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# Food Bank of the Rockies, Inc.

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**Consolidated Financial Report  
with Supplemental Information  
June 30, 2022**

<b>Independent Auditor's Report</b>	1-2
<b>Consolidated Financial Statements</b>	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8-22
<b>Supplemental Information</b>	23
<b>Independent Auditor's Report on Supplemental Information</b>	24
Schedule of Wyoming Revenue and Expense Activities	25

## Independent Auditor's Report

To the Board of Directors  
Food Bank of the Rockies, Inc.

### Report on the Audits of the Consolidated Financial Statements

#### **Opinion**

We have audited the consolidated financial statements of Food Bank of the Rockies, Inc. and its subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2022 and 2021 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2022 and 2021 and the changes in its net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Responsibilities of Management for the Consolidated Financial Statements**

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

#### **Auditor's Responsibilities for the Audits of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 audits conducted in accordance with GAAS 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 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 consolidated financial statements.

To the Board of Directors  
Food Bank of the Rockies, Inc.

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2023 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 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.



January 23, 2023

## Food Bank of the Rockies, Inc.

# Consolidated Statement of Financial Position

June 30, 2022 and 2021

	2022	2021
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 4,405,399	\$ 2,774,052
Receivables:		
Agency receivables - Net of allowance of \$15,500	676,954	220,992
Pledges receivable	244,500	153,314
Contract receivables	767,289	702,223
Other accounts receivable	449,017	87,744
Total receivables	2,137,760	1,164,273
Donated inventory	1,755,490	1,861,037
Commodities inventory	1,562,479	2,877,911
Purchased inventory	1,642,025	1,729,131
Investments	7,122,743	10,086,535
Prepaid expenses and other current assets	262,578	709,151
Total current assets	18,888,474	21,202,090
<b>Board-designated Investments for Long-term Purposes</b>	30,000,000	30,000,000
<b>Other Assets</b>		
Restricted cash and cash equivalents	6,822,744	50,153
Note receivable	9,761,850	-
<b>Property and Equipment - Net</b>	19,020,306	14,953,311
<b>Endowment Assets - Life insurance policy</b>	15,840	21,183
<b>Endowment Assets - Investments</b>	3,926,489	4,346,706
Total noncurrent assets	69,547,229	49,371,353
Total assets	<b>\$ 88,435,703</b>	<b>\$ 70,573,443</b>
<b>Liabilities and Net Assets</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 1,659,834	\$ 1,750,139
Accrued liabilities and other:		
Accrued compensation	1,549,179	1,181,588
Other accrued liabilities	71,568	308,412
Deferred revenue	87,503	285,000
Refundable advances	622,844	-
Current portion of long-term debt	30,194	29,507
Total current liabilities	4,021,122	3,554,646
<b>Long-term Debt - Net of current portion</b>	14,451,611	1,790,937
Total liabilities	18,472,733	5,345,583
<b>Net Assets</b>		
Without donor restrictions	60,066,642	55,539,481
With donor restrictions	9,896,328	9,688,379
Total net assets	69,962,970	65,227,860
Total liabilities and net assets	<b>\$ 88,435,703</b>	<b>\$ 70,573,443</b>

**Food Bank of the Rockies, Inc.**

**Consolidated Statement of Activities and Changes in Net Assets**

**Years Ended June 30, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Gains (Losses), and Other Support</b>						
Purchased food	\$ 5,626,880	\$ -	\$ 5,626,880	\$ 4,299,093	\$ -	\$ 4,299,093
Agency support fees	-	-	-	20,846	-	20,846
Promotions	1,526,824	-	1,526,824	800,491	-	800,491
Contributions of cash and other financial assets	24,487,850	7,466,174	31,954,024	36,117,238	8,081,500	44,198,738
Donated materials and services	333,447	-	333,447	260,970	-	260,970
Government grants and contracts	4,469,585	-	4,469,585	6,813,919	-	6,813,919
Special event revenue, net of direct benefits to donors of \$90,955 (2022) and \$145,368 (2021)	478,862	-	478,862	176,858	-	176,858
Net investment return (loss) and miscellaneous	244,910	(425,560)	(180,650)	755,453	842,985	1,598,438
Gain (loss) on sale of property and equipment	633,091	-	633,091	(89,054)	-	(89,054)
Food contributions	-	88,094,275	88,094,275	-	84,750,094	84,750,094
Commodities contributions	-	16,974,886	16,974,886	-	22,407,820	22,407,820
Net assets released from restrictions - Satisfaction of other restrictions	5,411,686	(5,411,686)	-	8,114,823	(8,114,823)	-
Net assets released from restrictions - Food distributions	106,490,140	(106,490,140)	-	108,921,406	(108,921,406)	-
<b>Total revenue, gains (losses), and other support</b>	<b>149,703,275</b>	<b>207,949</b>	<b>149,911,224</b>	<b>166,192,043</b>	<b>(953,830)</b>	<b>165,238,213</b>
<b>Expenses and Losses</b>						
Program services:						
Agency Distribution	70,945,298	-	70,945,298	69,284,781	-	69,284,781
Food for Kids	3,388,506	-	3,388,506	3,876,032	-	3,876,032
Mobile Pantry	3,736,849	-	3,736,849	3,098,978	-	3,098,978
Grocery Rescue	23,019,229	-	23,019,229	20,700,483	-	20,700,483
TEFAP	14,957,090	-	14,957,090	18,867,716	-	18,867,716
EverGreen, funded by CSFP	3,679,633	-	3,679,633	3,095,573	-	3,095,573
Wyoming	17,701,405	-	17,701,405	17,819,159	-	17,819,159
<b>Total program services</b>	<b>137,428,010</b>	<b>-</b>	<b>137,428,010</b>	<b>136,742,722</b>	<b>-</b>	<b>136,742,722</b>
Support services:						
Administration and general	3,750,202	-	3,750,202	3,180,881	-	3,180,881
Fundraising	3,997,902	-	3,997,902	2,997,368	-	2,997,368
<b>Total support services</b>	<b>7,748,104</b>	<b>-</b>	<b>7,748,104</b>	<b>6,178,249</b>	<b>-</b>	<b>6,178,249</b>
<b>Total expenses and losses</b>	<b>145,176,114</b>	<b>-</b>	<b>145,176,114</b>	<b>142,920,971</b>	<b>-</b>	<b>142,920,971</b>
<b>Increase (Decrease) in Net Assets</b>	<b>4,527,161</b>	<b>207,949</b>	<b>4,735,110</b>	<b>23,271,072</b>	<b>(953,830)</b>	<b>22,317,242</b>
<b>Net Assets - Beginning of year</b>	<b>55,539,481</b>	<b>9,688,379</b>	<b>65,227,860</b>	<b>32,268,409</b>	<b>10,642,209</b>	<b>42,910,618</b>
<b>Net Assets - End of year</b>	<b>\$ 60,066,642</b>	<b>\$ 9,896,328</b>	<b>\$ 69,962,970</b>	<b>\$ 55,539,481</b>	<b>\$ 9,688,379</b>	<b>\$ 65,227,860</b>

See notes to consolidated financial statements.

## Food Bank of the Rockies, Inc.

# Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services						Support Services		Total	
	Colorado Agency Distribution	Colorado Food for Kids	Colorado Mobile Pantry	Colorado Grocery Rescue	Colorado TEFAP	Colorado EverGreen, funded by CSFP	Wyoming	Administration and General		Fundraising
Salary and fringes	\$ 4,162,115	\$ 901,995	\$ 319,429	\$ 823,015	\$ 843,896	\$ 752,039	\$ 1,271,043	\$ 2,706,749	\$ 1,913,017	\$ 13,693,298
Contributed food distributed	52,563,511	149,706	2,828,350	21,907,540	-	-	10,750,715	-	-	88,199,822
Commodities food distributed	-	-	-	-	13,063,445	2,114,558	3,112,315	-	-	18,290,318
Purchased food distributed	9,695,204	418,335	430,232	-	-	15,274	1,026,753	-	-	11,585,798
Distribution costs	1,084,907	62,899	44,908	154,277	169,402	140,471	386,296	-	-	2,043,160
Occupancy	614,989	43,052	25,278	5,823	242,833	181,292	345,696	61,659	18,971	1,539,593
Professional and contract services	1,241,054	207,494	15,838	14,370	125,795	110,339	165,456	689,029	195,028	2,764,403
Capital campaign costs	-	-	-	-	-	-	-	-	67,502	67,502
Cost of prepared meals and snacks	-	1,422,802	-	-	-	-	59,221	-	-	1,482,023
Direct mail	-	-	-	-	-	-	-	-	1,354,029	1,354,029
Other operating	1,006,986	78,977	27,452	32,311	309,039	258,473	263,918	232,505	431,231	2,640,892
Depreciation	576,532	103,246	45,362	81,893	202,680	107,187	319,992	60,260	18,124	1,515,276
	<u>70,945,298</u>	<u>3,388,506</u>	<u>3,736,849</u>	<u>23,019,229</u>	<u>14,957,090</u>	<u>3,679,633</u>	<u>17,701,405</u>	<u>3,750,202</u>	<u>3,997,902</u>	<u>145,176,114</u>
Special events expense	-	-	-	-	-	-	-	-	90,955	90,955
Total functional expenses	<u><b>\$ 70,945,298</b></u>	<u><b>\$ 3,388,506</b></u>	<u><b>\$ 3,736,849</b></u>	<u><b>\$ 23,019,229</b></u>	<u><b>\$ 14,957,090</b></u>	<u><b>\$ 3,679,633</b></u>	<u><b>\$ 17,701,405</b></u>	<u><b>\$ 3,750,202</b></u>	<u><b>\$ 4,088,857</b></u>	<u><b>\$ 145,267,069</b></u>

## Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services						Support Services		Total	
	Colorado Agency Distribution	Colorado Food for Kids	Colorado Mobile Pantry	Colorado Grocery Rescue	Colorado TEFAP	Colorado EverGreen, funded by CSFP	Wyoming	Administration and General		Fundraising
Salary and fringes	\$ 3,342,181	\$ 750,529	\$ 274,978	\$ 556,419	\$ 704,180	\$ 631,920	\$ 1,285,744	\$ 1,814,690	\$ 1,135,132	\$ 10,495,773
Contributed food distributed	53,472,219	838,556	2,217,475	19,909,975	-	-	9,760,075	-	-	86,198,300
Commodities food distributed	-	-	-	-	16,850,777	1,885,400	3,986,929	-	-	22,723,106
Purchased food distributed	7,076,906	4,418	434,464	-	-	35,611	897,029	-	-	8,448,428
Distribution costs	1,520,981	29,370	65,127	95,878	79,321	63,755	351,788	-	-	2,206,220
Occupancy	842,956	53,170	13,404	17,738	192,872	191,886	283,664	65,271	19,163	1,680,124
Professional and contract services	1,414,310	145,737	13,903	20,264	200,679	53,341	150,253	1,070,036	299,750	3,368,273
Cost of prepared meals and snacks	-	1,881,564	-	-	-	-	129,367	-	-	2,010,931
Direct mail	-	-	-	-	-	-	-	-	1,119,303	1,119,303
Other operating	1,006,393	67,492	28,317	43,355	725,408	140,679	667,473	185,389	412,802	3,277,308
Depreciation	608,835	105,196	51,310	56,854	114,479	92,981	306,837	45,495	11,218	1,393,205
	<u>69,284,781</u>	<u>3,876,032</u>	<u>3,098,978</u>	<u>20,700,483</u>	<u>18,867,716</u>	<u>3,095,573</u>	<u>17,819,159</u>	<u>3,180,881</u>	<u>2,997,368</u>	<u>142,920,971</u>
Special events expense	-	-	-	-	-	-	-	-	145,368	145,368
Total functional expenses	<u><b>\$ 69,284,781</b></u>	<u><b>\$ 3,876,032</b></u>	<u><b>\$ 3,098,978</b></u>	<u><b>\$ 20,700,483</b></u>	<u><b>\$ 18,867,716</b></u>	<u><b>\$ 3,095,573</b></u>	<u><b>\$ 17,819,159</b></u>	<u><b>\$ 3,180,881</b></u>	<u><b>\$ 3,142,736</b></u>	<u><b>\$ 143,066,339</b></u>



**Consolidated Statement of Cash Flows**

**Years Ended June 30, 2022 and 2021**

	2022	2021
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 4,735,110	\$ 22,317,242
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation expense	1,515,276	1,393,205
(Gain) loss on disposal of property and equipment	(633,091)	89,054
Forgiveness of PPP loan	-	(1,473,900)
Loss (gain) on investments	385,561	(819,137)
Contributed food and commodities distributed	106,490,140	108,921,406
Contributed food and commodities	(105,069,161)	(107,157,914)
Endowment contributions	(30,026)	(21,851)
Change in value of life insurance policy	5,343	(4,370)
Changes in operating assets and liabilities that (used) provided cash:		
Receivables	(973,487)	37,373
Purchased inventory	87,106	(156,001)
Prepaid expenses and other assets	446,573	230,897
Accounts payable and accrued liabilities	40,442	707,040
Deferred revenue and refundable advances	425,347	205,700
Net cash, cash equivalents, and restricted cash provided by operating activities	7,425,133	24,268,744
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(6,901,439)	(3,198,743)
Proceeds from the sale of property and equipment	1,952,259	26,450
Purchases of investments	(19,024,632)	(58,854,409)
Proceeds from sales and maturities of investments	22,023,080	32,691,000
Issuance of note receivable	(9,761,850)	-
Net cash, cash equivalents, and restricted cash used in investing activities	(11,712,582)	(29,335,702)
<b>Cash Flows from Financing Activities</b>		
Proceeds from long-term debt	13,185,000	-
Payments on long-term debt	(31,456)	(30,474)
Debt issuance costs	(492,183)	-
Payments on capital leases	-	(1,160)
Endowment contributions	30,026	21,851
Net cash, cash equivalents, and restricted cash provided by (used in) financing activities	12,691,387	(9,783)
<b>Net Increase (Decrease) in Cash, Cash Equivalents, and Restricted Cash</b>	8,403,938	(5,076,741)
<b>Cash, Cash Equivalents, and Restricted Cash - Beginning of year</b>	2,824,205	7,900,946
<b>Cash, Cash Equivalents, and Restricted Cash - End of year</b>	<b>\$ 11,228,143</b>	<b>\$ 2,824,205</b>
<b>Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash</b>		
Cash and cash equivalents	\$ 4,405,399	\$ 2,774,052
Restricted cash and cash equivalents	6,822,744	50,153
Total cash, cash equivalents, and restricted cash	<b>\$ 11,228,143</b>	<b>\$ 2,824,205</b>
<b>Supplemental Cash Flow Information - Cash paid for interest</b>	\$ 58,411	\$ 59,399

## Notes to Consolidated Financial Statements

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June 30, 2022 and 2021

### **Note 1 - Nature of Business**

Food Bank of the Rockies, Inc. (FBR) is a Colorado nonprofit corporation organized to solicit, collect, and distribute food to those in need of assistance directly and through nonprofit member agencies. FBR is a member of Feeding America. Its service area includes 30 counties in northern Colorado and the entire state of Wyoming.

FBR contracted with the State of Colorado during fiscal years 2022 and 2021 for administration of four United States Department of Agriculture (USDA) programs for northern Colorado: The Emergency Food Assistance Program (TEFAP); EverGreen Boxes™, a program of Everyday Eats (EverGreen), funded by Commodity Supplemental Food Program (CSFP); the Child and Adult Care Food Program (CACFP); and the Summer Food Service Program (SFSP). During fiscal years 2022 and 2021, FBR contracted with the State of Wyoming for administration of TEFAP and CSFP.

TEFAP provides for the distribution of nutritious food to low-income residents upon self-declaration of need. FBR distributes TEFAP commodities to 133 eligible recipient agencies (ERA) throughout northern Colorado (38 of these ERAs are FBR mobile pantry sites conducting the distributions) and to 36 ERAs in Wyoming.

EverGreen works to improve the health of low-income older adults over 60 years of age by supplementing their diets with nutritious USDA commodity foods. Those eligible must meet income guidelines established by the State of Colorado (which is 130 percent of the Federal Poverty Income Guidelines), establish local residency requirements, and be able to provide identification issued by a state or federal agency. FBR is allocated to serve up to 6,200 EverGreen recipients monthly at 135 ERA sites throughout the 30-county service area. In Wyoming, FBR serves up to 213 CSFP recipients monthly at 5 ERA sites in 3 counties.

Both CACFP and SFSP are administered by the programs department providing meals for children from low-income households to 202 sites. Food for Kids programs provide meals to children at risk of hunger at locations offering recreation, tutoring, and mentoring programs. Also, through CACFP, the After-School Meals Program supplies meals to sites providing after-school tutoring to students from low-income households. Although not a federal program, FBR's Totes of Hope™ program is designed to meet the needs of children experiencing food insecurity at times when other resources are not available, such as weekends and school vacations. Children in the Totes of Hope™ program discreetly receive a bag filled with food each Friday to take home for the weekend. FBR distributes 3,561 totes per week in Colorado and 1,394 totes per week in Wyoming.

Food Bank of the Rockies Endowment Fund (FBREF) is a Colorado nonprofit corporation organized for the sole purpose of holding, operating, and managing an endowment fund to support FBR.

### **Note 2 - Significant Accounting Policies**

#### ***Principles of Consolidation***

The consolidated financial statements include the accounts of FBR and its controlled subsidiary, FBREF (collectively, the "Organization"). All material intercompany accounts and transactions have been eliminated in consolidation.

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

### **Note 2 - Significant Accounting Policies (Continued)**

#### ***Upcoming Accounting Pronouncement***

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-related expenses in the statements of activities and changes in net assets and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending June 30, 2023 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The Organization is still evaluating which method it will apply. The new lease standard is expected to have an insignificant effect on the Organization's consolidated financial statements as a result of the Organization's operating leases, as disclosed in Note 12, that will be reported on the consolidated statement of financial position at adoption. Upon adoption, the Organization will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the changes in net assets are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

#### ***Classification of Net Assets***

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

#### ***Cash Equivalents***

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents, excluding short-term investments held within the investment portfolio. The Organization maintains cash balances in excess of the FDIC's insurance limit of \$250,000.

#### ***Agency Receivables***

Balances represent purchased food revenue that has not yet been collected. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on the specific circumstances of the agencies. As of June 30, 2022 and 2021, the Organization reserved an allowance for doubtful accounts of \$15,500.

## Notes to Consolidated Financial Statements

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June 30, 2022 and 2021

### **Note 2 - Significant Accounting Policies (Continued)**

#### ***Contracts Receivable***

Balances represent amounts due from the states of Colorado and Wyoming for contracted services based on contracted prices. The Organization provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on the specific circumstances. Management considers all contracts receivable collectible; therefore, an allowance for doubtful accounts has not been recorded at June 30, 2022 and 2021.

#### ***Investments***

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values, with unrealized gains and losses included in the change in net assets reported on the consolidated statement of activities and changes in net assets.

#### ***Food Inventory***

The Organization procures food and necessities from a variety of sources, including donated, commodities, and purchased sources.

Donated sources include a robust grocery rescue program, which reduces food waste while providing quality food for people in need. The Organization also receives direct contributions from partners throughout the food industry, from farmers to restaurants. Donated food inventory is valued at an average of the national wholesale prices determined by Feeding America.

Donated commodities inventory received from the USDA is valued based on prices provided by the USDA.

A portion of the Organization's food inventory is purchased using donated funds and other means of foundational support, purchased in bulk quantities at wholesale prices. Purchased food inventory is valued at the cost of products purchased, determined by the first-in, first-out method.

#### ***Restricted Cash***

Restricted cash consists of a debt service reserve fund on the USDA Rural Development loan and various construction disbursement, interest reserve, and debt service accounts related to the NMTC loans described in Note 8.

#### ***Property and Equipment***

Property and equipment with unit costs of \$5,000 or more are capitalized at cost if purchased and at fair value if contributed. Depreciation of property and equipment is computed on the straight-line method based upon the estimated useful lives of the assets, which range from 1 to 37 years.

#### ***Long-lived Assets***

The Organization reviews the recoverability of long-lived assets, including buildings and equipment, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

As of June 30, 2022 and 2021, no impairment was required to be recognized.

## Notes to Consolidated Financial Statements

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June 30, 2022 and 2021

### **Note 2 - Significant Accounting Policies (Continued)**

#### ***Contributions***

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions 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 the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets release from restrictions.

The Organization reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports the expiration of donor restrictions when the assets are placed in service.

Contributions receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. No discount has been recorded related to pledges receivable, as all outstanding amounts are expected to be collected within one year. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. The Organization expects that all promises to give are fully collectible; accordingly, there was no allowance for uncollectible pledges receivable.

Amounts received as contributions from donors for which the criteria for recognizing contribution revenue has not yet been met are recorded as refundable advance liabilities, including the amount related to conditional contributions outstanding to be expensed in future years for reimbursement-based grants. As conditions on these contributions are met, the liability will be reduced and revenue recognized on the statement of activities and changes in net assets.

#### ***Adoption of New Accounting Pronouncement***

As of July 1, 2021, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations received, known as gifts in kind (GIKs). Contributed nonfinancial assets are reported by category within the financial statements, and there are additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The ASU was implemented on a retrospective basis for the year ended June 30, 2022.

#### ***Donated Services***

A number of volunteers have donated time to the Organization. During the years ended June 30, 2022 and 2021, volunteers from the community donated approximately 101,000 and 85,600 hours, respectively, which were valued based on the industry standards at approximately \$3,170,000 and \$2,550,000, respectively, to assist the Organization in achieving the goals of its programs; however, no value for these services has been recorded in the accompanying consolidated financial statements, as specialized skills were not required.

**Notes to Consolidated Financial Statements**

**June 30, 2022 and 2021**

**Note 2 - Significant Accounting Policies (Continued)**

***Deferred Revenue***

Registration fees and other receipts for special events relating to future years are deferred and recognized as revenue in the applicable future period when the related services are provided.

***Functional Allocation of Expenses***

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. Salary-related costs are allocated based on the percentage of time spent by individuals working on multiple programs. Other shared costs are allocated between the various program and support services based on the percentage of total square footage utilized. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

***Income Taxes***

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

***Reclassification***

Direct benefits to donors previously classified as fundraising - special events expense totaling \$145,368 in 2021 has been reclassified and net with special event revenue to conform to the 2022 presentation.

***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

***Subsequent Events***

The financial statements and related disclosures include evaluation of events up through and including January 23, 2023, which is the date the financial statements were available to be issued.

**Note 3 - Liquidity and Availability of Resources**

The following reflects the Organization's current financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2022	2021
Cash and cash equivalents	\$ 4,405,399	\$ 2,774,052
Receivables	2,137,760	1,164,273
Investments	7,122,743	10,086,535
Current financial assets - At year end	13,665,902	14,024,860
Less those unavailable for general expenditures within one year due to donor-imposed restrictions:		
Restricted by donor with purpose restrictions	1,479,254	1,284,766
Restricted by donor with both purpose and time restrictions	1,860,000	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 10,326,648	\$ 12,740,094

## Notes to Consolidated Financial Statements

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June 30, 2022 and 2021

### **Note 3 - Liquidity and Availability of Resources (Continued)**

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

The Organization has a line of credit with available borrowings of \$1,500,000.

The Organization also realizes there could be unanticipated liquidity needs.

### **Note 4 - Fair Value Measurements**

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at June 30, 2022 and 2021 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 4 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2022			
	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Investments:				
Corporate bonds	\$ -	\$ 1,176,670	\$ -	\$ 1,176,670
Municipal bonds	-	80,743	-	80,743
U.S. Treasurys	-	37,464,378	-	37,464,378
Money market mutual funds	112,267	-	-	112,267
Equities	2,081,296	-	-	2,081,296
Equity mutual funds	133,878	-	-	133,878
Total investments	\$ 2,327,441	\$ 38,721,791	\$ -	\$ 41,049,232
	Assets Measured at Fair Value on a Recurring Basis at June 30, 2021			
	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Investments:				
Corporate bonds	\$ -	\$ 1,320,433	\$ -	\$ 1,320,433
Municipal bonds	-	141,665	-	141,665
U.S. Treasurys	-	37,144,324	-	37,144,324
Marketable CDs	3,014,431	-	-	3,014,431
Money market mutual funds	79,256	-	-	79,256
Equities	2,472,665	-	-	2,472,665
Equity mutual funds	260,467	-	-	260,467
Total investments	\$ 5,826,819	\$ 38,606,422	\$ -	\$ 44,433,241

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2022	2021
Buildings	\$ 4,762,196	\$ 5,516,512
Leasehold improvements	7,202,818	7,807,770
Transportation equipment	4,522,473	4,539,837
Furniture and equipment	4,427,024	4,560,112
Land	1,207,500	1,360,830
Construction in progress	7,312,680	1,047,267
Total cost	29,434,691	24,832,328
Accumulated depreciation	10,414,385	9,879,017
Net property and equipment	\$ 19,020,306	\$ 14,953,311

As a subsequent event, the assets classified as construction in progress as of June 30, 2022 and 2021 were placed into service in November 2022.



Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 6 - New Markets Tax Credit

During the year ended June 30, 2022, the Organization entered into a series of financing agreements as part of a New Markets Tax Credit (NMTC) transaction to support the construction of the Western Slope facility. On November 23, 2021, an NMTC investor made a \$3,738,150 equity investment into FBR-WS Investment Fund, LLC (the "Investment Fund") in exchange for NMTC to be generated from the project over a seven-year compliance period. Simultaneously, FBREF made a \$9,761,850 leveraged loan to the Investment Fund at 1.00 percent interest, which matures on December 31, 2046. The Investment Fund used those funds to make qualified equity investments into a pair of community development entities (CDEs). The CDEs loaned to FBR substantially all of the proceeds of the investments from the Investment Fund, net of fees, in the aggregate amount of approximately \$13,185,000 (the "QLICI Loans"). FBR executed and delivered to the CDEs loan agreements, promissory notes, and various security documents in connection with the QLICI Loans. The QLICI Loans accrue interest at a rate of 1.142 percent, and each matures on December 31, 2051.

The New Markets Tax Credit has a seven-year compliance period that will expire in the fiscal year ending June 30, 2029, at which time the NMTC investor may execute a put option; if the put option is not exercised, FBREF may exercise a call option. If either the put or call option is exercised, FBREF will purchase the third-party NMTC investor's equity interest in the Investment Fund, and the Investment Fund will acquire the notes payable from FBR to the CDEs; the assets of the Investment Fund will settle into FBREF, and the NMTC financing will be considered settled. FBREF may require FBR to continue to fund the notes now directly between them or may forgive those obligations at that time.

The NMTC program was established by Congress in 2000 to attract investment capital to low-income communities by permitting investors to receive tax credit incentives in exchange for making equity investments in certified CDEs. Under this program, certain commercial banks and other investors are able to subsidize eligible projects that meet the NMTC program requirements. After CDE fees and transaction costs, the NMTC transaction generated approximately \$2.4 million of additional funds for the Organization.

Note 7 - Note Receivable

Note receivable at June 30 is as follows:

	2022	2021
Note receivable from the Investment Fund dated November 23, 2021, due in quarterly installments of accrued interest at 1.00 percent through December 2028. Commencing with the payment in March 2029, the note is due in quarterly installments of interest at 1.00 percent and principal sufficient to fully amortize the remaining principal balance ahead of maturity on December 31, 2046. The note is collateralized by the assets of the Investment Fund, namely the interests in the sub-CDE entities that are the lenders to the notes payable described in Note 8 related to the NMTC described in Note 6	\$ 9,761,850	\$ -

**Notes to Consolidated Financial Statements**

**June 30, 2022 and 2021**

**Note 8 - Long-term Debt**

Long-term debt at June 30 is as follows:

	2022	2021
Note payable to the USDA's rural development project in monthly installments of \$7,489, including interest at 3.25 percent. The note is collateralized by a building and is due in September 2054. The note also subjects the Organization to certain reserve requirements	\$ 1,788,988	\$ 1,820,444
On November 23, 2021, as part of the NMTC financing for the Western Slope described in Note 6, the Organization entered into a pair of promissory notes for \$7,592,550 and \$2,592,450 of qualified low-income community investment proceeds from CGRF SUBSIDIARY FIFTEEN LLC, a Colorado limited liability company managed by the Colorado Housing and Finance Authority. The notes are secured by a intercreditor agreement between CGRF SUBSIDIARY FIFTEEN LLC, PNC CDE 124 LLC, and the Organization, which includes as joint collateral for all the notes payable under the NMTC to include various construction disbursement, interest reserve, and debt service accounts, as well as the constructed facility. The notes bear interest at 1.142 percent annually, compounding monthly. Quarterly interest-only payments, in the schedule described in the promissory notes, are required through December 2028 and, beginning in March 2029, both notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes, set to mature in December 31, 2051	10,185,000	-
On November 23, 2021, as part of the NMTC financing for the Western Slope described in Note 6, the Organization entered into a pair of promissory notes for \$2,169,300 and \$830,700 of qualified low-income community investment proceeds from PNC CDE 124 LLC, a Delaware limited liability company managed by PNC Financial Services Group. The notes are secured by a intercreditor agreement between CGRF SUBSIDIARY FIFTEEN LLC, PNC CDE 124 LLC, and the Organization, which includes as joint collateral for all the notes payable under the NMTC to include various construction disbursement, interest reserve, and debt service accounts, as well as the constructed facility. The notes bear interest at 1.142 percent annually, compounding monthly. Quarterly interest-only payments, in the schedule described in the promissory notes, are required through December 2028 and, beginning in March 2029, both notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes, set to mature in December 31, 2051	3,000,000	-
Unamortized debt issuance costs	(492,183)	-
Long-term debt less unamortized debt issuance costs	14,481,805	1,820,444
Less current portion	30,194	29,507
Long-term portion	<u>\$ 14,451,611</u>	<u>\$ 1,790,937</u>

**Notes to Consolidated Financial Statements**

**June 30, 2022 and 2021**

**Note 8 - Long-term Debt (Continued)**

The balance of the above debt matures as follows:

Years Ending	Amount
2023	\$ 30,194
2024	33,204
2025	34,299
2026	35,430
2027	36,599
Thereafter	14,804,262
Unamortized debt issuance cost	<u>(492,183)</u>
Total	<u>\$ 14,481,805</u>

**Note 9 - Line of Credit**

Under a line of credit agreement with a bank, the Organization has available borrowings of approximately \$1,500,000 as of June 30, 2022 and 2021. Interest accrues at the greater of *The Wall Street Journal* prime rate or 4.00 percent (effective rate was 4.00 percent at June 30, 2022 and 2021) and matures in May 2023. The line of credit is collateralized by the Denver headquarters building. There was no outstanding balance due on the line of credit at June 30, 2022 or 2021.

**Note 10 - Net Assets**

Net assets without donor restrictions consist of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Board-designated net assets:		
Quasi endowment	\$ 703,223	\$ 703,223
Designated for expected capital and extraordinary operating needs	<u>30,000,000</u>	<u>30,000,000</u>
Total board-designated net assets	30,703,223	30,703,223
Undesignated net assets	<u>29,363,419</u>	<u>24,836,258</u>
Total unrestricted net assets	<u>\$ 60,066,642</u>	<u>\$ 55,539,481</u>

Net assets with donor restrictions as of June 30 are available for the following purposes:

	<u>2022</u>	<u>2021</u>
Subject to:		
Food distribution	\$ 3,317,968	\$ 4,738,947
Meeting various purpose restrictions	1,479,254	1,284,766
Both purpose and time restrictions	1,860,000	-
Endowment subject to endowment spending policy and appropriation	<u>3,239,106</u>	<u>3,664,666</u>
Total	<u>\$ 9,896,328</u>	<u>\$ 9,688,379</u>

**Note 11 - Donor-restricted and Board-designated Endowments**

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the board of directors of FBREF to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

### Note 11 - Donor-restricted and Board-designated Endowments (Continued)

#### *Interpretation of Relevant Law*

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors of FBREF appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of FBREF had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

	Endowment Net Asset Composition by Type of Fund as of June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 703,223	\$ -	\$ 703,223
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	2,164,645	2,164,645
Accumulated investment gains	-	1,074,461	1,074,461
<b>Total</b>	<b>\$ 703,223</b>	<b>\$ 3,239,106</b>	<b>\$ 3,942,329</b>

Notes to Consolidated Financial Statements

June 30, 2022 and 2021

Note 11 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 703,223	\$ 3,664,666	\$ 4,367,889
Investment loss:			
Investment loss	-	(450,243)	(450,243)
Change in value of life insurance policy	-	(5,343)	(5,343)
Total investment loss	-	(455,586)	(455,586)
Contributions	-	30,026	30,026
Endowment net assets - End of year	<u>\$ 703,223</u>	<u>\$ 3,239,106</u>	<u>\$ 3,942,329</u>

	Endowment Net Asset Composition by Type of Fund as of June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 703,223	\$ -	\$ 703,223
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	2,134,619	2,134,619
Accumulated investment gains	-	1,530,047	1,530,047
Total	<u>\$ 703,223</u>	<u>\$ 3,664,666</u>	<u>\$ 4,367,889</u>

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 703,223	\$ 2,821,681	\$ 3,524,904
Investment return:			
Investment income	-	816,764	816,764
Change in value of life insurance policy	-	4,370	4,370
Total investment return	-	821,134	821,134
Contributions	-	21,851	21,851
Endowment net assets - End of year	<u>\$ 703,223</u>	<u>\$ 3,664,666</u>	<u>\$ 4,367,889</u>

The composition of the endowment assets was as follows as of June 30:

	2022	2021
Life insurance policy	\$ 15,840	\$ 21,183
Investments	3,926,489	4,346,706
Total endowment assets	<u>\$ 3,942,329</u>	<u>\$ 4,367,889</u>

## Notes to Consolidated Financial Statements

June 30, 2022 and 2021

### Note 11 - Donor-restricted and Board-designated Endowments (Continued)

***Return Objectives and Risk Parameters***

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support future activities while seeking the proper balance of preservation of capital. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the board of directors of FBREF, the endowment assets are invested in a manner that seeks a total annual return approach of the endowment and appropriate capital market measures, such as securities indices, while assuming a moderate level of investment risk. The Organization expects its endowment funds to provide an average rate of return of approximately 6.5 percent to 8.5 percent over the long term. Actual returns in any given year may vary from this amount.

***Strategies Employed for Achieving Objectives***

To satisfy its long-term rate-of-return objectives, the Organization relies on optimal allocation of stocks and bonds, in which investment returns are achieved through bonds to satisfy current income requirements and control volatility, common stock to generate capital, and income growth to preserve and enhance the endowment. The Organization targets a diversified asset allocation that places a greater emphasis on fixed-income investments to achieve its long-term return objectives within prudent risk constraints. The board of directors of FBREF is responsible for selecting the asset mix and managers for the endowment. The asset allocation target ranges are as follows:

Equities	40 - 60 percent
Fixed income (including cash reserves)	40 - 60 percent
Cash reserves	As required

***Spending Policy and How the Investment Objectives Relate to Spending Policy***

Distributions from the endowment fund will benefit the Organization and other approved organizations, as determined by the board of directors of FBREF. For the years ended June 30, 2022 and 2021, distributions available to the Organization were reinvested in the endowment fund.

### Note 12 - Operating Leases

The Organization is obligated under noncancelable operating leases for a facility and vehicles, which expire on dates between May 2021 and May 2028. The leases require the Organization to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these and short-term leases was approximately \$930,000 and \$980,000 for the years ended June 30, 2022 and 2021, respectively.

Future minimum annual commitments under these operating leases are as follows:

Years Ending June 30	Amount
2023	\$ 595,695
2024	526,315
2025	390,530
2026	111,763
2027	42,200
Thereafter	28,600
Total	\$ 1,695,103

**Notes to Consolidated Financial Statements**

**June 30, 2022 and 2021**

**Note 13 - Contingencies**

**Government Contracts**

The Organization receives certain revenue from contracts with various governmental agencies. The disbursement of funds received under these contracts generally requires compliance with the terms and conditions specified in the contracts and is subject to audit by the contracting agencies. The receipt of funds under many of these contracts is on a reimbursement basis for qualifying expenses. Refunds of these reimbursements may be necessary if the contracting agencies or their audits disallow claimed expenses or otherwise determine noncompliance. However, management believes the amount of charges to these contracts that may be disallowed from any such audits would not have a significant impact on the consolidated financial statements; accordingly, no provision has been made in the consolidated financial statements for any liability that may result.

**Note 14 - Retirement Plans**

The Organization sponsors a 401(k) plan for substantially all employees. Under the retirement plan, employees who work at least 1,000 hours per year are eligible to participate, at which time the Organization will match 100 percent of the first 3 percent of the employee's contributions and 50 percent of the next 3 percent of the employee's contributions. Contributions to the plan totaled \$337,600 and \$235,523 in fiscal years 2022 and 2021, respectively. As a subsequent event, the retirement plan's employer match was amended effective January 1, 2023.

**Note 15 - Direct Mailing**

Direct mail produced the following results for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Direct mail contributions	\$ 3,716,097	\$ 4,917,396
Direct mail expense	<u>(1,354,029)</u>	<u>(1,119,303)</u>
Total	<u>\$ 2,362,068</u>	<u>\$ 3,798,093</u>

**Note 16 - Contributions of Nonfinancial Assets and Services**

The Organization received the following contributions of nonfinancial assets and services, which are primarily restricted for and utilized in food distribution in programs for the years ended June 30:

	<u>2022</u>	<u>2021</u>
Food contributions	\$ 88,094,275	\$ 84,750,094
Commodities contributions	16,974,886	22,407,820
Donated materials and services	<u>333,447</u>	<u>260,970</u>
Total	<u>\$ 105,402,608</u>	<u>\$ 107,418,884</u>

The Organization receives donated food and commodities from local area merchants, the USDA, and Feeding America.

During the year ended June 30, 2022, the Organization received and distributed approximately 45,900,000 and 46,000,000 pounds, respectively, of donated usable food. During the year ended June 30, 2021, the Organization received and distributed approximately 47,300,000 and 48,200,000 pounds, respectively, of donated usable food. As of June 30, 2022 and 2021, donated food inventory consisted of approximately 910,000 pounds at an average value of \$1.92 per pound and approximately 1,000,000 pounds at an average value of \$1.79 per pound, respectively. The fair value of donated food is determined by Feeding America in a study conducted annually and applied by pound.

**Notes to Consolidated Financial Statements**

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**June 30, 2022 and 2021**

**Note 16 - Contributions of Nonfinancial Assets and Services (Continued)**

During the year ended June 30, 2022, the Organization received and distributed approximately 13,800,000 and 15,200,000 pounds, respectively, of commodities. During the year ended June 30, 2021, the Organization received and distributed approximately 49,100,000 and 48,900,000 pounds, respectively, of commodities. The fair value is determined by the USDA.

Donated materials and services are contributions of nonfinancial assets and services other than food. These donations vary, and the methods used to value these donations vary accordingly but represent management's best estimate of the fair value of the donation at the date it was provided unconditionally. In many cases, management's best estimate is based on values reported by the donor. Donated services are recognized as revenue at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. As discussed in Note 2, donated service hours are received from a large number of members of the community; however, no value for these services has been recorded in the accompanying consolidated financial statements when specialized skills were not required. Only those donated services that create or enhance nonfinancial assets or require specialized skills that would need to have been purchased are recognized in the amounts above.



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## Supplemental Information

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## Independent Auditor's Report on Supplemental Information

To the Board of Directors  
Food Bank of the Rockies, Inc.

We have audited the consolidated financial statements of Food Bank of the Rockies, Inc. and its subsidiary as of and for the years ended June 30, 2022 and 2021 and have issued our report thereon dated January 23, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedule of Wyoming revenue and expense activities is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Plante & Moran, PLLC*

January 23, 2023

## Food Bank of the Rockies, Inc.

### Schedule of Wyoming Revenue and Expense Activities

Years Ended June 30, 2022 and 2021

	2022	2021
<b>Revenue</b>		
Agency support fee	\$ 2,364	\$ 23,267
Purchased food	552,442	427,368
Food contributions	10,750,715	9,760,075
Commodities contributions	2,867,703	3,987,699
Contributions	1,767,444	2,252,810
Government contract	300,718	1,673,400
Other income	176,894	334,521
Net assets released from restrictions	118,525	219,034
Total revenue	16,536,805	18,678,174
<b>Expenses</b>		
Salaries and fringes	1,271,043	1,285,744
Contributed food distributed	10,750,715	9,760,075
Commodities food distributed	3,112,315	3,986,929
Purchased food distributed	1,026,753	897,029
Distribution costs	386,296	351,788
Other expenses	1,154,283	1,537,594
Total program expenses	17,701,405	17,819,159
Fundraising and administration expense	902,751	788,603
Total expenses	18,604,156	18,607,762
<b>Excess of Revenue (Under) Over Expenses</b>	<b>\$ (2,067,351)</b>	<b>\$ 70,412</b>