

OREGON FOOD BANK, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2021



KERN ▲ THOMPSON
CERTIFIED PUBLIC ACCOUNTANTS

OREGON FOOD BANK, INC.
FINANCIAL STATEMENTS
Year Ended June 30, 2021

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITORS' REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to Financial Statements	7-19

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Oregon Food Bank, Inc.
Portland, Oregon

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 Oregon Food Bank, Inc. as of June 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.

To the Board of Directors
Oregon Food Bank, Inc.

Other Reporting Requirement by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 10, 2022, on our consideration of Oregon Food Bank, Inc.'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 Oregon Food Bank, Inc.'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 Oregon Food Bank, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

Oregon Food Bank, Inc.'s June 30, 2020, financial statements were audited by another auditor who expressed an unmodified audit opinion on those audited financial statements in their report dated February 10, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Kern & Thompson, LLC

Portland, Oregon
May 10, 2022

OREGON FOOD BANK, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2021

(With Comparative Totals as of Year Ended June 30, 2020)

ASSETS

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 25,670,101	\$ 17,199,514
Grants and other receivables	4,661,631	2,817,038
Pledges receivable	346,122	309,700
Inventory	4,819,750	4,435,874
Prepaid expenses	304,944	486,326
Investments	26,963,343	13,239,528
Property and equipment, net	16,349,251	15,729,669
Total assets	\$ <u>79,115,142</u>	\$ <u>54,217,649</u>

LIABILITIES AND NET ASSETS

Accounts payable	\$ 3,212,137	\$ 2,453,308
Agency pass-through payable	308,800	415,929
Accrued payroll and vacation	1,365,944	1,209,930
Advance deposits and deferred revenue	17,500	88,465
Refundable advances - conditional grants	1,049,094	1,175,593
Refundable advance - Paycheck Protection Program	2,560,665	2,560,665
Obligations under annuity agreements	74,588	82,680
Total liabilities	<u>8,588,728</u>	<u>7,986,570</u>
Net assets		
Without donor restrictions		
Undesignated	50,803,352	24,853,028
Board designated endowment	2,613,354	1,968,953
Net property and equipment	16,349,251	15,729,669
Total without donor restrictions	<u>69,765,957</u>	<u>42,551,650</u>
With donor restrictions	760,457	3,679,429
Total net assets	<u>70,526,414</u>	<u>46,231,079</u>
Total liabilities and net assets	\$ <u>79,115,142</u>	\$ <u>54,217,649</u>

See notes to financial statements.

OREGON FOOD BANK, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021	2020
Revenues and other support				
Contributions	\$ 37,653,455	\$ 1,667,888	\$ 39,321,343	\$ 31,462,928
Harvest Dinner, net of expenses of \$55,347 for 2021 and \$176,070 for 2020	513,577	-	513,577	615,384
Government support	10,346,103	-	10,346,103	7,946,689
Share contributions	-	-	-	164,988
Food-to-buy program	2,078,849	-	2,078,849	2,758,800
Donated goods and services	423,200	-	423,200	127,905
Investment income	3,920,272	-	3,920,272	80,363
Other income	70,224	-	70,224	123,934
In-kind food and pass-through revenue	62,794,064	-	62,794,064	63,771,363
Net assets released from restrictions:				
Satisfaction of purpose restrictions	4,586,860	(4,586,860)	-	-
Total revenues and other support	<u>122,386,604</u>	<u>(2,918,972)</u>	<u>119,467,632</u>	<u>107,052,354</u>
Expenses				
Programs				
Food programs	83,953,849	-	83,953,849	86,898,935
Education and other programs	1,659,812	-	1,659,812	1,501,873
Advocacy	1,453,198	-	1,453,198	1,519,827
Supporting services				
Management and general	2,187,646	-	2,187,646	1,645,804
Fundraising	5,917,792	-	5,917,792	4,747,002
Total expenses	<u>95,172,297</u>	<u>-</u>	<u>95,172,297</u>	<u>96,313,441</u>
Change in net assets	27,214,307	(2,918,972)	24,295,335	10,738,913
Net assets, beginning of year	<u>42,551,650</u>	<u>3,679,429</u>	<u>46,231,079</u>	<u>35,492,166</u>
Net assets, end of year	<u>\$ 69,765,957</u>	<u>\$ 760,457</u>	<u>\$ 70,526,414</u>	<u>\$ 46,231,079</u>

See notes to financial statements.

OREGON FOOD BANK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

(With Comparative Totals for the Year Ended June 30, 2020)

	PROGRAM SERVICES				SUPPORTING SERVICES		Total	
	Food Program	Education and Other Programs	Advocacy	Total Programs	Management and General	Fundraising	2021	2020
Operating activities:								
Salaries and related expenses	\$ 8,907,434	\$ 899,486	\$ 929,751	\$ 10,736,671	\$ 1,743,018	\$ 3,144,438	\$ 15,624,127	\$ 14,210,500
Purchased contract services	419,860	29,656	214,230	663,746	67,769	460,388	1,191,903	759,031
Supplies and miscellaneous	566,855	3,243	1,382	571,480	38,473	67,505	677,458	368,684
Telephone and computer support	347,046	84,300	22,956	454,302	37,845	301,763	793,910	605,246
Direct mail	-	-	-	-	-	557,715	557,715	536,119
Postage and publications	15,645	4,900	7,943	28,488	3,150	608,085	639,723	339,671
Transportation	799,470	199	100	799,769	199	499	800,467	694,575
Occupancy	610,145	56,681	18,744	685,570	37,487	93,718	816,775	818,826
Insurance	155,760	8,306	3,849	167,915	7,698	19,245	194,858	178,120
Equipment and maintenance	365,599	5,079	1,524	372,202	3,415	7,867	383,484	509,534
Conferences, meetings, and travel	245,219	32,248	21,136	298,603	25,377	75,239	399,219	339,584
Dues and fees	17,762	13,905	1,390	33,057	169,522	447,099	649,678	502,055
Depreciation	657,849	56,387	28,193	742,429	53,693	134,231	930,353	824,967
Food related costs	750,897	-	-	750,897	-	-	750,897	654,373
Partner support	1,391,961	465,422	202,000	2,059,383	-	-	2,059,383	1,863,094
Network support	782,668	-	-	782,668	-	-	782,668	1,379,394
Pass-through activities	6,602,584	-	-	6,602,584	-	-	6,602,584	6,640,019
Value of product distributed:								
Food-to-buy goods distributed	2,017,264	-	-	2,017,264	-	-	2,017,264	2,663,336
Purchased product distributed	4,128,955	-	-	4,128,955	-	-	4,128,955	3,737,862
In-kind product distributed	55,170,876	-	-	55,170,876	-	-	55,170,876	58,688,451
Total expenses	\$ 83,953,849	\$ 1,659,812	\$ 1,453,198	\$ 87,066,859	\$ 2,187,646	\$ 5,917,792	\$ 95,172,297	\$ 96,313,441

See notes to financial statements.

OREGON FOOD BANK, INC.
STATEMENT OF CASH FLOWS
Year Ended June 30, 2021

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Change in net assets	\$ 24,295,335	\$ 10,738,913
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	930,353	824,967
Contributions restricted to capital projects	-	(132,500)
Change in value of investments	(3,600,061)	130,675
Gain on disposal of equipment	-	(32,500)
(Increase) decrease in:		
Accounts, pledges, and other receivables	(1,881,015)	152,480
Inventory	(383,876)	954,091
Prepaid expenses	181,382	(259,164)
Increase (decrease) in:		
Accounts payable and accrued expenses	807,714	1,057,975
Advance deposits and deferred revenue	(70,965)	58,472
Refundable advances - conditional grants	(126,499)	1,161,293
Refundable advance - Paycheck Protection Program	-	2,560,665
Net cash flows provided by (used in) operating activities	<u>20,152,368</u>	<u>17,215,367</u>
Cash flows from investing activities:		
Purchase of property and equipment	(1,549,936)	(807,829)
Proceeds from sale of property and equipment	-	32,500
Annuity payments to beneficiaries	(8,091)	(8,091)
Proceeds from investments and certificates of deposit	197,015	2,038,080
Additions to investments	(10,320,769)	(3,205,527)
Net cash flows provided by (used in) investing activities	<u>(11,681,781)</u>	<u>(1,950,867)</u>
Cash flows from financing activities:		
Payments on pledges restricted to capital projects	-	132,500
Net cash flows provided by (used in) financing activities	<u>-</u>	<u>132,500</u>
Net change in cash and cash equivalents	8,470,587	15,397,000
Cash and cash equivalents, beginning of year	<u>17,199,514</u>	<u>1,802,514</u>
Cash and cash equivalents, end of year	\$ <u>25,670,101</u>	\$ <u>17,199,514</u>

See notes to financial statements.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – DESCRIPTION OF ORGANIZATION

Oregon Food Bank (OFB or the Organization) acts as a convener, capacity builder and resource broker to support community partners of the Oregon Food Bank Network, the Oregon Community Food Systems Network and other regional and statewide collaborations. Oregon Food Bank owns and operates a warehouse in Multnomah County, serving as the hub for statewide receipts and distribution of Federal Commodities and corporate and private donations. Additionally, OFB owns and operates five Regional Food Banks, serving Multnomah, Clackamas, Washington, Harney, Malheur, Tillamook, Sherman, Hood River and Wasco Counties. OFB builds community engagement through robust client and volunteer lead networks.

- Oregon Food Bank believes that food and health are basic human rights for all. We know that hunger is not just an individual experience; it is also a community-wide symptom of barriers to employment, education, housing and health care. That's why OFB works on two fronts in its mission to end hunger in Oregon: we build community connections to help people access nutritious, affordable food today, and build community power to eliminate the root causes of hunger for good.
- As an organization that touches every corner of our state—and building on the power of food as a shared human experience that connects us all—Oregon Food Bank has a unique role in mobilizing action to support the long-term health and resilience of all communities.
- Ending hunger means ensuring that all of us—no matter our racial background, or identity — have the opportunity to earn a living, get the health care we need without going into debt, and afford safe, secure housing. It also means building and supporting local food systems in places where people currently lack access to healthy food in urban and rural communities.
- We believe in community-led change—and our work to create hunger-free communities is led by people who have experienced hunger. Amplifying community voices and growing grassroots power are core parts of our work to address the root causes of hunger

We are members of Feeding America, a national organization supporting more than 200 food banks across the country, and the largest domestic hunger relief agency in the United States.

Government Programs

OFB receives funds through several government programs that are passed through to some or all OFB Network of Regional Food Banks. Pass through allocations are computed using various poverty, unemployment and other population factors depending upon the program. Continued funding levels are subject to annual renewal by the governmental agencies.

The Emergency Food Assistance Program (TEFAP)

The Emergency Food Assistance Program is a Federal program that supplements the diets of Americans meeting income eligibility requirements, by providing emergency food and nutrition assistance. TEFAP also provides funding for direct costs of personnel, storage, and distribution expenses incurred for the operation of the USDA commodities program which is passed through to the RFBs. Under contract with the Oregon Department of Human Services (DHS), OFB receives and distributes TEFAP commodities to the RFB's.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

Oregon Hunger Response Fund (OHRF)

Oregon Hunger Response Fund was established by the State of Oregon in 1993 to acquire food and new food sources, build network capacities and link emergency food clients to other services.

The Commodity Supplemental Food Program (CSFP)

The Commodity Supplemental Food Program is a federally funded nutrition program, which works to specifically improve the health of low-income elderly people.

Emergency Food and Shelter Program (EFSP)

OFB makes bulk purchases of food for local agencies in Clackamas, Multnomah and Washington counties. It is reimbursed for its bulk purchases with funds from the U.S. Federal Emergency Management Agency (FEMA) Emergency Food and Shelter Program(EFSP) which are passed through by government or other agencies.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

For financial reporting purposes, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and included in investments.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are carried at fair value. Net appreciation (decline) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is shown in the statement of activities. Interest income is accrued as earned and reported net of investment advisory fees. Security transactions are recorded on a trade date basis.

Grants and Other Receivables

Receivables represent amounts due from partner agencies and regional network foodbanks for share contributions and food to buy purchases. No provision for estimated uncollectible receivables has been made, since management considers all receivables fully collectible. There were immaterial amounts older than 90 days at June 30, 2021.

Pledges Receivable

Pledges receivable represent unconditional promises to give and are unsecured. Management considers all pledges receivables to be fully collectible; therefore, no provision for estimated uncollectible accounts has been made. Pledges receivable at June 30, 2021 are receivable within one year.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 40 years.

Refundable Advances

- **Conditional Grants**

Refundable advances result primarily from conditional grant payments received prior to the incurrence of allowable grant expenditures and are refundable to the grantor if not used for grant purposes.

- **Paycheck Protection Program**

The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a refundable advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. Upon satisfaction of the conditions, the advance will be recognized as revenue.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Revenues from various sources are recognized as follows:

Contributions: Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period OFB is notified of the commitment. Bequests are recorded as revenue at the time OFB has an established right to the bequest and the proceeds are measurable. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Special Events: The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Amounts received in advance for events included in advance deposits and deferred revenue total \$17,500 and \$88,465 at June 30, 2021 and 2020, respectively.

Government Support: A portion of the Organization's revenue is derived from cost- reimbursable grants and contracts, which are conditional upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advance – conditional grants in the statement of financial position. Advances on these grants total approximately \$1,049,094 and \$1,192,000 at June 30, 2021 and 2020, respectively. The Organization has been awarded cost- reimbursable grants of approximately \$1,786,404 for the period through June 30, 2022 that have not been recognized at June 30, 2021 because qualifying expenditures have not yet been incurred.

Share Contributions and Food-to-Buy Program: Share contributions and purchased Food-to-Buy is food that is purchased by OFB at bulk prices and distributed to Regional Food Banks and local agencies at cost plus a nominal administrative fee. Share contribution revenue and Food-to-Buy program revenue is recognized upon shipment of the purchased food. Effective April 2020, all Food-to-Buy sales were transacted at cost, as a response by OFB to the food shortages caused by the global pandemic.

Donated Goods, Services and Food: Donated goods are reflected as a contribution when received. OFB received approximately 18.5 million and 24.1 million pounds of food and grocery products from the food industry, other businesses, community organizations and individuals in 2021 and 2020, respectively. The product is valued at its estimated wholesale value of \$1.25 per pound at June 30, 2021. To arrive at the estimated wholesale fair value, OFB uses an independent accountant's report prepared for Feeding America as a guide to determine an average rate that reflects the specific composition of inventory held at OFB.

Donations of materials and equipment are reflected as support without donor restrictions and expensed as utilized at their estimated fair value.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Donated Goods, Services and Food: (Continued)

OFB recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In 2021, approximately 15,320 volunteers provided more than 41,000 hours re-packing food, assisting with educational and community programs and special events. These hours of general volunteer support are not reflected in the financial statements as they do not meet the criteria for recording donated services.

Income Tax Status

Oregon Food Bank, Inc. is a nonprofit corporation exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy which is allocated on the basis of square footage. Salaries and related costs, professional services, supplies, telephone and computer support, publications and postage, insurance, maintenance, conferences, meetings, travel, dues and fees, are allocated on the basis of estimated time and effort.

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 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Oregon Food Bank, Inc.'s financial statements for the year ended June 30, 2020, from which the summarized information was derived.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE C – AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use.

Financial assets of the Organization consist of the following at June 30, 2021:

Financial assets at year-end	
Cash and cash equivalents	\$ 25,670,101
Accounts receivable	4,661,631
Pledges receivable	346,122
Investments	<u>26,963,343</u>
Total financial assets	<u>57,641,197</u>
Less those unavailable for general expenditure within one year, due to:	
Unemployment certificate of deposit (Note F)	(226,226)
Net assets with donor and other restrictions	(760,497)
Board designated endowment	<u>(2,613,354)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 54,041,120</u>

See Note J for the Organization's policies regarding funds designated by the board as a quasi-endowment. While the Organization does not intend to use funds from the board designated funds, board designated funds could be made available, if necessary, with a majority vote of the Board.

NOTE D – GRANTS AND OTHER RECEIVABLES

Grants and other receivables are unsecured and consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Regional food banks	\$ 26,571	\$ 94,071
Federal, state and county appropriations	4,544,216	2,518,113
Portland Children's Levy	80,719	168,146
Other	<u>10,125</u>	<u>36,708</u>
Total amounts and other receivables	<u>\$ 4,661,631</u>	<u>\$ 2,817,038</u>

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE E – INVENTORY

Inventory consists of donated goods valued at its estimated wholesale value, US Department of Agriculture (USDA) commodities stated at values provided by the USDA, and purchased food valued at the lower of cost or net realizable value on a first-in-first-out basis. Inventory that has been donated is reflected as donor restricted until distributed.

Inventory consists of the following at June 30:

	<u>2021</u>	<u>2020</u>
Donated product	\$ 1,178,561	\$ 1,586,606
USDA Food	2,692,996	1,736,762
Purchased product	<u>948,193</u>	<u>1,112,506</u>
Total Inventory	<u>\$ 4,819,750</u>	<u>\$ 4,435,874</u>

NOTE F – UNEMPLOYMENT DEPOSIT AND SELF-FUNDED UNEMPLOYMENT INSURANCE

Cash and cash equivalents include a certificate of deposit in the amount of \$226,226 and \$222,576 at June 30, 2021 and 2020, respectively, posted with the State of Oregon, Department of Employment, under a special election to self-insure unemployment claims in lieu of making unemployment tax payments.

NOTE G – CHANGE IN ACCOUNTING ESTIMATE

During the year ended June 30, 2021, the Organization re-evaluated the extent and type of donor requirements over recently donated food and commodities, and determined that such requirements no longer met criteria to be recorded as restricted. Accordingly, beginning net assets of \$3,323,368 have been released from restrictions in the accompanying Statement of Activities and the current year donated food and commodities revenues have been classified as without donor restrictions.

NOTE H – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Land	\$ 3,289,142	\$ 3,289,142
Buildings	16,237,112	16,192,155
Office furniture and equipment	327,879	327,879
Computer equipment and software	1,337,725	1,095,464
Warehouse equipment	1,559,465	1,485,350
Vehicles	3,723,603	3,500,349
Artwork	13,800	13,800
Work in progress	<u>879,373</u>	<u>45,233</u>
Total property and equipment	27,368,099	25,949,372
Less accumulated depreciation	<u>(11,018,848)</u>	<u>(10,219,703)</u>
Property and equipment, net	<u>\$ 16,349,251</u>	<u>\$ 15,729,669</u>

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE I – CONTINGENCIES

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become an OFB liability if so, determined in the future. It is management's belief that no significant amounts received, or receivable will be required to be returned in the future

NOTE J – BOARD DESIGNATED ENDOWMENT NET ASSETS

Board designated net assets consist of a board-designated endowment Fund at Oregon Community Foundation at June 30, 2021 and 2020.

The Oregon Food Bank Endowment Fund (the Fund), also known as the Board-Directed Endowment Fund or the Quasi-Endowment Fund, was established to supplement the Annual Fund and to protect major capital investments, in order to best serve the mission of OFB and achieve its long-term strategic goals. The Board established a quasi-endowment fund account at Oregon Community Foundation (OCF). Under the terms of the agreement, variance power was not granted to OCF unless the Agency ceases to exist or loses its tax-exempt status, and distributions in the amount of a reasonable rate of return determined by OCF will be distributed to the Agency each year.

OCF maintains a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make distributions to support operations. Accordingly, OFB expects its investments to produce an average rate of return consistent with the market. Investment risk is measured in terms of the total investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

OFB may apply income from the Fund, if the Board of Directors takes specific action to do so. OFB may also use the Fund principal upon a majority vote of the Board of Directors if it determines that an emergency exists such that OFB's mission and services are jeopardized. Distributions from OCF totaled \$87,811 and \$87,255 for the years ended June 30, 2021 and 2020, respectively.

Changes in the Fund for the year ended June 30, are as follows:

	<u>2021</u>	<u>2020</u>
Balance at beginning of year	\$ 1,968,953	\$ 2,063,668
Investment income, net of expenses	732,212	(7,460)
Less transfer to operations	<u>(87,811)</u>	<u>(87,255)</u>
Balance at year end	<u>\$ 2,613,354</u>	<u>\$ 1,968,953</u>

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE K – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	<u>2021</u>	<u>2020</u>
Food distribution		
Donated product	\$ -	\$ 1,586,606
USDA food	-	1,736,762
Other program restrictions	<u>760,457</u>	<u>356,061</u>
Total	<u>\$ 760,457</u>	<u>\$ 3,679,429</u>

NOTE L – CONTRIBUTION REVENUE

Contribution revenue consists of the following for the year ended June 30:

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
June 30, 2021			
Individuals	\$ 28,489,730	\$ 305,500	\$ 28,795,230
Foundations	821,554	565,339	1,386,893
Corporations	7,802,985	471,245	8,274,230
Other organizations	<u>539,186</u>	<u>325,804</u>	<u>864,990</u>
Total contributions	<u>\$ 37,653,455</u>	<u>\$ 1,667,888</u>	<u>\$ 39,321,343</u>
June 30, 2020			
Individuals	\$ 22,699,189	\$ 25,000	\$ 22,724,189
Foundations	1,442,861	620,150	2,063,011
Corporations	5,706,381	412,654	6,119,035
Other organizations	<u>556,693</u>	<u>-</u>	<u>556,693</u>
Total contributions	<u>\$ 30,405,124</u>	<u>\$ 1,057,804</u>	<u>\$ 31,462,928</u>

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE M – IN-KIND FOOD AND SUPPORT ALLOCATED TO PARTNERS

In-kind food and support allocated to partners consists of the following for the year ended June 30:

	Without Donor Restrictions	With Donor Restrictions	Total
June 30, 2021			
Government Commodities	\$ 26,763,749	\$ -	\$ 26,763,749
Donated Food	28,875,913	-	28,875,913
Government and Foundation Support	<u>7,154,402</u>	<u>-</u>	<u>7,154,402</u>
Total contributions	<u>\$ 62,794,064</u>	<u>\$ -</u>	<u>\$ 62,794,064</u>
June 30, 2020			
Government Commodities	\$ -	\$ 28,866,119	\$ 28,866,119
Donated Food	-	28,251,350	28,251,350
Government and Foundation Support	<u>6,653,894</u>	<u>-</u>	<u>6,653,894</u>
Total contributions	<u>\$ 6,653,894</u>	<u>\$ 57,117,469</u>	<u>\$ 63,771,363</u>

NOTE N – RETIREMENT PLAN

The Oregon Food Bank 401(k) Profit Sharing Plan allows employees to contribute funds to the Plan when hired. An employee's contributions may be made on either a pre-tax basis (the traditional 401(k) option) or on a post-tax basis (the Roth option). Employees receive OFB employer contributions of 5% of gross wages after one year of service, 6% after five years and 7% after ten years. Employees are not required to make contributions to the Plan, in order to receive an employer contribution. All contributions are fully vested when contributed. The investment decisions regarding the employer-contributed assets and employee deferrals are made by each employee. During the year ended June 30, 2021 and 2020, contributions made to the plan and charged to operations totaled approximately \$532,679 and \$495,700, respectively.

NOTE O – RELATED PARTY TRANSACTIONS

Two members of the OFB Board of Directors served as directors for Regional Food Banks (RFBs) within the statewide network for the year ended June 30, 2021. During this period, these RFBs purchased goods, were eligible to receive Network Support Grants from OFB and received pass-through contributions and government grant allocations based on the allocation method in place for each grant. The individuals were also eligible and received travel reimbursement to attend meetings. The Board of Directors were aware of these transactions and understood that these took place in the normal course of operations.

During the year ended June 30, 2021, Marion-Polk Food Share, whose executive director is also an OFB Board member, received Network Support Grants in the amounts of approximately \$25,000.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE P – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in a financial institution located in Portland. The balances in the checking and savings accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021, there was approximately \$25,960,075 in uninsured balances.

In addition, the majority of contributions and balances receivable are from organizations and individuals located within the same geographic region.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Approximately 30% of the Organization's revenues come from a grant with the Oregon Department of Human Services. Approximately 85% of grants and other receivables outstanding at June 30, 2021, are related to this grant. The grant is renewed on an annual basis.

NOTE Q – FAIR VALUE MEASUREMENTS

Assets carried at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE Q – FAIR VALUE MEASUREMENTS (CONTINUED)

	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2021				
Cash and cash equivalents	\$ 2,231,451	\$ 2,231,451	\$ -	\$ -
Investments - Mutual funds				
Money market fund	2,000,000	2,000,000	-	-
Fixed income funds	7,654,410	7,654,410	-	-
Equity funds - domestic	9,547,290	9,547,290	-	-
Equity funds - international	2,916,838	2,916,838	-	-
Beneficial interest in assets held by OCF	<u>2,613,354</u>	<u>-</u>	<u>-</u>	<u>2,613,354</u>
Total	<u>\$ 26,963,343</u>	<u>\$ 24,349,989</u>	<u>\$ -</u>	<u>\$ 2,613,354</u>
June 30, 2020				
Cash and cash equivalents	\$ 38,386	\$ 38,386	\$ -	\$ -
Investments - Mutual funds				
Money market fund	3,101,113	3,101,113	-	-
Fixed income	3,175,662	3,175,662	-	-
Equity funds - domestic	3,297,064	3,297,064	-	-
Equity funds - international	1,658,350	1,658,350	-	-
Beneficial interest in assets held by OCF	<u>1,968,953</u>	<u>-</u>	<u>-</u>	<u>1,968,953</u>
Total	<u>\$ 13,239,528</u>	<u>\$ 11,270,575</u>	<u>\$ -</u>	<u>\$ 1,968,953</u>

Fair values for investments in mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

Fair value of the beneficial interest in assets held by others is determined by the Agency's endowment partner, OCF, and is based upon the Agency's proportionate interest in OCF's endowment partner fund liability after adjustments for contributions and distributions made during the year. OCF's endowment partner fund liability is stated at fair value, which is generally equivalent to the present value of future payments expected to be made to the endowment partners.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) include the beneficial interest in assets held at OCF:

Balance at beginning of year	\$ 1,968,953
Earnings, net of fees	732,212
Transfer to operations	<u>(87,811)</u>
Balance at end of year	<u>\$ 2,613,354</u>

The change in value is included in investment income without donor restrictions on the statement of activities. There have been no changes in valuation techniques and related inputs.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2021

NOTE R – UNCERTAINTIES

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measures. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of donors and program recipients to fully participate in programs and continue their current level of financial support to the Organization. At the present time, the ultimate future effects of these issues are unknown.

NOTE S – SUBSEQUENT EVENTS

Subsequent events have been evaluated through May 10, 2022, which is the date the financial statements were available to be issued.

In August 2021, the Organization met all conditions and received forgiveness of its PPP loan.

In August 2021, the Organization's Board of Directors designated \$20,000,000 towards the multi-year Rooted & Rising campaign, to pursue the vision of creating communities that never go hungry.