774,743</u>
Net Assets				
Unrestricted				
Designated				
Food inventory	2,313,629	-	-	2,313,629
Property and equipment, net of related debt	4,164,544	-	-	4,164,544
Undesignated	11,873,064	(5,219,340)	(439,407) B (89,015) A	6,125,302
Total unrestricted	<u>18,351,237</u>	<u>(5,219,340)</u>	<u>(528,422)</u>	<u>12,603,475</u>
Temporarily restricted	<u>411,173</u>	<u>-</u>	<u>-</u>	<u>411,173</u>
Total net assets	<u>18,762,410</u>	<u>(5,219,340)</u>	<u>(528,422)</u>	<u>13,014,648</u>
Total Liabilities and Net Assets	<u>\$20,158,903</u>	<u>\$ 6,158,910</u>	<u>\$ (528,422)</u>	<u>\$ 25,789,391</u>

Utah Food Bank and Utah Food Bank Foundation
Consolidating Schedule of Activities
June 30, 2015

	Utah Food Bank	Utah Food Bank Foundation	Eliminations	Total
Public Support and Revenues				
In-Kind Support				
Volunteers	\$ 22,022	\$ -	\$ -	\$ 22,022
Advertising	79,950	-	-	79,950
Food	64,476,615	-	-	64,476,615
Other supplies and equipment	501,895	-	-	501,895
Total in-kind support	65,080,482	-	-	65,080,482
Direct Contributions				
Contributions	5,836,940	-	-	5,836,940
Grants	2,540,457	-	-	2,540,457
United Way	226,504	-	-	226,504
Total direct contributions	8,603,901	-	-	8,603,901
Revenues				
Government contracts	1,649,367	-	-	1,649,367
Rental income	-	49,400	(49,400) C	-
Interest income and other	50,645	14	-	50,659
Total revenues	1,700,012	49,414	(49,400)	1,700,026
Total public support and revenues	75,384,395	49,414	(49,400)	75,384,409
Program Expenses				
Logistics	69,657,295	40,617	-	69,697,912
Food programs and other	1,911,063	5,794	-	1,916,857
Total program expenses	71,568,358	46,411	-	71,614,769
Support Expenses				
Development	1,690,206	-	-	1,690,206
Management and general	1,474,521	377,943	(49,400) C (59,344) A	1,743,720
Total expenses	74,733,085	424,354	(108,744)	75,048,695
Change in Net Assets	651,310	(374,940)	59,344	335,714
Net Assets at Beginning of Year	18,111,100	(4,844,400)	(587,766)	12,678,934
Net Assets at End of Year	<u>\$ 18,762,410</u>	<u>\$ (5,219,340)</u>	<u>\$ (528,422) A,B</u>	<u>\$ 13,014,648</u>

Utah Food Bank and Utah Food Bank Foundation
Eliminating Entries to Consolidating Schedules
June 30, 2015

Eliminating Entry A – Eliminates debt issuance costs paid by the Foundation to the Food Bank, net of the accumulated amortization through June 30, 2015.

Eliminating Entry B – Eliminates the Food Bank’s investment in the Foundation.

Eliminating Entry C – Eliminates intercompany building and equipment rent.