

**Josephine County Food Bank Inc.**  
**Financial Statements and Independent Auditor's Report**  
For the Years Ended June 30, 2021 and 2020



# Josephine County Food Bank Inc.

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of  
Josephine County Food Bank Inc.

**Report on the Financial Statements**

We have audited the accompanying financial statements of Josephine County Food Bank Inc. (a nonprofit organization) which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended.

**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.

**Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence supporting the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, and include the assessment of 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 statements.

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Josephine County Food Bank Inc. as of June 30, 2021, and changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.



Ashland, Oregon  
December 20, 2021

Josephine County Food Bank, Inc.  
 Statements of Financial Position  
 As of June 30, 2021 and 2020

Assets

	<u>2021</u>	<u>2020</u>
Current Assets		
Cash and equivalents	\$ 722,308	\$ 554,871
Accounts receivable	35,620	7,489
Grants receivable	13,100	25,000
Prepaid expenses and deposits	9,609	13,511
Food inventory	50,822	99,940
Food inventory receivable	4,272	11,045
Total Current Assets	<u>835,731</u>	<u>711,857</u>
Buildings, Vehicles, and Equipment		
Buildings, Vehicles, and Equipment, Net	<u>1,039,578</u>	<u>1,077,415</u>
Other Assets		
Marketable securities	348,795	71,596
Interest in assets held by Oregon Community Foundation	64,847	47,346
Total Other Assets	<u>413,642</u>	<u>118,942</u>
Total Assets	<u>\$ 2,288,951</u>	<u>\$ 1,908,213</u>
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 7,942	\$ 9,255
Payroll liabilities	9,869	5,104
Paycheck Protection loan	-	66,800
Total Liabilities	<u>17,811</u>	<u>81,159</u>
Net Assets		
Net assets without donor restrictions	1,221,641	659,135
Net asses with donor restrictions	<u>1,049,500</u>	<u>1,167,919</u>
Total Net Assets	<u>2,271,141</u>	<u>1,827,055</u>
Total Liabilities and Net Assets	<u>\$ 2,288,951</u>	<u>\$ 1,908,213</u>

Josephine County Food Bank, Inc.  
Statement of Activities  
For the Fiscal Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Public Support:</b>			
Grants	\$ 115,063	\$ -	\$ 115,063
Agency fees - program service	266,100	-	266,100
Donations - general	568,487	-	568,487
Donations - in-kind food	68,259	-	68,259
Special events	73,636	-	73,636
Interest and dividends	5,008	-	5,008
Realized gain/(loss)	5,254	-	5,254
Net unrealized gain/(loss)	32,708	-	32,708
Paycheck Protection Loan forgiveness	66,800	-	66,800
Gain/(loss) from disposition of assets	<u>(3,544)</u>	<u>-</u>	<u>(3,544)</u>
	1,197,771	-	1,197,771
Net assets released from restrictions	<u>118,419</u>	<u>(118,419)</u>	<u>-</u>
Total Revenues and Public Support	<u>1,316,190</u>	<u>(118,419)</u>	<u>1,197,771</u>
<b>Expenses:</b>			
Program service expenses	644,319		644,319
Management and general expenses	98,669		98,669
Fundraising expenses	<u>10,697</u>		<u>10,697</u>
Total Expenses	<u>753,685</u>		<u>753,685</u>
Increase (Decrease) in Net Assets	<u>\$ 562,505</u>	<u>\$ (118,419)</u>	<u>\$ 444,086</u>
Net Assets, Beginning of Fiscal Year	\$ 659,135	\$ 1,167,919	\$ 1,827,055
Increase (Decrease) in Net Assets	<u>562,505</u>	<u>(118,419)</u>	<u>444,086</u>
Net Assets, End of Fiscal Year	<u>\$ 1,221,641</u>	<u>\$ 1,049,500</u>	<u>\$ 2,271,141</u>

Josephine County Food Bank, Inc.  
Statement of Activities  
For the Fiscal Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenues and Public Support:</b>			
Grants	\$ 89,005	\$ 68,419	\$ 157,424
Agency fees - program service	229,850	-	229,850
Donations - general	491,166	-	491,166
Donations - in-kind food	152,071	-	152,071
Special events	30,473	-	30,473
Interest and dividends	2,075	-	2,075
Net unrealized gain/(loss)	(4,304)	-	(4,304)
Other revenue	30	-	30
	<u>990,365</u>	<u>68,419</u>	<u>1,058,784</u>
Net assets released from restrictions	50,113	(48,532)	1,581
Total Revenues and Public Support	<u>1,040,478</u>	<u>19,887</u>	<u>1,060,365</u>
<b>Expenses:</b>			
Program service expenses	560,914		560,914
Management and general expenses	89,541		89,541
Total Expenses	<u>650,454</u>		<u>650,454</u>
Increase (Decrease) in Net Assets	<u>\$ 390,023</u>	<u>\$ 19,887</u>	<u>\$ 409,910</u>
Net Assets, Beginning of Fiscal Year	\$ 269,112	\$ 1,148,032	\$ 1,417,144
Increase (Decrease) in Net Assets	<u>390,023</u>	<u>19,887</u>	<u>409,910</u>
Net Assets, End of Fiscal Year	<u>\$ 659,135</u>	<u>\$ 1,167,919</u>	<u>\$ 1,827,055</u>

Josephine County Food Bank, Inc.  
 Statements of Cash Flows  
 For the Fiscal Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Proceeds from contributions and grants	\$ 695,450	\$ 625,171
Program service revenue received	237,969	228,905
Other revenue received	78,877	32,361
Payments to vendors	(212,868)	(192,262)
Payments to employees	<u>(352,064)</u>	<u>(302,555)</u>
Cash Provided (Used) by Operating Activities	<u>447,365</u>	<u>391,620</u>
Cash Flows from Investing Activities:		
Cash used to purchase buildings, vehicles and equipment	(22,956)	(50,376)
Cash used to purchase securities	<u>(256,971)</u>	<u>-</u>
Cash Provided (Used) by Investing Activities	<u>(279,928)</u>	<u>(50,376)</u>
Cash Flows from Financing Activities:		
Cash proceeds from Paycheck Protection Loan	<u>-</u>	<u>66,800</u>
Cash Provided (Used) by Financing Activities	<u>-</u>	<u>66,800</u>
Increase (Decrease) in Cash	167,437	408,044
Cash and Equivalents, Beginning of Fiscal Year	<u>554,871</u>	<u>146,827</u>
Cash and Equivalents, End of Fiscal Year	<u>\$ 722,308</u>	<u>\$ 554,871</u>

Josephine County Food Bank, Inc.  
Statement of Functional Expenses  
For the Fiscal Year Ended June 30, 2021

	<u>Program Service</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
<b>Personnel Costs:</b>				
Salaries	\$ 214,832	\$ 57,000	\$ -	\$ 271,832
Payroll tax expense	25,363	5,288	-	30,651
Employee benefits	54,346	-	-	54,346
Total Personnel Costs	<u>294,541</u>	<u>62,288</u>	<u>-</u>	<u>356,829</u>
<b>Other Functional Expenses:</b>				
Food purchase	147,671	-	-	147,671
Volunteer support	2,316	-	-	2,316
Advertising	28,768	-	1,512	30,280
Outreach and events	9,409	-	8,403	17,812
Supplies - garden and warehouse	17,204	-	118	17,322
Facilities and equipment	25,123	-	-	25,123
Rent, utilities and occupancy	43,748	-	-	43,748
Vehicles	18,289	-	-	18,289
Office and business	-	36,381	664	37,046
Depreciation	57,249	-	-	57,249
Total Other Functional Expenses	<u>349,778</u>	<u>36,381</u>	<u>10,697</u>	<u>396,856</u>
Total Functional Expenses	<u>\$ 644,319</u>	<u>\$ 98,669</u>	<u>\$ 10,697</u>	<u>\$ 753,685</u>



Josephine County Food Bank, Inc.  
Statement of Functional Expenses  
For the Fiscal Year Ended June 30, 2020

	<u>Program Service</u>	<u>Management and General</u>	<u>Total</u>
Personnel Costs:			
Salaries	\$ 183,261	\$ 34,753	\$ 218,014
Payroll tax expense	20,700	2,054	22,755
Employee benefits	56,973	-	56,973
Total Personnel Costs	<u>260,934</u>	<u>36,807</u>	<u>297,741</u>
Other Functional Expenses:			
Grant support	47,911	-	47,911
Food purchase	89,179	-	89,179
Volunteer support	2,428	-	2,428
Advertising	3,931	-	3,931
Outreach and events	5,638	-	5,638
Supplies - garden and warehouse	15,740	-	15,740
Facilities and equipment	15,227	-	15,227
Rent, utilities and occupancy	44,922	-	44,922
Vehicles	21,883	-	21,883
Office and business	-	52,734	52,734
Depreciation	53,120	-	53,120
Total Other Functional Expenses	<u>299,980</u>	<u>52,734</u>	<u>352,714</u>
Total Functional Expenses	<u>\$ 560,914</u>	<u>\$ 89,541</u>	<u>\$ 650,454</u>

Note 1 - Nature of Organization and Purpose

Josephine County Food Bank Inc. was incorporated in the State of Oregon in 2015 to operate as a charitable nonprofit organization dedicated to the management of the Josephine County food bank. The mission of the Organization is to collect food and distribute it to both individuals and other organizations in the community.

Note 2 - Summary of Significant Accounting Policies

A summary of the significant accounting policies used in preparation of the Organization's financial statements is as follows:

*Basis of Accounting*

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. In accordance with the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the same time liabilities are incurred.

*Cash and Cash Equivalents*

Cash includes interest-bearing demand deposit accounts at financial institutions. Aggregate balances in accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021 aggregate balances exceed the FDIC coverage limit by \$42,000.

*Accounts Receivable*

Accounts receivable mostly consist of payments from partner agencies for food. Management believes that all receivables are fully collectible.

*Buildings, Vehicles and Equipment*

The Organization capitalizes the cost of acquisitions of buildings, vehicles, and equipment over \$1,000. Buildings, vehicles, and equipment are depreciated when placed in service using the straight-line method over estimated useful lives of five to thirty-nine years. Leasehold improvements are depreciated using the straight-line method over the shorter of the estimated useful life or the lease term. Fixed assets are valued at cost if purchased or fair market value if contributed. Depreciation expense for the year ended June 30, 2021 totaled \$57,249.

*Inventory*

Inventories consisting of primarily donated perishable and nonperishable food and are reported at the lower of cost or fair market value. Donated inventory are recorded as revenue at their commodity values using the industry standard rates published by the Oregon Food Bank.

*Investments in Marketable Securities*

Investments consisting of marketable equity securities are reported at their fair market value. Fair values are based on quoted market prices. The realized and unrealized gains or losses on investments are reflected in the statement of activities.

Investments are exposed to various risks such as significant world events, interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investments securities, it is reasonably possible that changes in the fair value of investments will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Investments are covered by Security Investors Protection Corporation (SPIC), which covers such assets up to a maximum of \$500,000, of which \$250,000 may be cash. SPIC coverage does not protect the Organization from changes in the fair market values of underlying investments.

Note 2 - Summary of Significant Accounting Policies (continued)

*Accrued Paid Time Off*

For the year ended June 30, 2021, the Organization has accrued a liability for paid time off (PTO) for all full-time employees and for part time employees working 20 hours or more per week. Up to 50% of unused PTO may be accumulated and carried into the next fiscal year. At June 30, 2021 and 2020, the Organization had a liability for paid time off of \$6,512 and \$1,536 respectively.

*Statement of Functional Expenses*

The costs of providing program services and other activities have been summarized on a functional basis in the statements of functional expenses. The Organization uses specific identification to account for most functional expenses, reporting activity in the general categories of program services, fundraising, and management and general.

*Restrictions on Net Assets*

Restrictions on net assets at June 30, 2021 are related to funds raised through various development efforts where the donors have restricted their gifts to a specific purpose.

*Revenue Recognition*

Revenue consists primarily of contributions from the general public of both cash and commodities (food), agency fees for food provided to other similar local organizations, and grants.

*Contributions and In-Kind Donations*

Donations of assets are recorded as support at their estimated fair market value at the date of donation. Contributions and public support received by the Organization are recorded as unrestricted or restricted revenue or support, depending on the existence or nature of any restrictions. Contributions with restrictions are reported as an increase in unrestricted net assets if the restriction expires in the same reporting period in which the grant is recognized. Other restricted contributions are reported as an increase in restricted net assets, depending on the restriction. When a restriction expires, restricted net assets are reclassified as increases to unrestricted net assets.

Donated services are recognized as contributions only if the services create or enhance nonfinancial assets, or if the provided services require specialized skills that would otherwise be purchased by the Organization. Volunteers also provided various services throughout the year that did not meet recognition criteria under generally accepted accounting principles.

Donated Commodities are recorded as revenue at the commodity value using the industry standard rate published by the Oregon Food Bank.

Food received from the Oregon Food Bank and passed through to local agencies are treated as agency transactions and are not recorded as contribution revenue.

*Advertising Costs*

Advertising costs are expensed as incurred. The Organization's advertising costs for the year ended June 30, 2021 and 2020 were \$30,280 and \$3,931 respectively.

*Tax Status*

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as a public charity.

*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.

Josephine County Food Bank Inc.  
Notes to Financial Statements  
June 30, 2021

Note 2 - Summary of Significant Accounting Policies (continued)

*Date of Management Review*

Management has evaluated subsequent events through December 20, 2021, the date the financial statements were available to be issued.

Note 3 – Investments in Marketable Securities and Summary of Fair Value

Investments in marketable securities consist of equity investments.

The Organization has adopted ASC 820-10 which establishes a framework for measuring fair value and requires additional disclosure about the use of fair value measurements to make the measurement of fair value more consistent and comparable.

ASC 820-10 defines fair value as the amount that would be received from the sale of an asset or paid for the transfer of a liability in an orderly transaction between market participants, i.e. an exit price. To estimate an exit price, a three-tier hierarchy is used to prioritize the inputs:

Level 1: Quoted prices in active markets for identical securities.

Level 2: Other significant observable inputs.

Level 3: Significant unobservable inputs.

All Organization’s investments in marketable securities are valued based on quoted prices in active markets for identical securities (Level 1).

The interest in assets held by the OR Community Foundation at the fair value of the Organization’s share of the OR Community Foundation’s investment pool as of the measurement date. The Foundation values securities and other financial instruments on a fair value basis of accounting. The estimated fair value of investments of the Foundation include investments where the prices are not readily available (Level 3).

The following table provides further details on the fair value of measurements as of June 30, 2021:

	Level 1	Level 2	Level 3	Total
Investments:				
Marketable Securities	\$ 348,795	\$ -	\$ -	\$ 348,795
Assets in Oregon Community Foundation	-	-	64,847	64,847
Total investments at fair value	<u>\$ 348,795</u>	<u>\$ -</u>	<u>\$ 64,847</u>	<u>\$ 413,642</u>

Josephine County Food Bank Inc.  
Notes to Financial Statements  
June 30, 2021

Note 3 – Investments in Marketable Securities and Summary of Fair Value (continued)

The following table provides further details of the level 3 fair value measurements during the year ended June 30, 2021:

	<u>OR Community Foundation</u>
Beginning balance	\$ 47,346
Interest income	277
Bank fees	(510)
Realized gain/(loss)	5,254
Unrealized gain/(loss)	<u>12,480</u>
Ending Balance	<u>\$ 64,847</u>

Note 4 – Restricted Net Assets

At June 30, 2021, the Organization had net restricted assets in the form of real property located at 3658 Upper River Road restricted for use as a food bank distribution facility with an asset value of \$1,049,500

Note 5 – Liquidity of Assets

The Organization manages daily liquidity and cash requirements using internal cash checking accounts and an investment account with a brokerage firm. Resources available to fund general expenditures within one year at June 30, 2021 are as follows:

Current assets less nonfinancial assets	\$ 771,028
Investment account	<u>348,795</u>
Resources available to fund general expenditures with one year	<u>\$ 1,119,823</u>

Note 6 – Operating Lease

The Organization entered into a lease agreement with the City of Grants Pass to lease the land holding their farm, food distribution center and office. The term of the lease runs through July 2041. Under the terms of the agreement, the Organization will make annual payments totaling \$7,644 through 2021, and \$12,780 per year through the duration of the lease. Rent expense for the year ended June 30, 2021 and 2020 totaled \$7,449 and \$9,638 respectively.

Josephine County Food Bank Inc.  
Notes to Financial Statements  
June 30, 2021

Note 7 – Buildings, Vehicles, and Equipment

A summary of property, furniture and equipment at June 30, 2021 is as follows:

Buildings and improvements	\$ 1,119,532
Furniture and equipment	73,941
Vehicles	<u>72,396</u>
Subtotal	1,265,869
Less accumulated depreciation	<u>(226,291)</u>
	<u>\$ 1,039,578</u>

Note 8 – Unusual Events

COVID-19 was declared a pandemic in March of 2020. The full impact of the pandemic continues to evolve as of the date of this report.

To help mitigate the impact of the COVID-19 crisis, Josephine County Food Bank Inc. applied for and was awarded benefits under the Federal Paycheck Protection Program in the amount of \$66,800 in April of 2020. Under this program, benefits received are recorded as a low interest rate loan at the time of receipt of funds and may be partially or fully forgiven if certain conditions are met. Loan amounts become unrestricted revenue once the conditions for forgiveness have been met. Josephine County Food Bank received full forgiveness of the Paycheck Protection Loan on April 22, 2021.