

**RHODE ISLAND COMMUNITY FOOD BANK  
ASSOCIATION**

**Financial Statements**

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

**(With Independent Auditors' Report Thereon)**

**RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION**

**FINANCIAL STATEMENTS**

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

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Rhode Island Community Food Bank Association:

### **Report on the Financial Statements**

#### ***Opinion***

We have audited the accompanying financial statements of Rhode Island Community Food Bank Association (a nonprofit organization) (the Food Bank), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Food Bank as of June 30, 2022 and 2021, and the changes in its net assets and its 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Food Bank and to meet our other 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 Financial Statements***

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

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

### *Auditors' Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Food Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Food Bank's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Kahn, Litwin, Kenya & Co., Ltd.*

October 31, 2022

**RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION**  
**STATEMENTS OF FINANCIAL POSITION**  
**June 30, 2022 and 2021**



	<b>2022</b>	<b>2021</b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 6,421,463	\$ 11,865,059
Accounts and grants receivable	699,886	677,651
Food inventory	1,077,484	1,631,396
Prepaid expenses and other assets	324,068	151,285
<b>Total current assets</b>	<b>8,522,901</b>	<b>14,325,391</b>
Cash, restricted by donor for property and equipment, net	140,218	237,840
Property and Equipment, net	5,740,673	5,861,199
Investments	10,432,110	7,186,360
<b>Total Assets</b>	<b>\$ 24,835,902</b>	<b>\$ 27,610,790</b>
<b>Liabilities and Net Assets</b>		
Current Liabilities:		
Accounts payable	\$ 61,362	\$ 31,210
Accrued expenses	402,252	382,642
<b>Total current liabilities</b>	<b>463,614</b>	<b>413,852</b>
Net Assets:		
Without donor restrictions:		
Available for operations	6,916,014	7,420,438
Board designated for contingency reserve	4,381,486	5,000,000
Board designated for long-term investment	6,050,624	7,186,360
Invested in property and equipment	5,740,673	5,861,199
<b>Total net assets without donor restrictions</b>	<b>23,088,797</b>	<b>25,467,997</b>
With donor restrictions	1,283,491	1,728,941
<b>Total net assets</b>	<b>24,372,288</b>	<b>27,196,938</b>
<b>Total Liabilities and Net Assets</b>	<b>\$ 24,835,902</b>	<b>\$ 27,610,790</b>

**RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION**  
**STATEMENTS OF ACTIVITIES**  
**Years Ended June 30, 2022 and 2021**



	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and support:						
Contributions	\$ 10,387,880	\$ 1,928,151	\$ 12,316,031	\$ 14,014,755	\$ 1,574,988	\$ 15,589,743
Food donations	-	11,765,882	11,765,882	-	15,516,797	15,516,797
Other contributed non-financial assets	100,980	-	100,980	111,000	-	111,000
Grants and contracts	882,429	-	882,429	1,561,358	-	1,561,358
Cooperative buying program, net	217,356	-	217,356	26,080	-	26,080
Special events, net of expenses of \$45,843 and \$0, respectively	201,072	-	201,072	578	-	578
Investment return, net	(1,720,935)	-	(1,720,935)	1,225,595	-	1,225,595
Donated stock	281,473	-	281,473	284,371	4,873	289,244
Other income, net	190,495	-	190,495	181,642	-	181,642
Net assets released from restrictions:						
Satisfaction of program restrictions	13,741,861	(13,741,861)	-	16,476,120	(16,476,120)	-
Satisfaction of capital expenditure restrictions	397,622	(397,622)	-	17,450	(17,450)	-
<b>Total revenue and support</b>	<b>24,680,233</b>	<b>(445,450)</b>	<b>24,234,783</b>	<b>33,898,949</b>	<b>603,088</b>	<b>34,502,037</b>
Expenses:						
Program services	24,016,921	-	24,016,921	23,898,350	-	23,898,350
Management and general	1,202,577	-	1,202,577	1,126,948	-	1,126,948
Fundraising and development	1,839,935	-	1,839,935	1,640,431	-	1,640,431
<b>Total expenses</b>	<b>27,059,433</b>	<b>-</b>	<b>27,059,433</b>	<b>26,665,729</b>	<b>-</b>	<b>26,665,729</b>
<b>Change in Net Assets</b>	<b>(2,379,200)</b>	<b>(445,450)</b>	<b>(2,824,650)</b>	<b>7,233,220</b>	<b>603,088</b>	<b>7,836,308</b>
<b>Net Assets, beginning of year</b>	<b>25,467,997</b>	<b>1,728,941</b>	<b>27,196,938</b>	<b>18,234,777</b>	<b>1,125,853</b>	<b>19,360,630</b>
<b>Net Assets, end of year</b>	<b>\$ 23,088,797</b>	<b>\$ 1,283,491</b>	<b>\$ 24,372,288</b>	<b>\$ 25,467,997</b>	<b>\$ 1,728,941</b>	<b>\$ 27,196,938</b>

See accompanying notes to the financial statements and independent auditors' report.

**RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2022



	Program Services			Total Program Services	Management and General	Fundraising and Development	Total
	Food Distribution	Nutrition Education	Kids Café				
Salaries and related expenses:							
Salaries and wages	\$ 2,144,047	\$ 134,297	\$ 175,617	\$ 2,453,961	\$ 633,825	\$ 845,954	\$ 3,933,740
Employee benefits	356,832	22,351	29,229	408,412	105,488	140,791	654,691
Payroll taxes	178,916	11,207	14,655	204,778	52,891	70,593	328,262
<b>Total salaries and related expenses</b>	<b>2,679,795</b>	<b>167,855</b>	<b>219,501</b>	<b>3,067,151</b>	<b>792,204</b>	<b>1,057,338</b>	<b>4,916,693</b>
Advertising and promotion	316	-	-	316	26,986	9,387	36,689
Assistance to others	975,555	-	-	975,555	-	-	975,555
Conferences, staff training, and meals	8,492	1,300	75	9,867	5,359	1,369	16,595
Depreciation	355,122	4,178	16,712	376,012	20,890	20,890	417,792
Direct mail	-	-	-	-	-	487,001	487,001
Dues and subscriptions	30,375	-	228	30,603	13,601	18,557	62,761
Food - acquisition	6,425,540	5,063	88,754	6,519,357	-	-	6,519,357
Food - donated food distributed	12,102,083	-	-	12,102,083	-	-	12,102,083
Information technology expenses	72,428	9,587	4,109	86,124	37,749	110,300	234,173
Insurance	36,574	430	1,721	38,725	12,102	2,151	52,978
Occupancy expenses	239,317	2,785	11,140	253,242	42,475	13,925	309,642
Office expenses	50,174	4,736	1,819	56,729	136,742	79,391	272,862
Other expenses	1,229	-	-	1,229	5,700	211	7,140
Professional fees	102,989	1,956	-	104,945	95,537	36,107	236,589
Supplies	111,070	7,772	11,698	130,540	-	1,151	131,691
Temporary personnel	117,959	-	-	117,959	11,800	-	129,759
Transportation	114,463	-	-	114,463	-	-	114,463
Trash removal	20,730	276	3,870	24,876	1,382	1,382	27,640
Travel	6,460	685	-	7,145	50	775	7,970
<b>Total expenses</b>	<b>\$ 23,450,671</b>	<b>\$ 206,623</b>	<b>\$ 359,627</b>	<b>\$ 24,016,921</b>	<b>\$ 1,202,577</b>	<b>\$ 1,839,935</b>	<b>\$ 27,059,433</b>

See accompanying notes to the financial statements and independent auditors' report.

**RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
Year Ended June 30, 2021



	Program Services				Total Program Services	Management and General	Fundraising and Development	Total
	Food Distribution	Nutrition Education	Kids Café	Community Kitchen				
Salaries and related expenses:								
Salaries and wages	\$ 1,858,680	\$ 95,139	\$ 118,280	\$ 39,260	\$ 2,111,359	\$ 592,290	\$ 783,576	\$ 3,487,225
Employee benefits	297,987	15,254	18,962	6,294	338,497	94,957	125,624	559,078
Payroll taxes	139,970	7,165	8,907	2,957	158,999	44,603	59,008	262,610
<b>Total salaries and related expenses</b>	<b>2,296,637</b>	<b>117,558</b>	<b>146,149</b>	<b>48,511</b>	<b>2,608,855</b>	<b>731,850</b>	<b>968,208</b>	<b>4,308,913</b>
Advertising and promotion	1,374	-	-	-	1,374	12,034	13,478	26,886
Assistance to others	718,088	-	-	-	718,088	-	-	718,088
Conferences, staff training, and meals	3,220	1,283	-	-	4,503	2,639	6,450	13,592
Depreciation	344,794	4,056	12,169	4,056	365,075	20,282	20,282	405,639
Direct mail	-	-	-	-	-	-	425,540	425,540
Dues and subscriptions	16,905	27	228	-	17,160	13,536	18,622	49,318
Food - acquisition	4,120,435	2,009	48,260	1,786	4,172,490	-	-	4,172,490
Food - donated food distributed	15,152,869	-	-	-	15,152,869	-	-	15,152,869
Information technology expenses	52,705	9,460	6,757	2,703	71,625	35,166	82,084	188,875
Insurance	33,175	390	1,171	925	35,661	12,709	1,951	50,321
Occupancy expenses	233,958	2,728	8,186	2,728	247,600	13,643	13,643	274,886
Office expenses	37,290	3,902	2,566	1,117	44,875	201,958	70,950	317,783
Other expenses	1,300	-	-	-	1,300	3,611	54	4,965
Professional fees	45,715	-	-	-	45,715	78,292	17,430	141,437
Student expenses	-	-	-	21,779	21,779	-	-	21,779
Supplies	87,901	5,544	4,225	2,358	100,028	-	-	100,028
Temporary personnel	170,850	-	-	-	170,850	-	-	170,850
Transportation	94,808	-	-	-	94,808	-	-	94,808
Trash removal	18,423	246	3,439	-	22,108	1,228	1,228	24,564
Travel	1,587	-	-	-	1,587	-	511	2,098
<b>Total expenses</b>	<b>\$ 23,432,034</b>	<b>\$ 147,203</b>	<b>\$ 233,150</b>	<b>\$ 85,963</b>	<b>\$ 23,898,350</b>	<b>\$ 1,126,948</b>	<b>\$ 1,640,431</b>	<b>\$ 26,665,729</b>



**RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION**  
**STATEMENTS OF CASH FLOWS**  
**Years Ended June 30, 2022 and 2021**



	<u>2022</u>	<u>2021</u>
Cash Flows from Operating Activities:		
Cash received from:		
Contributions	\$ 12,564,358	\$ 15,806,423
Grants and contracts	728,167	1,352,352
Cooperative buying program	204,056	26,080
Shared maintenance	-	1,789
Interest and dividends	191,170	84,808
Special events	218,725	-
Other income	196,628	203,840
<b>Total receipts</b>	<b><u>14,103,104</u></b>	<b><u>17,475,292</u></b>
Cash paid for:		
Salaries and related expenses	(4,897,083)	(4,423,629)
Food expenditures	(6,301,646)	(4,254,144)
Occupancy expenses	(309,642)	(274,886)
Assistance to others	(975,555)	(718,088)
Direct mail	(487,001)	(425,540)
Professional fees	(236,589)	(141,437)
Special events expenses	(45,843)	(9,422)
Other expense	(1,229,709)	(1,164,953)
<b>Total expenditures</b>	<b><u>(14,483,068)</u></b>	<b><u>(11,412,099)</u></b>
<b>Net cash provided (used) by operating activities</b>	<b><u>(379,964)</u></b>	<b><u>6,063,193</u></b>
Cash Flows from Investing Activities:		
Purchase of property and equipment	(303,399)	(314,602)
Proceeds from sale of investments	4,404,649	3,437,940
Purchase of investments	(9,562,504)	(4,524,686)
<b>Net cash used by investing activities</b>	<b><u>(5,461,254)</u></b>	<b><u>(1,401,348)</u></b>
Cash Flows from Financing Activities:		
Contributions restricted to capital expenditures	300,000	244,790
<b>Net cash provided by financing activities</b>	<b><u>300,000</u></b>	<b><u>244,790</u></b>
<b>Net Increase (Decrease) in Cash, Cash Equivalents and Restricted Cash</b>	<b>(5,541,218)</b>	<b>4,906,635</b>
<b>Cash, Cash Equivalents and Restricted Cash, beginning of year</b>	<b><u>12,102,899</u></b>	<b><u>7,196,264</u></b>
<b>Cash, Cash Equivalents and Restricted Cash, end of year</b>	<b><u>\$ 6,561,681</u></b>	<b><u>\$ 12,102,899</u></b>
<b>Reconciliation to Statements of Financial Position:</b>		
Cash and cash equivalents	\$ 6,421,463	\$ 11,865,059
Cash, restricted by donor for property and equipment, net	140,218	237,840
<b>Cash, Cash Equivalents and Restricted Cash, end of year</b>	<b><u>\$ 6,561,681</u></b>	<b><u>\$ 12,102,899</u></b>

See note 15 for supplemental cash flow information.

**RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended June 30, 2022 and 2021**

**1. Nature of Operations**

The Rhode Island Community Food Bank Association (the Food Bank) is a non-profit entity organized under the general laws of the State of Rhode Island. The Food Bank's mission is to improve the quality of life for all Rhode Islanders by advancing solutions to the problem of hunger. The Food Bank is a member of Feeding America, a national network of food banks and food rescue organizations. The Food Bank acquires and distributes donated and purchased food to member agencies; primarily food pantries, soup kitchens, and shelters. These agencies provide food to individuals in need of food assistance.

**2. Summary of Significant Accounting Policies**

This summary of significant accounting policies of the Food Bank is presented to assist the reader in understanding the Food Bank's financial statements. The financial statements and notes are representations of the Food Bank's management, who is responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States of America and have been consistently applied in the preparation of the financial statements.

***Accounting Pronouncement Adopted***

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which requires nonprofit entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets a nonprofit entity received. The adoption of ASU 2020-07 did not have a significant effect on the Food Bank's financial statements, with the exception of increased disclosure.

**RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended June 30, 2022 and 2021**

***Basis of Presentation***

The Food Bank prepares its financial statements on the accrual basis of accounting and, in accordance with authoritative guidance, reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions.

***Net Assets Without Donor Restrictions***

Net assets without donor restrictions are available for use at the discretion of the Board of Directors (the Board) and/or management for general operating purposes. The Board has designated certain net assets as a contingency reserve, which consists of funds set aside to protect the programs of the Food Bank in the event of economic downturn, unforeseen expenditures, or catastrophic events which might prevent or inhibit the Food Bank from accomplishing its mission.

***Net Assets With Donor Restrictions***

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed time and/or purpose restrictions. Donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction is satisfied, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the accompanying statements of activities.

***Cash and Cash Equivalents***

The Food Bank considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

***Accounts and Grants Receivable***

The Food Bank carries its accounts and grants receivable at net realizable value. On a periodic basis, the Food Bank evaluates its accounts and grants receivable and establishes an allowance for doubtful accounts, based on a history of past bad debt expense and collections and current credit conditions.

The Food Bank does not accrue interest on accounts and grants receivable. A receivable is considered past due if payment has not been received within stated terms. The Food Bank will then exhaust all methods in-house to collect the receivable. Once all practical resources to collect the receivable have been utilized without success, the receivable is deemed uncollectible and charged against the allowance for doubtful accounts. As of June 30, 2022 and 2021, the Food Bank had no allowance for doubtful accounts.

**RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended June 30, 2022 and 2021**

***Food Inventory***

Approximately one quarter of the food distributed by the Food Bank is donated. Donated food is recorded as contribution revenue at fair value using per-pound values established by Feeding America, the national food bank network. The Food Bank values inventory using an average cost for each category of donated inventory, as opposed to one average for all categories combined.

Food inventory includes restricted inventory for the Commodity Supplemental Food Program (CSFP) and The Emergency Food Assistance Program (TEFAP). The Food Bank values CSFP and TEFAP food based on the value per unit provided by the United States Department of Agriculture.

The Food Bank supplements its donated food supply by purchasing nutritious food items not normally donated to the Food Bank. Purchases made using the Food Bank's unrestricted funds are distributed free of charge. Non-food items such as health and beauty and household supplies are sold at the Food Bank's cost. Purchases made using restricted grant funds are distributed to member agencies in the normal course of business.

Purchased food inventory on hand at year-end is recorded in the accompanying statements of financial position at the lower of cost or net realizable value. Cost is determined using the first-in, first-out method.

***Property and Equipment***

All expenditures for property and equipment in excess of \$3,000 are capitalized at cost; except for donated property and equipment which is capitalized at its fair value in excess of \$5,000 at the date of the donation. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets, ranging from 3 to 40 years.

***Investments and Fair Value Measurements***

The Food Bank reports its investments at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market. Valuation techniques that are consistent with the market, income, or cost approach, as specified by authoritative guidance, are used to measure fair value.

**RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended June 30, 2022 and 2021**

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities the Food Bank has the ability to access.

Level 2 inputs (other than quoted prices included within level 1) are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable for the asset or liability and rely on management's own assumptions about the assumptions that market participants would use in pricing the asset or liability. The unobservable inputs are developed based on the best information available in the circumstances and may include the Food Bank's data.

The Food Bank reports its investments at fair value on a recurring basis. These investments are classified as level 1 within the fair value hierarchy.

Level 1 investments owned by the Food Bank and listed on a National Securities Exchange are valued at the last recorded sales price as of the financial statement reporting date or, in the absence of recorded sales, at the last quoted bid price reported as of the financial statement reporting date.

Realized and unrealized gains and losses are included in investment return in the statements of activities. Gains and losses on investments are reported as changes in net assets without donor restrictions unless gains and losses on investments are restricted by a donor's explicit stipulation or by a law that extends a donor's restriction.

Interest and dividends on investments are reported as part of investment return. Dividends are recorded on the ex-dividend date and interest is recorded on the accrual basis of accounting. Purchases and sales of securities are recorded on the trade date. In determining the gains (losses) realized on the sales of securities, the cost of securities sold is determined on a specific identification basis.

**RHODE ISLAND COMMUNITY FOOD BANK ASSOCIATION**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**Years Ended June 30, 2022 and 2021**

***Support and Revenue Recognition***

***Contributions*** - The Food Bank records contribution revenue in the fiscal year in which the contribution is made or unconditionally promised. Contributions of food are recorded at fair value on the date of donation. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Contributions are recorded either as without donor restrictions or with donor restrictions depending on the existence and/or nature of any donor-imposed restrictions. If the contribution is made in assets other than cash, the amount of the contribution is measured at the fair value of the asset contributed at the date the contribution or unconditional promise to give is made by the donor.

Gifts of long-lived assets such as land, buildings, or equipment are reported as without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as with donor restrictions.

***Grant and Contract Revenue*** – Grant and contract revenue is recognized at the point in time program expenditures are incurred or services are provided within program guidelines.

***Cooperative Buying Program*** – Revenue consists of sales to member agencies, at the cost of non-food purchases, which is recognized when products are delivered to member agencies.

***Special Events*** – The Food Bank recognizes special event revenue when services have been rendered and/or contractual obligations have been met.

***Donated Stock*** – Contributions of donated stock are recorded at their fair value on the date received. The Food Bank sells donated stock immediately after it is received, any difference between the fair value on the date of receipt and the date of sale is recorded as net gain or loss on investment in the accompanying statements of activities.

***Contributed Non-financial Assets*** – Contributions of donated non-cash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance non-financial assets or that require specialized skills and are provided by individuals possessing those skills, and that would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

***Income Taxes***

The Food Bank is exempt from income taxes as a public charity under Section 501(c)(3) of the Internal Revenue Code. Management believes that the Food Bank operates in a manner consistent with its tax-exempt status at both the state and federal level.

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The Food Bank annually files IRS Form 990 - *Return of Organization Exempt From Income Tax*, reporting various information that the IRS uses to monitor the activities of tax-exempt entities. These tax returns are subject to review by the taxing authorities generally for a period of three years after they were filed. The Food Bank currently has no tax examinations in progress.

***Advertising Costs***

Advertising costs are expensed as incurred.

***Allocation of Expenses***

The Food Bank's operating costs have been allocated between program services, management and general, and fundraising and development expenses based on direct identification when possible, and allocation if an expenditure benefits more than one program or function. Personnel and related costs are allocated based on time and effort. Occupancy costs are allocated based on square footage of the building. All other indirect expenses are allocated by personnel.

Fundraising and development reported on the accompanying statements of activities consists of fundraising expenses.

***Estimates and Assumptions***

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. Accordingly, actual results could differ from those estimates.

***Recent Accounting Pronouncement***

The following is a summary of a recent authoritative pronouncement that could impact the accounting, reporting, and/or disclosure of financial information by the Food Bank. The Food Bank is currently in the process of evaluating the impact of adoption on the financial statements.

In February 2016, the FASB issued ASU 2016-02, *Leases*, which was later delayed to be effective for annual periods beginning after December 15, 2021. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This standard will be effective for the Food Bank's year ending June 30, 2023.

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***Reclassifications***

Certain 2021 balances were reclassified to conform to the 2022 financial statement presentation.

***Subsequent Events***

Management has evaluated subsequent events through October 31, 2022, which is the date these financial statements were available to be issued.

**3. Program Service Accomplishments (Unaudited)**

During the year ended June 30, 2022, food insecurity across the state remained high. At the beginning of the year, the Food Bank experienced a decrease in the number of people seeking assistance as pandemic-era federal supports such as pandemic EBT, child tax credits and additional SNAP dollars were made available to eligible families. The rising cost of food and inflation has made it harder for low-income families to afford adequate food and since January 2022, the Food Bank has seen a steady increase in the demand for food assistance. On average, the Food Bank's agencies served 59,000 people each month during the first six months of 2022. This is 7,000 more people than we served on average per month during the first six months of 2019 before the COVID 19 pandemic.

During the year ended June 30, 2022, the Food Bank worked towards the goals and objectives of its strategic plan. The Food Bank broadened the selection of food at our pantries to include culturally relevant food products that families of all backgrounds can use to make meals. The Food Bank is now regularly distributing products such as avocados, papaya, limes, masa corn flour, taro, sofrito (tomato cooking base), beans, spices, yellow rice, bok choy, collard greens, etc. During the year ended June 30, 2022, the Food Bank distributed nearly 1.5 million pounds of culturally-relevant food products. As part of this work, the Food Bank increased its distribution of fresh food items, including meat, dairy and produce. During the year ended June 30, 2022, the Food Bank distributed more than 4,780,000 pounds of fresh food; 2,740,000 pounds was fresh produce.

Through the Innovation Fund, the Food Bank expanded its work with immigrant and refugee populations, piloting projects that included collaborating with the RI Commercial Fisheries Center to purchase fish directly from fisherman and distribute it to seven community organizations that serve this population. During the year ended June 30, 2022, the Food Bank invested \$30,000 to secure 25,664 pounds of fish. The Food Bank invested more than \$73,000 to distribute 668 boxes and 324 bags (totaling 21,079 pounds) of Halal-approved frozen meats and fresh food items (milk, eggs, bread, fruits, and vegetables) to new Afghan refugee families.

In support of its work, the Food Bank continued to receive many generous donations of funds from individuals, corporations, foundations, and Feeding America. These funds enabled the Food Bank to increase the food acquisition budget and implement other goals set forth in the strategic plan.



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***Program Accomplishments***

*Food Distribution* - The Food Bank distributed approximately 15,000,000 pounds of food to its member agencies during the year ended June 30, 2022. This includes donated food from the food industry and community food drives; perishable food rescue; fresh produce donated by growers; USDA nutrition programs; and food purchases.

The Food Bank purchased approximately 5,000,000 pounds of food during the year ended June 30, 2022. The Food Bank's food acquisition costs for nearly all categories of food are more expensive than last year, from meats (ground beef is \$1.29 more per pound) to canned fruit (\$0.54 more) to canned vegetables (\$0.23 more). The average acquisition cost per pound was \$1.03 during the year ended June 30, 2022 as compared to \$0.77 during the year ended June 30, 2021.

The Food Bank is committed to acquiring and distributing core, healthy foods that individuals and families can use to make meals, such as fresh, frozen, and canned fruits and vegetables, dairy, grains, and protein. This year, 92% of all distributed food was core, healthy food.

*Kids Café* - Kids Cafe serves wholesome evening meals to children at risk of hunger, supplementing school nutrition programs. During the year ended June 30, 2022, the Food Bank operated three Kids Cafe sites, serving an average of 200 children a day. Sites were located at the East Providence Boys & Girls Club, the Pawtucket YMCA and the Segue Institute for Learning in Central Falls, RI. Over 28,000 meals were provided to the three sites. Kids Cafe meals were prepared by Food Bank chefs and Healthy Habits staff.

*Healthy Habits: Eating Well on a Budget* - Healthy Habits is a nutrition education program for clients of member agencies. The Food Bank offers four to six week series of classes and one-time workshops featuring cooking demonstrations and practical advice on how to shop, cook, and eat with good health in mind, even on a limited budget. The Food Bank's nutrition educators conducted in-person and on-line classes that allowed individuals, families, children and seniors to learn about healthy eating. During the year ended June 30, 2022, 140 people participated in ten, four to six week series classes; 833 participated in one-time workshops; and 6,275 viewed Healthy Habits recipe demonstrations and nutrition information videos.

Healthy Habits also provided nutrition education kits to children participating in Kids Cafe programs. Six different kits were sent to each Kids Cafe site throughout the year ended June 30, 2022. Kits included fresh fruits and vegetables, such as carrots, kiwis, mangos, snap peas, Asian pears and beets; nutrition handouts about each of the produce items, and simple recipes that kids can create to encourage them to try the fresh fruits/vegetables.

*Meals4Kids Box Program* - Meals4Kids boxes are a safe, quick and efficient way to get food to at risk children. Each box contained five breakfasts, lunches, and snacks and acted as a communication tool to provide parents with information about important programs for low-income families. During the year ended June 30, 2022, the Food Bank distributed over 41,484 Meals4Kids boxes.

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*To-Go Bags for Homeless Populations* – Based on feedback from the Food Bank’s member agencies, the Food Bank developed Grab-and-Go string backpacks that include shelf-stable, calorie-dense meals and snacks for distribution to homeless populations seeking assistance at food pantries or meal sites. The foods included do not require cooking or refrigeration. Each bag contains seven light meals and sixteen snacks, in addition to water and milk. During the year ended June 30, 2022, the Food Bank distributed 877 to-go bags.

*Commodity Supplemental Food Program* - The Commodity Supplemental Food Program is a federal program that provides a box of USDA commodities to low-income seniors each month. During the year ended June 30, 2022, the Food Bank increased its caseload to 2,240 seniors. Boxes were distributed by the Food Bank at food pantries and senior housing facilities. Information on cooking and nutrition was included in the boxes.

*School-Based Programs* - The Food Bank supports school-based programs located throughout the state, serving 8,582 young people and their families during the year ended June 30, 2022. These programs distributed approximately 212,000 pounds of healthy, nutritious food and snacks.

*Volunteers* - The Food Bank re-opened the facility to corporate volunteers in October of 2021. During the year ended June 30, 2022, 430 corporate volunteers have provided 1,147 hours, helping pack Meals4Kids boxes, Commodity Supplemental Food Program boxes for seniors, and To-Go Bags string backpacks for homeless populations.

**4. Liquidity and Availability**

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprised of the following at June 30, 2022 and 2021:

	2022	2021
Current financial assets:		
Cash and cash equivalents	\$ 6,421,463	\$ 11,865,059
Accounts and grants receivable	699,886	677,651
Current financial assets, end of year	7,121,349	12,542,710
Less: financial assets unavailable for general expenditure:		
Subject to board designated for contingency reserve	-	5,000,000
Subject to expenditure for specific purpose	168,649	285,276
Subject to expenditure based on time	152,500	47,500
Financial assets available to meet cash needs for general expenditures within one year	\$ 6,800,200	\$ 7,209,934

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As part of the Food Bank’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage unanticipated liquidity needs, the Food Bank has a line of credit with a local bank for \$1,000,000 (Note 7). As part of its liquidity plan, excess cash is invested in money market accounts, which are included in cash and cash equivalents on the accompanying statements of financial position. In addition, the Board, at its discretion, could expend the board designated funds for long-term investments of \$6,050,624 and the board designated funds for contingency reserve of \$4,381,486 in the event of an emergency.

**5. Investments**

Investments are presented in the financial statements at their aggregate fair value and consisted of the following level 1 investments:

	2022	2021
Money market funds	\$ 455,140	\$ 20,038
Corporate bonds	124,768	159,780
Equity securities:		
Consumer	119,503	104,619
Consumer staples	107,845	59,233
Energy	106,805	37,887
Financial	175,243	127,331
Healthcare	276,111	139,781
Industrial	153,663	104,763
Information technology	360,795	351,474
Materials	34,647	29,368
Real estate	38,042	23,323
Telecommunications	156,039	128,496
Utilities	58,577	18,978
Total equity securities	1,587,270	1,125,253
Mutual funds:		
Domestic fixed income	2,761,136	2,346,459
International fixed income	299,900	213,674
Domestic equity	3,438,850	2,209,543
International equity	1,765,046	1,042,357
Other	-	69,256
Total mutual funds	8,264,932	5,881,289
Total investments	\$ 10,432,110	\$ 7,186,360

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The composition of investment return on all investments is as follows:

	2022	2021
Interest and dividend income	\$ 233,333	\$ 111,979
Net gain (loss) on investments	(1,912,105)	1,140,787
Fees	(42,163)	(27,171)
Investment return, net	\$ (1,720,935)	\$ 1,225,595

**6. Property and Equipment**

Property and equipment consisted of the following:

	2022	2021
Land	\$ 308,000	\$ 308,000
Building	2,492,000	2,492,000
Building improvements	5,595,054	5,567,859
Motor vehicles	831,083	704,738
Equipment	1,265,041	1,237,821
Furniture and fixtures	387,209	328,121
	10,878,387	10,638,539
Less: accumulated depreciation	(5,137,714)	(4,777,340)
Property and equipment, net	\$ 5,740,673	\$ 5,861,199

During the year ended June 30, 2022, the Food Bank disposed of property and equipment with a net book value of \$6,133, for no proceeds, resulting in a loss which is included in other income, net on the accompanying statements of activities.

During the year ended June 30, 2021, the Food Bank disposed of property and equipment with a net book value of \$22,198, for no proceeds, resulting in a loss which is included in other income, net on the accompanying statements of activities

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**7. Line of Credit**

The Food Bank has a revolving line of credit with a local bank providing for maximum borrowings up to \$1,000,000. The line of credit was amended on December 6, 2021. The line of credit is due on demand with interest payable at the Simple SOFR rate (1.5% at June 30, 2022) plus 1.5375%. Prior to the amendment, interest was payable at the LIBOR rate (0.10% at June 30, 2021) plus 1.50%. The line is secured by the investment portfolio balance. No amount was outstanding under the line of credit at June 30, 2022 and 2021.

In addition, the line-of-credit agreement contains various covenants and restrictions. At June 30, 2022, management believes the Food Bank was in compliance with the covenants.

**8. Net Assets With Donor Restrictions**

A summary of net assets with donor restrictions is as follows:

	2022	2021
Net Assets With Donor Restrictions:		
Food inventory	\$ 822,125	\$ 1,158,325
Restricted due to time	152,500	47,500
Capital improvements	140,218	237,840
Healthy Kid Boxes	59,423	203,160
Food Acquisition	56,000	6,000
SNAP Outreach	30,000	-
Other miscellaneous	18,225	2,500
Healthy Habits	5,000	43,616
Kids Café	-	30,000
	-	30,000
Total net assets with donor restrictions	\$ 1,283,491	\$ 1,728,941

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**9. Contributed Assets**

***Contributed Non-financial Assets***

The Food Bank actively solicits and receives support from the community and local businesses in the form of contributed goods and services related to its efforts in responding to local needs, fundraising and administrative functions.

Note 15 discusses noncash transactions of donated food inventory. Donated food inventory received by the Food Bank is recorded as contribution revenue with a corresponding increase to food inventory.

The fair value of other contributed non-financial assets was recorded in the accompanying statements of activities as follows:

	2022	2021
Vehicles	\$ 100,980	\$ 106,505
Donated property and equipment	-	4,495
Contributed non-financial assets	\$ 100,980	\$ 111,000

Contributed non-financial assets include donations of vehicles which are immediately sold. The proceeds received from the sale are considered the fair value of the vehicle. The proceeds from these sales are used to support the general operations of the Food Bank's food distribution program.

In addition, a substantial number of volunteers have made significant contributions of their time to assist in providing quality program services to the Food Bank; such contributed services consisted primarily of food sorting and salvage operations. These services are not reported as support and expenses in the statement of activities since such services either do not require specialized skills or would not typically be purchased if not provided by donation.

***Donated Stock***

The Food Bank received donated stock valued at \$281,473 and \$289,244 for the years ended June 30, 2022 and 2021, respectively.

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**10. Retirement Plans**

The Food Bank provides a 401(k) plan and a 403(b) employee contribution plan. Under the 401(k) plan, employees become eligible upon employment, with the employer match beginning the first quarter after the employee completes three months of service. There is also a discretionary employer contribution determined by the Board for all employees with at least three months of service and at least 1,000 hours of service during the year of eligibility. Retirement plan expense relating to the 401(k) plan for the years ended June 30, 2022 and 2021 was approximately \$114,700 and \$79,100, respectively. The 403(b) plan is entirely funded by employee contributions.

**11. Commitments and Contingencies**

Operating Leases

The Food Bank leases various office equipment under operating leases with monthly payments ranging from \$288 to \$450, expiring through February 2023.

For the years ended June 30, 2022 and 2021, lease expense was approximately \$11,700 and \$12,600, respectively. Lease expense for the year ending June 30, 2023 is expected to be approximately \$4,800.

**12. Rental Income**

In August 2019, the Food Bank entered into an operating lease agreement with an unrelated third party to lease certain long-term parking spaces. The agreement expires in July 2024, with two options to extend an additional six years each. The agreement provides for monthly rental income payments of \$15,000. For the years ended June 30, 2022 and 2021, the Food Bank received \$180,000 in rental income, which is included in other income, net on the accompanying statements of activities.

The approximate minimum future rental income under this lease agreement is as follows:

<u>Year Ending</u>	
June 30, 2023	\$ 180,000
June 30, 2024	180,000
June 30, 2025	<u>15,000</u>
Total	<u>\$ 375,000</u>

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**13. Membership Dues**

The Food Bank is a member of Feeding America, the nation's largest domestic hunger relief organization. As a member, the Food Bank is required to distribute all of the food donations received during the fiscal year to other tax-exempt organizations. Membership dues charged by Feeding America consist of two components: the first component is a flat rate charged to all member food banks; the second component is an incremental fee calculated using the Food Bank's goal factor. The goal factor is determined by comparing the poverty population rate in the member Food Bank's service area to the total poverty rate in the United States. For the year ended June 30, 2022, the Food Bank paid approximately \$9,900 in membership dues. During the year ended June 30, 2021, Feeding America waived all membership dues.

**14. Concentrations of Risk**

Financial instruments that potentially subject the Food Bank to concentrations of credit risk consist principally of cash and cash equivalents, accounts and grants receivable and investments.

The Food Bank maintains its cash balances in four financial institutions. The balance at each institution is insured by the Federal Deposit Insurance Corporation up to \$250,000. From time to time, the Food Bank's cash balances may exceed this limit. Cash balances in excess of \$250,000 are generally uninsured.

At June 30, 2022, 66% of the accounts and grants receivable balance was due from four donors. At June 30, 2021, 71% of the accounts and grants receivable balance was due from two donors. At year end, management believes the credit risk associated with its accounts receivable is minimal and that no allowance is deemed necessary.

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 possible that changes in values of investment securities could occur in the near term and that such changes could materially affect investment balances and activity included in the financial statements.

**15. Supplemental Disclosure of Cash Flow Information**

During the years ended June 30, 2022 and 2021, the Food Bank received approximately \$11,766,000 and \$15,517,000, respectively, of donated food. Donated food distributions for the years ended June 30, 2022 and 2021 totaled approximately \$12,102,000 and \$15,153,000, respectively.