

**Food Bank of
Eastern Michigan**

Financial Statements

**September 30, 2022
(With Summarized Comparative
Information for 2021)**



YEO & YEO

**BUSINESS SUCCESS
PARTNERS**

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Independent Auditors' Report

Board of Directors
Food Bank of Eastern Michigan
Flint, Michigan

Opinion

We have audited the accompanying financial statements of Food Bank of Eastern Michigan, which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Bank of Eastern Michigan as of September 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Food Bank of Eastern Michigan and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Adoption of New Accounting Standards

As described in Note 1 to the financial statements, Food Bank of Eastern Michigan changed accounting policies related to contributed nonfinancial assets, *Presentation and Disclosures for Not-For-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to that matter.

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 Food Bank of Eastern Michigan's ability to continue as a going concern within one year after the date that the financial statements 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 generally accepted auditing standards and *Government Auditing Standards* 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, including omissions, 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 generally accepted auditing standards and *Government Auditing Standards*, 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 Food Bank of Eastern Michigan'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 aggregated, that raise substantial doubt about Food Bank of Eastern Michigan'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.

Report on Summarized Comparative Information

We have previously audited the Food Bank of Eastern Michigan's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 8, 2022. In our opinion, the summarized comparative information presented herein, as of and for the year ended September 30, 2021, is consistent, in all material respects, 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 our report dated May 3, 2023, on our consideration of Food Bank of Eastern Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 effectiveness of Food Bank of Eastern Michigan'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 Food Bank of Eastern Michigan's internal control over financial reporting and compliance.

Yeo & Yeo, P.C.

Flint, Michigan
May 3, 2023

Food Bank of Eastern Michigan
Statement of Financial Position
September 30, 2022
(With Summarized Comparative Information for 2021)

	2022	2021
Assets		
Current assets		
Cash and cash equivalents	\$ 886,949	\$ 2,462,445
Shared maintenance fees receivable	149,741	111,341
Grants and contributions receivable	910,819	972,897
Investments	20,364,785	28,132,683
Prepaid expenses	-	4,000
Inventory	2,736,976	3,583,069
Total current assets	25,049,270	35,266,435
Non-current assets		
Land, buildings and equipment	18,632,400	14,922,869
Less: accumulated depreciation	(7,686,011)	(6,981,001)
Net land, building and equipment	10,946,389	7,941,868
Total non-current assets	10,946,389	7,941,868
Total assets	\$ 35,995,659	\$ 43,208,303
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 415,222	\$ 204,866
Accrued expenses	218,614	198,387
Refundable advances	1,927,253	3,061,311
Total current liabilities	2,561,089	3,464,564
Net assets		
Without donor restrictions		
Undesignated	21,974,328	31,302,547
Invested in land, building, and equipment, net of related debt	10,946,389	7,941,868
Total without donor restrictions	32,920,717	39,244,415
With donor restrictions		
Purpose restrictions	513,853	499,324
Total net assets	33,434,570	39,743,739
Total liabilities and net assets	\$ 35,995,659	\$ 43,208,303

Food Bank of Eastern Michigan
Statement of Activities
For the Year Ended September 30, 2022
(With Summarized Comparative Information for 2021)

	<u>2022</u>	<u>2021</u>
<u>Change in Net Assets Without Donor Restrictions</u>		
Revenue		
Contributed nonfinancial assets	\$ 46,124,071	\$ 67,797,563
Shared maintenance	2,720,964	1,682,001
United Way allocations	20,465	194,587
Contributions from the public	3,353,090	29,909,856
Investment income (loss)	(3,035,417)	639,638
Miscellaneous income	408,244	7,445
Total operating revenue	<u>49,591,417</u>	<u>100,231,090</u>
Net assets released from restrictions		
Satisfaction of program restrictions	4,692,825	7,116,378
Total	<u>54,284,242</u>	<u>107,347,468</u>
Expenses		
Program activities		
General distribution	58,646,749	78,804,365
Supporting activities		
Management and general	1,091,580	1,128,847
Fundraising	869,611	813,109
Total expenses	<u>60,607,940</u>	<u>80,746,321</u>
Change in net assets without donor restrictions	<u>(6,323,698)</u>	<u>26,601,147</u>
<u>Change in Net Assets With Donor Restrictions</u>		
Grants from governmental agencies	3,840,607	5,105,764
Other grants	866,747	1,685,117
Net assets released from restrictions	(4,692,825)	(7,116,378)
Change in net assets with donor restrictions	<u>14,529</u>	<u>(325,497)</u>
Change in net assets	<u>(6,309,169)</u>	<u>26,275,650</u>
Net assets beginning of year		
Without donor restrictions	39,244,415	12,643,268
With donor restrictions	499,324	824,821
Total net assets - beginning of year	<u>39,743,739</u>	<u>13,468,089</u>
Net assets at the end of the year		
Without donor restrictions	32,920,717	39,244,415
With donor restrictions	513,853	499,324
Total net assets - end of year	<u>\$ 33,434,570</u>	<u>\$ 39,743,739</u>

Food Bank of Eastern Michigan
Statement of Functional Expenses
For the Year Ended September 30, 2022
(With Summarized Comparative Information for 2021)

	Program Services			Support Services		Total	
	General Distribution	Management and General	Fundraising	2022	2021		
Expenses							
Salaries	\$ 2,726,457	\$ 635,940	\$ 520,251	\$ 3,882,648	\$ 3,338,112		
Pension	202,979	45,895	37,679	286,553	263,858		
Employee benefits	240,520	53,008	44,386	337,914	320,348		
Payroll taxes	216,423	48,341	40,061	304,825	262,948		
Total salaries and related expenses	<u>3,386,379</u>	<u>783,184</u>	<u>642,377</u>	<u>4,811,940</u>	<u>4,185,266</u>		
Conferences, conventions and meetings	1,366	239	240	1,845	-		
Contract services	253,328	44,315	44,554	342,197	260,406		
Dues	55,476	9,704	9,757	74,937	3,982		
Employee expense	53,712	9,396	9,447	72,555	100,984		
Food	51,438,012	-	-	51,438,012	71,927,064		
Insurance	112,790	19,730	19,837	152,357	163,663		
Bad debt expense	-	943	-	943	37,395		
Miscellaneous	99,022	17,322	17,415	133,759	140,763		
Occupancy	274,259	47,976	48,235	370,470	451,496		
Printing, postage and publications	95,385	16,686	16,776	128,847	115,535		
Professional fees	-	65,446	-	65,446	118,029		
Supplies	145,906	25,523	25,662	197,091	272,472		
Support of other organizations	1,249,875	-	-	1,249,875	1,219,238		
Telephone	20,829	3,644	3,663	28,136	22,991		
Transportation	748,325	-	-	748,325	888,782		
Total expenses before depreciation	<u>57,934,664</u>	<u>1,044,108</u>	<u>837,963</u>	<u>59,816,735</u>	<u>79,908,066</u>		
Depreciation	<u>712,085</u>	<u>47,472</u>	<u>31,648</u>	<u>791,205</u>	<u>838,255</u>		
Total expenses	<u><u>\$ 58,646,749</u></u>	<u><u>\$ 1,091,580</u></u>	<u><u>\$ 869,611</u></u>	<u><u>\$ 60,607,940</u></u>	<u><u>\$ 80,746,321</u></u>		

See Accompanying Notes to the Financial Statements

Food Bank of Eastern Michigan
Statement of Cash Flows
For the Year Ended September 30, 2022
(With Summarized Comparative Information for 2021)

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities		
Change in net assets	\$ (6,309,169)	\$ 26,275,650
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	791,205	838,255
Bad debt expense	943	37,395
Unrealized (gain) loss on investments	3,779,553	(378,768)
Realized gain on investments	17,891	(14,100)
(Increase) decrease in assets:		
Shared maintenance receivable	(39,343)	72,870
Grants receivable	62,078	(175,681)
Short-term investments	3,970,454	(25,204,628)
Prepaid expenses	4,000	(4,000)
Inventory	846,093	(514,682)
Increase (decrease) in liabilities:		
Accounts payable	210,356	(142,871)
Accrued expenses	20,227	(143,895)
Deferred revenue	(1,134,058)	(126,302)
Net cash provided by operating activities	<u>2,220,230</u>	519,243
Cash flows from investing activities		
Purchase of fixed assets	<u>(3,795,726)</u>	(992,896)
Net change in cash and cash equivalents	(1,575,496)	(473,653)
Cash and cash equivalents - beginning of period	<u>2,462,445</u>	2,936,098
Cash and cash equivalents - end of period	<u>\$ 886,949</u>	<u>\$ 2,462,445</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	<u>\$ 13</u>	<u>\$ -</u>

Food Bank of Eastern Michigan
Notes to the Financial Statements
September 30, 2022
(With Summarized Comparative Information for 2021)

Note 1 – Summary of Significant Accounting Policies

Food Bank

Food Bank of Eastern Michigan (Food Bank) is a nonprofit charitable Food Bank whose purpose is to alleviate hunger and other needs by soliciting, storing and distributing goods to member charitable service agencies serving the needy, ill and infants. The Food Bank services the eastern half of the State of Michigan north of Livingston County.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed 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.

Net assets with donor restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Food Bank records donor restricted cash contributions that are received and expended in the same year as revenue with donor restrictions.

The Food Bank obtains donations under federal grants administered through state and local agencies.

- The USDA – TEFAP Program whereby the Food Bank provides temporary emergency food assistance to the participating agencies and is partially funded through the State of Michigan Department of Education, acting for the United States Department of Agriculture (USDA).
- The Federal Emergency Management Agency (FEMA) represents federal funds which have been distributed to the Food Bank through the United Way agencies for the benefit of Saginaw, Genesee, and Lapeer Counties. The funds are designated for the purchase of food for distribution to qualified agencies.

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Food Bank considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

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Concentration of Credit Risk

The Food Bank maintains its excess cash balances in a variety of financial instruments such as corporate bonds, mutual funds, certificates of deposit and government obligations. The Food Bank has not experienced any material losses in these transactions nor in any of the short-term investment instruments it has used for excess cash balances. Accounts are insured by the Federal Deposit Insurance Corporation up to \$ 250,000 per institution. At September 30, 2022, the deposits were reflected in the accounts of financial institutions at \$ 1,188,182, of which \$ 938,182 is not covered by federal depository insurance.

Shared Maintenance Fees, Grants, Contributions, Pledges, and Accounts Receivable

The Food Bank charges a shared maintenance fee to the recipient agency, church or other charitable Food Bank which takes the donated food and commodities and redistributes to the poor, needy and hungry. The Food Bank also distributes donated food to its Feeding America affiliates. This fee offsets a portion of the handling and redistribution costs incurred by the Food Bank.

Contributions and pledges receivable are recognized when the donor makes a promise to give to the Food Bank that is, in substance, unconditional. These receivables are recognized as revenue in the statement of activities on the line items contributions from the public and grants.

Management considers all receivables to be fully collectible; accordingly, no allowance for uncollectible accounts is recorded. If amounts are determined to be uncollectible, they are charged to operations at that time. Uncollectible accounts are determined by management on a case by case basis. Uncollectible accounts written off and recorded as bad debt expense for the years ended September 30, 2022 and 2021 were \$ 943 and \$ 37,395, respectively.

Inventories

Federal commodity inventory donated to the Food Bank is capitalized as inventory and offset by deferred revenue. Upon distribution, the food is recorded as both a contribution and an expense, and the deferred revenue is relieved.

Other food donated to the Food Bank is capitalized as inventory and recorded as a contribution without donor restrictions. Upon distribution, the food is recorded as a decrease in net assets without donor restrictions and an expense under food.

Investments

Investments in marketable securities with readily determined fair values and all investments in debt securities are valued at the fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

Land, Buildings, Equipment, and Depreciation

Acquired assets are stated at cost and donated assets at fair market value. Expenditures for new acquisitions, renewals, and betterments, which increase productive capacity or prolong service lives of the property and equipment are capitalized. Maintenance and repairs which do not enhance the value or extend the useful life are changed to costs and expensed as incurred.

Depreciation for financial reporting is computed by the straight-line method using lives which range from five to forty years.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as support with donor restrictions. Absent donor

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stipulations regarding how long those donated assets must be maintained, the Food Bank reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Food Bank reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Long-Lived Assets

The Food Bank evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

Contributed Goods and Services

Contributed services are reported in the financial statements for voluntary donations of services when these services create or enhance non-financial assets, or require specialized skills provided by individuals possessing those skills and are services that would be typically purchased if not provided by donation.

Donated materials are recorded at their fair value at the date of the gift. The Food Bank does not imply time restrictions for gifts of long-lived assets. As a result, in absence of donor-imposed restrictions, gifts of long-lived assets are reported as unrestricted revenue.

Volunteers have donated significant amounts of time to the Food Bank in various capacities.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the performance obligations are met. 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 are not recognized until the conditions on which they depend have been substantially met.

Refundable Advances

Amounts recorded as refundable advances for the years ended September 30, 2022 and 2021, represent advance payments on accounts received from the Food Bank partner agencies, certain payments received where the revenue recognition criteria has not yet been met, and federal commodity inventory.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated based on actual time spent in each functional classification and/or charged directly to functional classifications based on their nature for all expenses except depreciation, which is allocated based on square footage.

Income Tax Status

The Food Bank is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Food Bank files informational returns in the U.S. federal and Michigan jurisdictions.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Food Bank of Eastern Michigan
Notes to the Financial Statements
September 30, 2022
(With Summarized Comparative Information for 2021)

Comparative Financial Information

The financial information for 2021, presented for comparative purposes, is not intended to be a complete financial statement presentation.

Subsequent Events

Management has evaluated subsequent events through May 3, 2023, which is the date the financial statements were available to be issued.

Change in Accounting Principle

During the year, the Organization changed accounting policies related to contributed nonfinancial assets, *Presentation and Disclosures for Not-For-Profit Entities for Contributed Nonfinancial Assets* during the year. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used (contributed nonfinancial assets). Amounts are disclosed in Note 11.

Note 2 – Liquidity and Availability

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:

	2022	2021
Cash and cash equivalents	\$ 886,949	\$ 2,462,445
Shared maintenance receivable	149,741	111,341
Grants and contributions receivable	910,819	972,897
Investments	20,364,785	28,132,683
 Total financial assets - end of year	 \$ 22,312,294	 \$ 31,679,366
 Less: Financial assets unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	(513,853)	(499,324)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 21,798,441	 \$ 31,180,042

The Food Bank does not have a policy to maintain a particular amount of days of operating expenses as liquid assets. The Food Bank is substantially supported by grant revenues and other fees that renew annually, charged regularly, and/or are received on a frequent basis throughout the year. As such, the future cash needs of the Food Bank are substantially met by these receipts, which are received at approximately the same time as expenses are incurred. Additionally, the Food Bank has an available line of credit to help manage liquidity issues, should they arise.

Food Bank of Eastern Michigan
Notes to the Financial Statements
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(With Summarized Comparative Information for 2021)

Note 3 – Inventory

Activities of donated food inventory are summarized as follows:

	2022		2021	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	1,188,287	\$ 2,127,035	842,524	\$ 1,465,992
Pounds received	17,361,137	33,487,865	20,981,317	37,556,557
Pounds distributed	(17,766,635)	(34,111,941)	(20,535,331)	(36,758,242)
Net adjustments	341,804	656,261	272,747	530,344
Pounds destroyed	(328,944)	(631,572)	(372,970)	(667,616)
Ending inventory	<u>795,649</u>	<u>\$ 1,527,648</u>	<u>1,188,287</u>	<u>\$ 2,127,035</u>

In addition to general donated food, the Food Bank also maintains an inventory of USDA-specific donated food as follows:

	2022		2021	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	654,429	\$ 1,112,529	691,929	\$ 1,030,972
Pounds received	8,221,996	12,579,655	17,964,787	30,540,138
Pounds distributed	(8,359,926)	(12,901,940)	(17,788,826)	(30,241,006)
Net adjustments	(143,734)	(219,913)	(213,366)	(217,413)
Pounds destroyed	(47)	(73)	(95)	(162)
Ending inventory	<u>372,718</u>	<u>\$ 570,258</u>	<u>654,429</u>	<u>\$ 1,112,529</u>

The estimated value of USDA food for 2022 and 2021 was \$ 1.53 and \$ 1.70 per pound, respectively. The estimated value of other donated food for 2022 and 2021 was \$ 1.92 and \$ 1.79 per pound, respectively. USDA food includes all federal commodities.

In addition to donated and USDA food, the Food Bank also maintains an inventory for purchased food as follows:

	2022		2021	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	466,421	\$ 343,505	820,040	\$ 579,423
Pounds received	4,843,032	4,523,978	4,519,868	3,345,697
Pounds distributed	(4,964,603)	(4,606,006)	(5,249,072)	(3,859,943)
Net adjustments	379,391	374,836	378,841	280,738
Pounds destroyed	2,791	2,757	(3,256)	(2,410)
Ending inventory	<u>727,032</u>	<u>\$ 639,070</u>	<u>466,421</u>	<u>\$ 343,505</u>

Net adjustments in the tables above consist of various transactions that were not actual receipts or disbursements of product. These include item number changes, product transformation (bulk items received

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are transformed into many smaller items for distribution, adding packaging weight), and the change in price per pound of donated food from the prior year to the current year.

Purchased food is valued at purchase price.

Note 4 – Investments

Investments are stated at fair value and are summarized as of September 30, 2022 and 2021 as follows:

	<u>2022</u>	<u>2021</u>
Money market funds	\$ 463,622	\$ 2,621,703
Mutual funds	7,490,641	5,997,518
Exchange traded funds	2,420,744	2,493,401
Fixed income and equities	<u>9,989,778</u>	<u>17,020,061</u>
	<u>\$ 20,364,785</u>	<u>\$ 28,132,683</u>

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Total appreciation above the cost of investments is detailed as follows for the years ended:

	<u>2022</u>	<u>2021</u>
Unrealized appreciation (depreciation)	<u>\$ (3,051,941)</u>	<u>\$ 679,203</u>

Investment return is summarized as follows:

	<u>2022</u>	<u>2021</u>
Interest and dividends	\$ 846,955	\$ 289,808
Realized gain (loss) on investments	(17,891)	14,100
Unrealized gain (loss) on investments	(3,779,553)	378,768
Investment advisory fees	<u>(84,928)</u>	<u>(43,038)</u>
	<u>\$ (3,035,417)</u>	<u>\$ 639,638</u>

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(With Summarized Comparative Information for 2021)

Note 5 – Land, Building and Equipment

Land, building and equipment consist of the following:

	2022	2021
Land	\$ 182,207	\$ 182,207
Buildings	5,820,980	3,084,111
Building improvements	7,495,455	7,340,262
Equipment	1,691,972	1,560,481
Furniture and fixtures	184,209	161,269
Vehicles	3,257,577	2,594,539
Total land, building, and equipment	18,632,400	14,922,869
Less: accumulated depreciation	7,686,011	6,981,001
	<u>\$ 10,946,389</u>	<u>\$ 7,941,868</u>

Note 6 – Leases

The Food Bank has operating lease arrangements for equipment. Future lease obligations are as follows:

Years Ending September 30,	Total
2023	\$ 8,604
2024	8,604
2025	1,434
Total	<u>\$ 18,642</u>

Expenses associated with operating leases amounted to approximately \$ 8,604 and \$ 4,910 for the years ended September 30, 2022 and 2021, respectively.

Note 7 – Line of Credit

The Food Bank has a \$ 750,000 revolving line of credit that is due on demand and is collateralized by investments held at the same financial institution. The interest rate is variable at .5 points under the prime rate. The balance was \$ 0 for both years ended September 30, 2022, and 2021.

Note 8 – Compensated Absences

Full time employees are eligible to earn and accumulate time off. During the first year of employment, a full time employee earns five days of paid time, after one year earns ten days of paid time, after two years earns 17 days of paid time, after five years earns 24 days of paid time, and after ten years the employee earns 25 days of paid time. A maximum of thirty days accumulated vacation time may be carried over to the next year. Employees are paid out for all accumulated time upon termination or retirement.

Accrued compensated absences recorded in accrued expenses on the statement of net position were \$ 127,164 and \$ 122,308 at September 30, 2022 and 2021, respectively.

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Note 9 – Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows at September 30, 2022 and 2021:

	2022	2021
Purpose-restricted:		
Education of children	\$ 470,000	\$ 470,000
Program - general food/water distribution	43,853	29,324
Total	\$ 513,853	\$ 499,324

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 donors as follows for the years ended September 30, 2022 and 2021:

	2022	2021
Satisfaction of purpose restrictions		
Food distribution programs	4,692,825	7,116,378

Note 10 – Conditional Contributions

During the fiscal year, the Food Bank received conditional contributions related to local, state and federal grants. Payment of the grants is contingent upon spending the funds for the designated allowable purpose and various compliance requirements. The conditional contributions consisted of the following as of year end:

	2022		2021	
Purpose	Grant Amount	Spent to Date	Conditional Contribution	Conditional Contribution
Food distribution	\$ 11,106,020	\$ 10,521,845	\$ 584,175	\$ 1,507,723

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Note 11 – Contributed Nonfinancial Assets

Contributed nonfinancial assets for permanent collection for the year ended September 30, 2022 were:

2022

Category	Estimated Donated Value	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Volunteer services	\$ -	- Community shelters	None	Criteria for recording revenues not met; approximately 1,000 hours donated
Donated food and goods	<u>46,124,071</u> <u>\$ 46,124,071</u>	Food distribution - program	None	Items generally include food items donated to the Food Bank of Eastern Michigan for the distribution to others. Values are based on a per pound basis and are confirmed by a third party audit firm. During the year, prices per pound was \$ 1.92.

Contributed nonfinancial assets for permanent collection for the year ended September 30, 2021 were:

2021

Category	Estimated Donated Value	Utilization in Programs/Activities	Donor Restrictions	Valuation Techniques and Inputs
Volunteer services	\$ -	- Community shelters	None	Criteria for recording revenues not met; approximately 1,000 hours donated
Donated food and goods	<u>67,797,563</u> <u>\$ 67,797,563</u>	Food distribution - program	None	Items generally include food items donated to the Food Bank of Eastern Michigan for the distribution to others. Values are based on a per pound basis and are confirmed by a third party audit firm. During the year, prices per pound was \$ 1.79.

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Note 12 – Contingencies

The Food Bank participates in a number of federal, state and locally assisted grant programs. In accordance with the Uniform Guidance, compliance audits of federal grants were made during the current year and have been reported under a separate cover. However, specific grantors have yet to make final approval of expenditures that may be disallowed by the grantor agencies. Management believes that such amounts, if any, to be immaterial.

Note 13 – Pension Plan

The Food Bank maintains a 401(k) profit sharing pension plan. Employees are eligible to participate at the semiannual entrance date after one year of service and attainment of 21 years of age. The plan allows for discretionary contributions by the Food Bank plus matching contributions up to 10% of employee compensation. The Food Bank's contribution amounted to \$ 286,553 and \$ 263,858 for 2022 and 2021, respectively.