

**Food Bank of
Eastern Michigan**

Financial Statements

**September 30, 2021
(With Summarized Comparative
Information for 2020)**



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Independent Auditors' Report

Board of Directors
Food Bank of Eastern Michigan
Flint, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of Food Bank of Eastern Michigan, which comprise the statement of financial position as of September 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 audits. We conducted our audits 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

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, 2021, 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.

Report on Summarized Comparative Information

We have previously audited Food Bank of Eastern Michigan's September 30, 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 15, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2020 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 June 8, 2022, 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
June 8, 2022

Food Bank of Eastern Michigan
Statement of Financial Position
September 30, 2021
(With Summarized Comparative Information for 2020)

	<u>2021</u>	<u>2020</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 2,462,445	\$ 2,936,098
Shared maintenance fees receivable	111,341	221,606
Grants and contributions receivable	972,897	797,216
Investments	28,132,683	2,535,187
Prepaid expenses	4,000	-
Inventory	3,583,069	3,068,387
Total current assets	<u>35,266,435</u>	<u>9,558,494</u>
Non-current assets		
Land, buildings and equipment	14,922,869	14,278,436
Less: accumulated depreciation	<u>(6,981,001)</u>	<u>(6,491,209)</u>
Net land, building and equipment	<u>7,941,868</u>	<u>7,787,227</u>
Total non-current assets	<u>7,941,868</u>	<u>7,787,227</u>
Total assets	<u>\$ 43,208,303</u>	<u>\$ 17,345,721</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable	\$ 204,866	\$ 347,737
Accrued expenses	198,387	342,282
Refundable advances	<u>3,061,311</u>	<u>3,187,613</u>
Total current liabilities	<u>3,464,564</u>	<u>3,877,632</u>
Net assets		
Without donor restrictions		
Undesignated	31,302,547	4,856,041
Invested in land, building, and equipment, net of related debt	<u>7,941,868</u>	<u>7,787,227</u>
Total without donor restrictions	<u>39,244,415</u>	<u>12,643,268</u>
With donor restrictions		
Purpose restrictions	<u>499,324</u>	<u>824,821</u>
Total net assets	<u>39,743,739</u>	<u>13,468,089</u>
Total liabilities and net assets	<u>\$ 43,208,303</u>	<u>\$ 17,345,721</u>

Food Bank of Eastern Michigan
Statement of Activities
For the Year Ended September 30, 2021
(With Summarized Comparative Information for 2020)

	<u>2021</u>	<u>2020</u>
<u>Change in Net Assets Without Donor Restrictions</u>		
Revenue		
Donated foods and goods	\$ 67,797,563	\$ 66,633,372
Shared maintenance	1,682,001	2,795,465
United Way allocations	194,587	182,575
Contributions from the public	29,909,856	4,443,046
Investment income	639,638	38,485
Miscellaneous income	7,445	43,280
Total operating revenue	<u>100,231,090</u>	<u>74,136,223</u>
Net assets released from restrictions		
Satisfaction of program restrictions	7,116,378	7,667,556
Total	<u>7,116,378</u>	<u>7,667,556</u>
Expenses		
Program activities		
General distribution	78,804,365	76,922,886
Supporting activities		
Management and general	1,128,847	976,395
Fundraising	813,109	641,025
Total expenses	<u>80,746,321</u>	<u>78,540,306</u>
Change in net assets without donor restrictions	<u>26,601,147</u>	<u>3,263,473</u>
<u>Change in Net Assets With Donor Restrictions</u>		
Grants from governmental agencies	5,105,764	4,348,455
Bequests	-	16,208
Other grants	1,685,117	2,562,490
Net assets released from restrictions	(7,116,378)	(7,667,556)
Change in net assets with donor restrictions	<u>(325,497)</u>	<u>(740,403)</u>
Change in net assets	<u>26,275,650</u>	<u>2,523,070</u>
Net assets beginning of year		
Without donor restrictions	12,643,268	9,379,795
With donor restrictions	824,821	1,565,224
Total net assets - beginning of year	<u>13,468,089</u>	<u>10,945,019</u>
Net assets at the end of the year		
Without donor restrictions	39,244,415	12,643,268
With donor restrictions	499,324	824,821
Total net assets - end of year	<u>\$ 39,743,739</u>	<u>\$ 13,468,089</u>

See Accompanying Notes to the Financial Statements

Food Bank of Eastern Michigan
Statement of Functional Expenses
For the Year Ended September 30, 2021
(With Summarized Comparative Information for 2020)

	Program Services	Support Services		Total	
	General Distribution	Management and General	Fundraising	2021	2020
Expenses					
Salaries	\$ 2,291,113	\$ 584,453	\$ 462,546	\$ 3,338,112	\$ 3,248,096
Pension	182,187	46,815	34,856	263,858	199,980
Employee benefits	222,623	55,466	42,259	320,348	246,705
Payroll taxes	182,436	45,812	34,700	262,948	280,907
Total salaries and related expenses	2,878,359	732,546	574,361	4,185,266	3,975,688
Conferences, conventions and meetings	-	-	-	-	2,621
Contract services	188,540	37,821	34,045	260,406	152,058
Dues	2,883	578	521	3,982	47,156
Employee expense	73,115	14,667	13,202	100,984	31,731
Food	71,927,064	-	-	71,927,064	70,412,434
Insurance	118,496	23,770	21,397	163,663	153,658
Bad debt expense	27,075	5,431	4,889	37,395	3,145
Miscellaneous	101,916	20,444	18,403	140,763	93,699
Occupancy	326,894	65,574	59,028	451,496	397,803
Printing, postage and publications	83,650	16,780	15,105	115,535	85,206
Professional fees	-	118,029	-	118,029	62,253
Supplies	197,277	39,573	35,622	272,472	193,084
Support of other organizations	1,219,238	-	-	1,219,238	1,351,113
Telephone	16,646	3,339	3,006	22,991	25,347
Transportation	888,782	-	-	888,782	647,125
Total expenses before depreciation	78,049,935	1,078,552	779,579	79,908,066	77,634,121
Depreciation	754,430	50,295	33,530	838,255	906,185
Total expenses	\$ 78,804,365	\$ 1,128,847	\$ 813,109	\$ 80,746,321	\$ 78,540,306

See Accompanying Notes to the Financial Statements

Food Bank of Eastern Michigan
Statement of Cash Flows
For the Year Ended September 30, 2021
(With Summarized Comparative Information for 2020)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 26,275,650	\$ 2,523,070
Adjustments to reconcile net assets to net cash provided by operating activities:		
Depreciation	838,255	906,185
Unrealized (gain) loss on investments	(392,868)	5,070
(Increase) decrease in assets:		
Shared maintenance receivable	110,265	(14,225)
Grants receivable	(175,681)	(348,197)
Pledges receivable	-	351,345
Inventory	(514,682)	(1,160,494)
Increase (decrease) in liabilities:		
Accounts payable	(142,871)	(428,729)
Accrued expenses	(143,895)	5,116
Deferred revenue	(126,302)	1,878,885
Net cash provided by operating activities	<u>25,723,871</u>	<u>3,718,026</u>
Cash flows from investing activities		
Proceeds from sale of investments	2,181,397	1,953,100
Purchase of investments	(27,386,025)	(2,015,729)
Purchase of fixed assets	(992,896)	(588,233)
Net cash used by investing activities	<u>(26,197,524)</u>	<u>(650,862)</u>
Cash flows from financing activities		
Payments on line of credit	-	(380,000)
Payments on capital lease obligation	-	(41,008)
Net cash used by financing activities	<u>-</u>	<u>(421,008)</u>
Net change in cash and cash equivalents	(473,653)	2,646,156
Cash and cash equivalents - beginning of period	<u>2,936,098</u>	<u>289,942</u>
Cash and cash equivalents - end of period	<u>\$ 2,462,445</u>	<u>\$ 2,936,098</u>
Supplemental disclosures of cash flow information		
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ 7,865</u>

See Accompanying Notes to the Financial Statements

Food Bank of Eastern Michigan
Notes to the Financial Statements
September 30, 2021
(With Summarized Comparative Information for 2020)

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, 2021, the deposits were reflected in the accounts of financial institutions at \$ 2,819,947, of which \$2,569,947 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, 2021 and 2020 were \$ 37,395 and \$ 3,145, 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, 2021 and 2020, 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.

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Notes to the Financial Statements
September 30, 2021
(With Summarized Comparative Information for 2020)

Comparative Financial Information

The financial information for 2020, presented for comparative purposes, is not intended to be a complete financial statement presentation.

Subsequent Events

Management has evaluated subsequent events through June 8, 2022, which is the date the financial statements were available to be issued.

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:

	2021	2020
Cash and cash equivalents	\$ 2,462,445	\$ 2,936,098
Shared maintenance receivable	111,341	221,606
Grants and contributions receivable	972,897	797,216
Investments	28,132,683	2,535,187
 Total financial assets - end of year	 \$ 31,679,366	 \$ 6,490,107
 Less: Financial assets unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	(499,324)	(824,821)
 Financial assets available to meet cash needs for general expenditures within one year	 <u>\$ 31,180,042</u>	 <u>\$ 5,665,286</u>

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
September 30, 2021
(With Summarized Comparative Information for 2020)

Note 3 – Inventory

Activities of donated food inventory are summarized as follows:

	2021		2020	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	842,524	\$ 1,465,992	822,604	\$ 1,332,618
Pounds received	20,981,317	37,556,557	21,409,339	37,252,250
Pounds distributed	(20,535,331)	(36,758,242)	(20,947,483)	(36,448,620)
Net adjustments	272,747	530,343	258,032	463,692
Pounds destroyed	(372,970)	(667,616)	(699,968)	(1,133,948)
Ending inventory	<u>1,188,287</u>	<u>\$ 2,127,034</u>	<u>842,524</u>	<u>\$ 1,465,992</u>

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

	2021		2020	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	691,929	\$ 1,030,972	298,017	\$ 452,983
Pounds received	17,964,787	30,540,138	20,208,593	30,101,804
Pounds distributed	(17,788,826)	(30,241,006)	(19,718,874)	(29,381,122)
Net adjustments	(213,366)	(217,413)	(93,001)	(137,512)
Pounds destroyed	(95)	(162)	(2,806)	(5,181)
Ending inventory	<u>654,429</u>	<u>\$ 1,112,529</u>	<u>691,929</u>	<u>\$ 1,030,972</u>

The estimated value of USDA food for 2021 and 2020 was \$ 1.70 and \$ 1.49 per pound, respectively. The estimated value of other donated food for 2021 and 2020 was \$ 1.79 and \$ 1.74 per pound, respectively. USDA food includes all federal commodities.

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

	2021		2020	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	820,040	\$ 579,423	191,184	\$ 122,292
Pounds received	4,519,868	3,345,697	4,618,803	4,351,577
Pounds distributed	(5,249,072)	(3,859,943)	(4,583,059)	(4,459,971)
Net adjustments	378,841	280,739	593,246	557,651
Pounds destroyed	(3,256)	(2,410)	(134)	(126)
Ending inventory	<u>466,421</u>	<u>\$ 343,506</u>	<u>820,040</u>	<u>\$ 571,423</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 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, 2021 and 2020 as follows:

	2021	2020
Money market funds	\$ 2,621,703	\$ 162,366
Mutual funds	5,997,518	508,583
Exchange traded funds	2,493,401	474,700
Fixed income and equities	17,020,061	1,389,538
	<u>\$ 28,132,683</u>	<u>\$ 2,535,187</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:

	2021	2020
Unrealized appreciation	<u>\$ 679,203</u>	<u>\$ 286,335</u>

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Investment return is summarized as follows:

	<u>2021</u>	<u>2020</u>
Interest and dividends	\$ 289,808	\$ 62,035
Unrealized gain (loss) on investments	392,868	(5,070)
Investment advisory fees	<u>(43,038)</u>	<u>(18,480)</u>
	<u>\$ 639,638</u>	<u>\$ 38,485</u>

Note 5 – Land, Building and Equipment

Land, building and equipment consist of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 182,207	\$ 98,072
Buildings	3,084,111	3,084,111
Building improvements	7,340,262	7,034,379
Equipment	1,560,481	1,202,659
Furniture and fixtures	161,269	178,573
Vehicles	<u>2,594,539</u>	<u>2,680,642</u>
Total land, building, and equipment	14,922,869	14,278,436
Less: accumulated depreciation	<u>6,981,001</u>	<u>6,491,209</u>
	<u>\$ 7,941,868</u>	<u>\$ 7,787,227</u>

Note 6 – Leases

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

<u>Years Ending</u> <u>September 30,</u>	<u>Total</u>
2022	<u>\$ 2,689</u>

Expenses associated with operating leases amounted to approximately \$ 4,910 and \$ 6,389 for the years ended September 30, 2021 and 2020, 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, 2021, and 2020.

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

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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 \$ 122,308 and \$ 163,888 at September 30, 2021 and 2020, respectively.

Note 9 – Net Assets With Donor Restrictions

Net assets with donor restrictions are as follows at September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Purpose-restricted:		
Education of children	\$ 470,000	\$ 470,000
Program - general food/water distribution	<u>29,324</u>	<u>354,821</u>
Total	<u>\$ 499,324</u>	<u>\$ 824,821</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 donors as follows for the years ended September 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Expiration of time restrictions	\$ -	\$ 351,345
Satisfaction of purpose restrictions		
Food distribution programs	<u>7,116,378</u>	<u>7,316,211</u>
Total net assets released from restrictions	<u>\$ 7,116,378</u>	<u>\$ 7,667,556</u>

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:

Purpose	<u>2021</u>		<u>2020</u>	
	Grant Amount	Spent to Date	Conditional Contribution	Conditional Contribution
Food distribution	<u>\$ 3,336,339</u>	<u>\$ 1,828,616</u>	<u>\$ 1,507,723</u>	<u>\$ 1,170,152</u>

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Notes to the Financial Statements
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Note 11 – 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 12 – 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 \$ 263,858 and \$ 199,980 for 2021 and 2020, respectively.