



Financial Statements  
June 30, 2021

# Utah Food Bank

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## Independent Auditor's Report

To the Board of Directors  
Utah Food Bank  
Salt Lake City, Utah

### Report on the Financial Statements

We have audited the accompanying financial statements of Utah Food Bank (a Utah nonprofit corporation) (the Organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 financial statements referred to above present fairly, in all material respects, the financial position of Utah Food Bank as of June 30, 2021, and the changes in its net assets and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Correction of an Error**

As discussed in Note 11 to the financial statements, certain errors resulting in misstatements of amounts previously reported for USDA donated commodities as of June 30, 2020, were discovered by management of Utah Food Bank during the current year. Accordingly, amounts reported for inventory, in-kind contributions, in-kind food distribution, and net assets have been restated in the 2020 financial statements now presented as of June 30, 2021, to correct the error. Our opinion is not modified with respect to this matter.

**Report on Summarized Comparative Information**

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects with the exception of the correction of an error identified in the preceding paragraph, with the audited financial statements from which it has been derived.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated January 21, 2022, 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 solely 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 operating effectiveness of the Organization's 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  
January 21, 2022

Utah Food Bank  
Statement of Financial Position  
June 30, 2021  
(with summarized financial information for 2020)

	2021	2020 as restated
<b>Assets</b>		
Cash and cash equivalents	\$ 31,579,604	\$ 13,553,185
Accounts receivable		
Government contracts	1,827,301	1,493,376
Promises to give	3,710	-
Other	68,394	88,761
Food inventory	5,472,814	4,521,144
Prepaid expenses	7,321,069	48,114
Investments in certificates of deposit	503,441	5,660,000
Right-of-use assets, net	286,470	358,087
Land, building and equipment, net of accumulated depreciation	10,350,989	10,480,854
Total Assets	\$ 57,413,792	\$ 36,203,521
<b>Liabilities and Net Assets</b>		
<b>Liabilities</b>		
Accounts payable	\$ 221,878	\$ 342,969
Accrued liabilities	1,305,798	1,179,150
Finance leases	295,075	364,479
Paycheck Protection Program Loan payable	-	1,171,500
Total liabilities	1,822,751	3,058,098
<b>Net Assets</b>		
Without donor restrictions		
Designated		
Food inventory	5,472,814	4,521,144
Property and equipment, net of related debt	10,203,576	10,474,462
Undesignated	39,337,008	17,964,445
Total net assets without donor restrictions	55,013,398	32,960,051
With donor restrictions	577,643	185,372
Total net assets	55,591,041	33,145,423
	\$ 57,413,792	\$ 36,203,521

Utah Food Bank  
Statement of Activities  
Year Ended June 30, 2021  
(with summarized financial information for 2020)

	Without Donor Restrictions	With Donor Restrictions	Total 2021	Total 2020 as restated
Public Support and Revenues				
In-Kind Support				
Food	\$ 116,923,511	\$ -	\$ 116,923,511	\$ 82,154,156
Other supplies and equipment	111,620	-	111,620	174,084
Total in-kind support	117,035,131	-	117,035,131	82,328,240
Direct Contributions				
Special events	278,202	-	278,202	181,549
Less cost of direct benefit to donors	(102,922)	-	(102,922)	(64,880)
Net special events revenue	175,280	-	175,280	116,669
Contributions	24,968,494	66,350	25,034,844	14,855,656
Grants	7,255,879	511,293	7,767,172	4,039,487
United Way	28,406	-	28,406	57,736
Net assets released from restrictions	185,372	(185,372)	-	-
Total direct contributions	32,613,431	392,271	33,005,702	19,069,548
Revenues				
Government contracts	4,211,691	-	4,211,691	3,649,940
Interest income and other	94,181	-	94,181	206,773
Forgiveness of Paycheck Protection Loan payable	1,181,739	-	1,181,739	-
Total revenues	5,487,611	-	5,487,611	3,856,713
Total public support and revenues	155,136,173	392,271	155,528,444	105,254,501
Program Expenses				
Statewide food distribution	125,241,980	-	125,241,980	89,570,376
Direct food programs	3,347,363	-	3,347,363	3,090,121
Total program expenses	128,589,343	-	128,589,343	92,660,497
Support Expenses				
Development	2,035,900	-	2,035,900	1,833,349
Management and general	2,457,583	-	2,457,583	2,109,487
Total support expenses	4,493,483	-	4,493,483	3,942,836
Total expenses	133,082,826	-	133,082,826	96,603,333
Change in Net Assets	22,053,347	392,271	22,445,618	8,651,168
Net Assets, Beginning of Year	32,960,051	185,372	33,145,423	24,494,255
Net Assets, End of Year	\$ 55,013,398	\$ 577,643	\$ 55,591,041	\$ 33,145,423

See Notes to Financial Statements

Utah Food Bank  
Statement of Functional Expenses  
Year Ended June 30, 2021  
(with summarized financial information for 2020)

	Statewide Food Distribution	Direct Food Programs	Total Programs	Development	Management and General	Total 2021	Total 2020
Salaries and wages	\$ 2,907,580	\$ 956,559	\$ 3,864,139	\$ 509,887	\$ 1,261,278	\$ 5,635,304	\$ 5,138,630
Payroll taxes and benefits	781,898	271,977	1,053,875	124,208	356,592	1,534,675	1,386,759
Total salaries and related expenses	3,689,478	1,228,536	4,918,014	634,095	1,617,870	7,169,979	6,525,389
Insurance	84,938	12,341	97,279	-	21,649	118,928	116,544
Office supplies	3,686	2,449	6,135	1,050	12,507	19,692	20,086
Postage and printing	25,036	4,584	29,620	50,039	19,441	99,100	73,976
Professional fees	602	-	602	39,754	62,676	103,032	112,830
Project costs	8,890	340,087	348,977	238,308	16,824	604,109	540,457
Direct solicitations	-	-	-	1,017,091	-	1,017,091	716,632
Warehouse supplies	221,502	8,298	229,800	-	100	229,900	205,432
Vehicle fuel and taxes	285,436	-	285,436	-	-	285,436	255,637
Food transportation	1,197,438	-	1,197,438	-	9,769	1,207,207	457,954
Utilities and property taxes	106,719	21,792	128,511	-	22,664	151,175	138,786
Building and equipment rent	37,308	-	37,308	-	2,916	40,224	59,494
Repairs and maintenance	389,641	4,018	393,659	486	13,838	407,983	521,703
Communications	24,408	7,327	31,735	4,796	28,887	65,418	62,882
Travel	6,633	323	6,956	-	4,075	11,031	17,818
Dues and subscriptions	8,553	684	9,237	66,125	177,082	252,444	206,740
Employee training and seminars	3,061	2,772	5,833	2,902	33,828	42,563	35,819
Financial fees	110	1	111	180	319,215	319,506	154,985
Non-capital equipment purchases	36,463	366	36,829	679	39,917	77,425	91,877
Interest expense	6,656	-	6,656	-	10,239	16,895	7,666
Purchased food	2,111,193	1,594,884	3,706,077	-	-	3,706,077	2,081,207
In-kind food distribution	116,016,308	-	116,016,308	-	-	116,016,308	83,126,802
In-kind services	-	-	-	-	-	-	-
In-kind services and supplies	57,722	5,130	62,852	46,496	-	109,348	106,565
Total before depreciation and amortization	124,321,781	3,233,592	127,555,373	2,102,001	2,413,497	132,070,871	95,637,281
Depreciation and amortization	920,199	113,771	1,033,970	36,821	44,086	1,114,877	1,030,932
Total expenses by function	125,241,980	3,347,363	128,589,343	2,138,822	2,457,583	133,185,748	96,668,213
Less expenses included with revenues on the statement of activities							
Cost of direct benefit to donors	-	-	-	(102,922)	-	(102,922)	(64,880)
Total expenses included in the expense section in the statement of activities	\$ 125,241,980	\$ 3,347,363	\$ 128,589,343	\$ 2,035,900	\$ 2,457,583	\$ 133,082,826	\$ 96,603,333

See Notes to Financial Statements

Utah Food Bank  
Statement of Cash Flows  
Year Ended June 30, 2021  
(with summarized financial information for 2020)

	2021	2020 as restated
<b>Operating Activities</b>		
Change in net assets	\$ 22,445,618	\$ 8,651,168
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,114,877	1,030,932
Gain on disposal of equipment	(43,007)	(13,158)
In-kind food support	(116,923,511)	(82,154,156)
In-kind food distribution	116,016,308	83,126,802
In-kind equipment donations	-	(20,000)
Changes in assets and liabilities		
Government contracts receivable	(333,925)	(227,911)
Other receivables	20,367	(15,307)
Food inventory	(44,467)	(387,153)
Prepaid expenses	(7,272,955)	(5,533)
Promises to give	(3,710)	-
Accounts payable	(121,091)	11,754
Accrued liabilities	126,648	200,018
Contingencies	-	(326,053)
Forgiveness on Paycheck Protection Program Loan	(1,171,500)	-
<b>Net Cash from Operating Activities</b>	<b>13,809,652</b>	<b>9,871,403</b>
<b>Investing Activities</b>		
Net (purchases) maturities of certificates of deposit	5,156,559	1,859,085
Proceeds from sale of equipment	45,300	31,360
Purchase of land, building, and equipment	(915,688)	(1,057,189)
<b>Net Cash from Investing Activities</b>	<b>4,286,171</b>	<b>833,256</b>
<b>Financing Activities</b>		
Receipts on promises to give with donor restrictions	-	26,000
Proceeds from Paycheck Protection Program Loan	-	1,171,500
Principal payments on finance leases	(69,404)	(65,225)
<b>Net Cash from (used for) Financing Activities</b>	<b>(69,404)</b>	<b>1,132,275</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>18,026,419</b>	<b>11,836,934</b>
Cash and Cash Equivalents, Beginning of Year	13,553,185	1,716,251
Cash and Cash Equivalents, End of Year	<b>\$ 31,579,604</b>	<b>\$ 13,553,185</b>
<b>Supplemental Disclosure of Cash Flow Information</b>		
Cash payments for interest	\$ 6,656	7,666



## **Note 1 - Principal Activity and Significant Accounting Policies**

### **Organization**

Utah Food Bank (the Organization) 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 Organization’s efforts to reach individuals throughout the State of Utah. The Organization is governed by an independent, volunteer Board of Directors who oversees the Organization’s operations.

### **Comparative Financial Information**

Financial information for the fiscal year ended June 30, 2020, is included for comparison only and is not complete. The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with our audited financial statements for the year ended June 30, 2020, from which the summarized information was derived.

### **Cash and Cash Equivalents**

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to other long-term purposes are excluded from this definition. 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:

**Statewide Food Distribution** – The operations department at the Utah Food Bank is responsible for collecting, storing and distributing millions of pounds of food each year to partner food pantries and agencies throughout the State of Utah. This includes the Grocery Rescue Program where fresh and perishable food nearing expiration is picked up daily from grocery retailers and immediately taken to food pantries. The operations department is responsible for: buildings, fleet of vehicles, warehouse safety, maintenance, cleanliness, and efficient and accurate movement of product. The department also includes the Organization’s Chief Operating Officer.

**Direct Food Programs** – These include the departments of the Utah Food Bank that are responsible for direct and indirect food distribution service to clients and agencies. These programs include: Mobile School Pantry Program, Community Mobile Program, Food Box Program, Kids Cafe Program, Backpack Program, and agency relations.

**Development** – The development department at Utah Food Bank is responsible for all fundraising, marketing, public relations, food procurement, and volunteer efforts of the Organization.

**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.

### **Inventory**

Inventory consists principally of donated food which is valued at a nationally established price consistently applied. The price was \$1.49 per pound for food received from federal programs and \$1.74 per pound for all other food and related items received from July 1, 2020 through December 31, 2020. Beginning on January 1, 2021 and through June 30, 2021, the price was \$1.70 per pound for food received from federal programs and \$1.79 per pound for all other food and related items. The Organization applies these two different prices, depending on the source, because the commodities from the federal programs consist solely of food, while other donations can at times include non-food items.

### **Property and Equipment**

Property and equipment additions over \$5,000 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to ten years for equipment and ten to forty years for buildings and improvements or, in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2021.

### **Right-of-Use Assets and Finance Leases**

Leases with a term of more than 12 months are recorded as right-of-use assets with a corresponding lease liability recorded at the present value of the future lease payments. See Note 6 for further information.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized as expenses on a straight-line basis.

### **Investments in Certificates of Deposit**

The Organization holds certificates of deposit with original maturities exceeding ninety 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 financial statements. Net investment return is reported with interest income in the statement of activities and consists of interest income, less external and direct internal investment expenses.

### **Fair Value of Financial Instruments**

The Organization has a number of financial instruments, none of which are held for trading purposes. The Organization estimates that the fair value of all financial instruments at June 30, 2021, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying financial statements.

### **Contributions and Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, certain net assets that are not expected to be converted to cash. Net assets without donor restrictions that are designated by the board are inventory and property and equipment, net of related debt. The designated balance of property and equipment, net of related debt includes: land, building, equipment, and right-of-use assets, net of depreciation and amortization, and net of the related lease liabilities.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

### **Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. The Organization's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2021 and 2020, conditional contributions approximating \$0 and \$1,443,690, for which no amounts had been received in advance, have not been recognized in the accompanying financial statements.

### **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.

Contributed materials and equipment are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

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 120,506 for the year ended June 30, 2021. For management purposes, unrecorded volunteer hours were tracked at a value of \$26.60 per hour for the year ended June 30, 2021. The value of volunteer hours (unaudited) donated to the Organization was \$3,205,469 for the year ended June 30, 2021.

### **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.

### **Functional Allocation of Expenses**

The costs of providing the various programs and services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are directly attributable to a functional category without significant allocation, except for depreciation and amortization on certain building, improvements, and right-to-use assets and for the CEO's compensation. Depreciation on the building and certain building improvements are allocated between programs and management and general based on the square footage used by each function. The CEO's compensation is allocated based on an estimate of time spent on each function.

### **Income Taxes**

The Organization is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code and under State of Utah tax regulations and, therefore, is not subject to federal or state income taxes in regard to its exempt activities. The Organization has been determined not to be a private foundation under Sections 509(a)(1) and (3).

The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes.

When applicable, the Organization files Exempt Organization Business Income Tax Return (Form 990-T) with the IRS to report its unrelated business taxable income. The 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 financial statements. The Organization 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.

### **Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

### **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.

### **Note 2 - Changes in Accounting Policy**

#### **Adoption of Accounting Standards Update 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made***

The Organization has adopted the provisions of Accounting Standards Update (ASU) Number 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists the Organization in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional.

As of July 1, 2019, the Organization has implemented the provisions of ASU 2018-08 applicable to contributions received on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Organization's financial statements.

**Adoption of Accounting Standards Codification Topic 842, Leases**

Effective July 1, 2019, the Organization elected to adopt the new lease accounting guidance in ASU Number 2016-02, *Leases* (Topic 842). The standard requires the recognition of right-of-use assets and lease liabilities for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. The Organization has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, the Organization accounted for its existing leases as either finance or operating lease under the new guidance, without reassessing (a) whether the contract contains a lease under ASC Topic 842, (b) whether classification of the operating lease would be different in accordance with ASC Topic 842, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization did not recognize any cumulative effect adjustments. See Note 6 for further disclosure of the Organization’s lease contracts.

**Adoption of Accounting Standards Codification Topic 606, Revenue from Contracts with Customers**

Effective July 1, 2020, the Organization has adopted Accounting Standards Update (ASU) Number 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting. Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue, and therefore no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

**Note 3 - Liquidity and Availability**

Utah Food Bank operates on a balanced budget and regularly monitors liquidity to meet its operating needs and other contractual commitments while also striving to maximize its mission. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

Cash and cash equivalents	\$ 31,028,928
Accounts receivable	1,876,148
Investments in certificates of deposit	<u>503,441</u>
	<u><u>\$ 33,408,517</u></u>

**Note 4 - Food Inventory**

The following table indicates the inventory activity for the year ended June 30, 2021:

	Pounds	Dollars
Beginning food inventory, as restated	2,969,957	\$ 4,521,143
Food received (donations and purchases)	72,062,166	120,347,171
Food shipped and other adjustments	(71,726,577)	(119,395,500)
Ending food inventory	3,305,546	\$ 5,472,814

Donated inventory was valued at \$1.79 or \$1.70 per pound, depending on the type, as of June 30, 2021, which values were nationally established. Purchased inventory is valued at the lower of cost or net realizable value determined by the first-in, first-out method.

**Note 5 - Land, Building and Equipment**

The carrying value of land, building and equipment as of June 30, 2021, was as follows:

Land	\$ 1,851,633
Building and improvements	9,728,626
Furniture, vehicles and equipment	6,580,458
Total cost	18,160,717
Less accumulated depreciation	(7,809,728)
Land, building and equipment, net of accumulated depreciation	\$ 10,350,989

The Organization recognized depreciation expense of \$1,043,260 during the year ended June 30, 2021.

**Note 6 - Leases**

The Organization leases vehicles under long-term, non-cancelable finance lease agreements with a term of six years. The leases expire in fiscal year 2025. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised. The leases provide for monthly rental payments of \$6,338.

The Organization elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

Total lease costs for the year ended June 30, 2021, were as follows:

Finance lease cost		
Interest expense	\$	6,656
Amortization of right-of-use assets		71,617

The following table summarizes the supplemental cash flow information for the year ended June 30, 2021:

Cash paid for amounts included in the measurement of lease liabilities		
Operating cash flows used for finance leases	\$	6,656
Financing cash flows used for finance leases		69,404

The future minimum lease payments under noncancelable operating and finance leases with terms greater than one year are listed below as of June 30, 2021.

Year Ending June 30,		
2022	\$	76,060
2023		76,060
2024		76,060
2025		76,060
2026		-
Thereafter		-
		<hr/>
Total lease payments		304,240
Less interest		(9,165)
		<hr/>
Present value of lease liabilities	\$	<u>295,075</u>



**Note 7 - Paycheck Protection Program (PPP) Loan**

The Organization was granted a \$1,171,500 loan under the PPP administered by a Small Business Administration (SBA) approved partner. The loan is uncollateralized and is fully guaranteed by the Federal Government. The Organization has elected to account for the funding as a conditional contribution by applying ASC 958-605, *Not-for-Profit – Revenue Recognition*. The Organization initially recorded the loan as a refundable advance and subsequently recognized contribution revenue in accordance with guidance for conditional contributions, that is, once the measurable performance or other barrier and right of return of the PPP loan no longer existed. The Organization has recognized \$1,171,500 as a contribution revenue for the year ended June 30, 2021.

**Note 8 - Net Assets with Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes or periods:

Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$ 3,710
Restricted by donors for food purchases	550,676
Other time restrictions (proceeds are not restricted by donors)	<u>23,257</u>
	<u><u>\$ 577,643</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor as follows for the years ended June 30, 2021 and 2020.

Expiration of time restrictions	\$ -
Satisfaction of purpose restrictions	
Moblle School Pantry	150,000
Feeding America	16,187
LDS Charities	<u>19,185</u>
Total satisfaction of purpose restrictions	<u>185,372</u>
	<u><u>\$ 185,372</u></u>

**Note 9 - 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 made contributions of \$245,532 for the plan year ended June 30, 2021.

**Note 10 - Related Party Transactions**

During the year ended June 30, 2021, the Organization purchased \$225,429 of fuel through a shipping company of which one of the board members is the President. The Organization also received contributions of \$202,610 from other entities in which a board member is affiliated.

**Note 11 - Correction of an Error**

During the year ended June 30, 2021, the Organization identified a restatement needed to adjust prior year inventory to record USDA donated commodities. In years prior, the Organization did not include USDA donated commodities within the inventory balance due to a misinterpretation of accounting guidance related to transfer of title of the donated inventory. During the current year, the Organization identified the issue and determined it appropriate and in accordance with GAAP to include the donated commodities on the statement of financial position.

The Organization has corrected certain 2020 financial information in the accompanying summarized comparative information. Following is a summary of the effects of the correction on the balances in the Organization's June 30, 2020 financial statements.

The effect on the Organization's statement of financial position as of June 30, 2020 is as follows:

	<u>As Previously Reported</u>	<u>Correction of Error</u>	<u>As Restated</u>
Food inventory	\$ 2,795,375	\$ 1,725,769	\$ 4,521,144
Total Assets	34,477,752	1,725,769	36,203,521
Net assets without donor restrictions			
Designated			
Food inventory	2,795,375	1,725,769	4,521,144
Total net assets without donor restrictions	31,234,282	1,725,769	32,960,051
Total net assets	31,419,654	1,725,769	33,145,423
Total Liabilities and Net Assets	34,477,752	1,725,769	36,203,521

The effect on the Organization's statement of activities as of June 30, 2020 is as follows:

	<u>As Previously Reported</u>	<u>Correction of Error</u>	<u>As Restated</u>
In-Kind Support			
Food	\$ 83,073,644	\$ (919,488)	\$ 82,154,156
Total in-kind support	83,247,728	(919,488)	82,328,240
Total public support and revenues	106,173,989	(919,488)	105,254,501
Program Expenses			
Statewide food distribution	89,517,470	52,906	89,570,376
Total program expenses	92,607,591	52,906	92,660,497
Total expenses	96,550,427	52,906	96,603,333
Change in net assets	9,623,562	(972,394)	8,651,168
Net Assets, Beginning of Year	21,796,092	2,698,163	24,494,255
Net Assets, End of Year	31,419,654	1,725,769	33,145,423

The effect on the Organization's statement of functional expenses as of June 30, 2020 is as follows:

	<u>As Previously Reported</u>	<u>Correction of Error</u>	<u>As Restated</u>
In-kind food distribution	\$ 83,073,896	\$ 52,906	\$ 83,126,802
Total before depreciation and amortization	95,584,375	52,906	95,637,281
Total expenses by function	96,615,307	52,906	96,668,213
Total expenses included in the expense section in the statement of activities	96,550,427	52,906	96,603,333

The effect on the Organization's statement of cash flows as of June 30, 2020 is as follows:

	<u>As Previously Reported</u>	<u>Correction of Error</u>	<u>As Restated</u>
Operating Activities			
Change in net assets	\$ 9,623,562	\$ (972,394)	\$ 8,651,168
Adjustments to reconcile change in net assets			
In-kind food support	(83,073,644)	919,488	(82,154,156)
In-kind food distribution	83,073,896	52,906	83,126,802

**Note 12 - Subsequent Events**

On July 7, 2021, the Organization completed a purchase of the building adjacent to the Utah Food Bank facility in Salt Lake City, Utah for fair value. The property was purchased using grant proceeds from the State of Utah. The purchase included the addition of existing lease tenants, half of which the leases terminated in September 2021. The other half of the tenant leases will terminate in July 2023. The Organization plans to expand the Salt Lake City facility into this adjacent building.

On August 18, 2021, the Organization completed the purchase of land in Springville, Utah for fair value. The property will be used as the location for an additional distribution facility.

On December 20, 2021, the Organization completed the purchase of land in Blanding, Utah for fair value. The property was purchased using grant proceeds from the State of Utah. The property will be used as the location for an additional distribution facility.

Subsequent events have been evaluated through January 21, 2022, the date the financial statements were available to be issued.