



Greater Cleveland Food Bank

Financial Statements

Years Ended September 30, 2021 and 2020

Greater Cleveland Food Bank

Financial Statements
Years Ended September 30, 2021 and 2020

Greater Cleveland Food Bank

Contents

Independent Auditor's Report	3-5
Financial Statements	
Statements of Financial Position	7-8
Statements of Activities	9-12
Statements of Functional Expenses	13-14
Statements of Cash Flows	15-16
Notes to Financial Statements	17-38



Tel: 216-325-1700
Fax: 216-325-1701
www.bdo.com

1300 East Ninth Street, Suite 1301
Cleveland, OH 44114

Independent Auditor's Report

Board of Directors
Greater Cleveland Food Bank
Cleveland, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Greater Cleveland Food Bank (the Organization), which comprise the statements of financial position as of September 30, 2021 and 2020, 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 accompanying financial statements present fairly, in all material respects, the financial position of Greater Cleveland Food Bank as of September 30, 2021 and 2020, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

Auditor's 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 auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

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

BDO USA, LLP

Cleveland, Ohio
June 15, 2022

Financial Statements

Greater Cleveland Food Bank

Statements of Financial Position

September 30,	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 21,099,875	\$ 14,718,037
Cash and cash equivalents - capital campaign	8,191,585	2,212,016
Cash and cash equivalents - restricted for special purpose	7,500,000	-
Custodial cash	169,733	176,137
Investments, at fair value	8,123,985	6,862,009
Accounts receivable		
Agency receivables, net	280,779	390,017
Government administrative fees/reimbursements	1,581,365	1,957,968
Operating pledges - current portion, net	30,550	573,160
Other receivables	172,333	34,276
	2,065,027	2,955,421
Inventory		
Contributed (1,310,440 and 976,706 pounds, respectively)	2,345,688	1,699,468
Purchased Food Program (749,463 and 1,643,533 pounds, respectively)	733,726	1,275,484
U.S. Department of Agriculture (2,379,137 and 1,285,259 pounds, respectively)	4,044,563	1,915,066
Ohio Food Purchase Program (407,244 and 338,263 pounds, respectively)	692,315	504,012
Greater Cleveland Food Bank Kitchen Purchased Food (178,521 and 143,738 pounds, respectively)	480,326	358,263
	8,296,618	5,752,293
Prepaid expenses and other deposits	388,528	879,229
Total Current Assets	55,835,351	33,555,142
Property and Equipment, Net	19,101,081	8,887,177
Pledges Receivable for Capital Campaign, net	8,081,803	-
Noncurrent Assets		
Investments - endowment, including board designated	16,259,234	2,233,238
Operating pledges - non-current	-	-
Software, net	82,763	83,527
Deposits	-	1,816
Total Assets	\$ 99,360,232	\$ 44,760,900

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Statements of Financial Position

September 30,	2021	2020
Liabilities		
Current Liabilities		
Accounts payable	\$ 4,379,609	\$ 1,451,513
Accrued expenses	1,578,664	1,618,341
Paycheck Protection Plan (PPP) loan - current portion	-	751,973
Custodial liabilities	169,733	176,137
Harvest for Hunger credits	1,873,991	1,616,554
Agency grant commitments	531,061	662,582
Deferred revenue	97,612	-
Total Current Liabilities	8,630,670	6,277,100
PPP loan - long term portion	-	916,127
Total Liabilities	8,630,670	7,193,227
Net Assets		
Without Donor Restrictions		
Available for Operations	36,660,945	20,979,444
Net investment in property, equipment and software	19,183,844	8,970,704
Total undesignated net assets	55,844,789	29,950,148
Board designated for endowment	16,136,619	2,113,485
Total without donor restrictions	71,981,408	32,063,633
With Donor Restrictions		
Time restricted pledges	472,863	765,234
Disaster grants	-	2,325,926
Capital campaign	18,131,281	2,212,016
Other	21,395	81,111
Endowment	122,615	119,753
Total with donor restrictions	18,748,154	5,504,040
Total Net Assets	90,729,562	37,567,673
Total Liabilities and Net Assets	\$ 99,360,232	\$ 44,760,900

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Statement of Activities

<i>For the Year Ended September 30, 2021</i>	Without Donor Restrictions	Board Designated Endowment	Total Without Donor Restrictions	With Donor Restrictions	2021 Total
Food Programs Revenue					
Value of food received					
Value of food donated (19,432,879 and 14,857,353 pounds, respectively)	\$ 34,784,853	\$ -	\$ 34,784,853	\$ -	\$ 34,784,853
Value of USDA and OFPP food received (26,136,352 and 26,639,406 pounds, respectively)	44,431,798	-	44,431,798	-	44,431,798
	79,216,651	-	79,216,651	-	79,216,651
Food distribution revenue					
Purchased Food Program (8,798,491 and 7,372,636 pounds, respectively)	3,164,569	-	3,164,569	-	3,164,569
	82,381,220	-	82,381,220	-	82,381,220
Operating Revenue					
Greater Cleveland Food Bank Kitchen fees	3,570,408	-	3,570,408	-	3,570,408
Member agency handling fees	880,764	-	880,764	-	880,764
Federal, state, county government reimbursement and administrative fees	4,762,379	-	4,762,379	-	4,762,379
Gain on forgiveness of debt	1,668,100	-	1,668,100	-	1,668,100
Contributions and grants	41,244,158	13,610,215	54,854,373	519,740	55,374,113
Capital Campaign	-	-	-	13,219,265	13,219,265
Other	951,093	-	951,093	2,700,000	3,651,093
Net assets released from restrictions	3,195,753	-	3,195,753	(3,195,753)	-
Transfers of board designated funds	107,015	(107,015)	-	-	-
Total	56,379,670	13,503,200	69,882,870	13,243,252	83,126,122
Total Revenue from Food Programs and operations	138,760,890	13,503,200	152,264,090	13,243,252	165,507,342
Food Programs Expense					
Value of food distributed					
Value of donated food distributed, including scrap (19,099,145 and 13,029,467 pounds, respectively)	34,138,634		34,138,634		34,138,634
Value of USDA and OFPP food distributed, including scrap (24,973,493 and 26,641,597 pounds, respectively)	42,113,998		42,113,998		42,113,998
	76,252,632	-	76,252,632	-	76,252,632
Food cost of goods sold					
Purchased Food Program, including scrap (9,692,561 and 6,396,492 pounds, respectively)	8,283,343		8,283,343		8,283,343
Harvest for Hunger food purchases and grants	1,405,068		1,405,068		1,405,068
Total food programs expenses	85,941,043	-	85,941,043	-	85,941,043

Greater Cleveland Food Bank

Statement of Activities

<i>For the Year Ended September 30, 2021</i>	Without Donor Restrictions	Board Designated Endowment	Total Without Donor Restrictions	With Donor Restrictions	2021 Total
Operating Expenses					
Program expenses					
Operations	15,598,043	-	15,598,043	-	15,598,043
Greater Cleveland Food Bank Kitchen	3,487,342	-	3,487,342	-	3,487,342
Community and government programming	1,995,330	-	1,995,330	-	1,995,330
Total program expenses	21,080,715	-	21,080,715	-	21,080,715
Support services					
Fundraising	4,256,124	-	4,256,124	-	4,256,124
Volunteer Service & Product Resource Development	286,546	-	286,546	-	286,546
Administration	2,595,812	-	2,595,812	-	2,595,812
Total support services	7,138,482	-	7,138,482	-	7,138,482
Total operating expenses	28,219,197	-	28,219,197	-	28,219,197
Total Food Programs and Operating Expenses	114,160,240	-	114,160,240	-	114,160,240
Change in Net Assets from Operations	24,600,650	13,503,200	38,103,850	13,243,252	51,347,102
Other Revenue					
Investment return, net	1,293,991	519,934	1,813,925	862	1,814,787
Change in Net Assets	25,894,641	14,023,134	39,917,775	13,244,114	53,161,889
Net Assets, beginning of year	29,950,148	2,113,485	32,063,633	5,504,040	37,567,673
Net Assets, end of year	\$ 55,844,789	\$ 16,136,619	\$ 71,981,408	\$ 18,748,154	\$ 90,729,562

Greater Cleveland Food Bank

Statement of Activities

<i>For the Year Ended September 30, 2020</i>	Without Donor Restrictions	Board Designated Endowment	Total Without Donor Restrictions	With Donor Restrictions	2020 Total
Food Programs Revenue					
Value of food received					
Value of food donated (14,857,353 and 22,032,603 pounds, respectively)	\$ 25,851,794	\$ -	\$ 25,851,794	\$ -	\$ 25,851,794
Value of USDA and OFPP food received (26,639,406 and 22,285,344 pounds, respectively)	39,692,715	-	39,692,715	-	39,692,715
	65,544,509	-	65,544,509	-	65,544,509
Food distribution revenue					
Purchased Food Program (7,372,636 and 3,711,349 pounds, respectively)	3,699,446	-	3,699,446	-	3,699,446
	69,243,955	-	69,243,955	-	69,243,955
Operating Revenue					
Greater Cleveland Food Bank Kitchen fees	3,843,296	-	3,843,296	-	3,843,296
Member agency handling fees	1,045,064	-	1,045,064	-	1,045,064
Federal, state, county government reimbursement and administrative fees	5,715,775	-	5,715,775	-	5,715,775
Contributions and grants	25,295,554	1,000	25,296,554	2,759,486	28,056,040
Capital Campaign	-	-	-	2,212,016	2,212,016
Other	124,508	-	124,508	-	124,508
Net assets released from restrictions	559,247	-	559,247	(559,247)	-
Transfers of board designated funds	104,243	(104,243)	-	-	-
Total	36,687,687	(103,243)	36,584,444	4,412,255	40,996,699
Total Revenue from Food Programs and operations	105,931,642	(103,243)	105,828,399	4,412,255	110,240,654
Food Programs Expense					
Value of food distributed					
Value of donated food distributed, including scrap (13,029,467 and 22,062,063 pounds, respectively)	24,979,943	-	24,979,943	-	24,979,943
Value of USDA and OFPP food distributed, including scrap (26,641,597 and 20,839,735 pounds, respectively)	41,066,157	-	41,066,157	-	41,066,157
	66,046,100	-	66,046,100	-	66,046,100
Food cost of goods sold					
Purchased Food Program, including scrap (6,396,492 and 3,793,628 pounds, respectively)	4,432,959	-	4,432,959	-	4,432,959
Harvest for Hunger food purchases and grants	1,400,004	-	1,400,004	-	1,400,004
Total food programs expenses	71,879,063	-	71,879,063	-	71,879,063

Greater Cleveland Food Bank

Statement of Activities

<i>For the Year Ended September 30, 2020</i>	Without Donor Restrictions	Board Designated Endowment	Total Without Donor Restrictions	With Donor Restrictions	2020 Total
Operating Expenses					
Program expenses					
Operations	10,957,971	-	10,957,971	-	10,957,971
Greater Cleveland Food Bank Kitchen	3,882,841	-	3,882,841	-	3,882,841
Community and government programming	1,133,332	-	1,133,332	-	1,133,332
Total program expenses	15,974,144	-	15,974,144	-	15,974,144
Support services					
Fundraising	3,430,147	-	3,430,147	-	3,430,147
Volunteer Service & Product Resource Development	284,608	-	284,608	-	284,608
Administration	2,030,976	-	2,030,976	-	2,030,976
Total support services	5,745,731	-	5,745,731	-	5,745,731
Total operating expenses	21,719,875	-	21,719,875	-	21,719,875
Total Food Programs and Operating Expenses	93,598,938	-	93,598,938	-	93,598,938
Change in Net Assets from Operations	12,332,704	(103,243)	12,229,461	4,412,255	16,641,716
Other Revenue					
Investment return, net	304,894	165,149	470,043	3,451	473,494
Change in Net Assets	12,637,598	61,906	12,699,504	4,415,706	17,115,210
Net Assets, beginning of year	17,312,550	2,051,579	19,364,129	1,088,334	20,452,463
Net Assets, end of year	\$ 29,950,148	\$ 2,113,485	\$ 32,063,633	\$ 5,504,040	\$ 37,567,673

Greater Cleveland Food Bank

Statement of Functional Expenses

	Program Expenses				Supporting Services			2021 Total Expenses
	Operations	Greater Cleveland Food Bank Kitchen	Community and Government Programming	Fundraising	Volunteer Service & Product Resource Development	Administration		
<i>For the Year Ended September 30, 2021</i>								
Food Programs Expense								
Value of food distributed, including scrap								
Value of donated food distributed	\$ 34,138,634	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,138,634
Value of USDA and OFPP food distributed	42,113,998	-	-	-	-	-	-	42,113,998
Food cost of goods sold, including scrap								
Purchased food program	8,283,343	-	-	-	-	-	-	8,283,343
Harvest for Hunger food purchases and grants	1,405,068	-	-	-	-	-	-	1,405,068
Total food programs expense	85,941,043	-	-	-	-	-	-	85,941,043
Operating Expense								
Salaries and wages	4,944,010	446,926	1,414,777	1,700,652	221,638	1,150,175		9,878,178
Employee benefits	1,105,615	167,663	240,399	290,348	32,876	480,358		2,317,259
Total salaries and related expenses	6,049,625	614,589	1,655,176	1,991,000	254,514	1,630,533		12,195,437
Professional services	215,803	-	2,775	658,536	2,000	442,701		1,321,815
Office expense and services	140,716	12,909	52,049	174,328	9,235	390,254		779,491
Food and supplies - Greater Cleveland Food Bank Kitchen	262,106	2,663,066	-	-	-	-		2,925,172
Occupancy costs and warehouse maintenance	1,089,184	29,781	195,104	8,868	-	22,715		1,345,652
Fuel, fleet costs, inbound freight (net)	1,042,777	85,476	13,771	-	-	780		1,142,804
Direct mail fundraising and communications	27,330	-	16,089	1,032,100	362	-		1,075,881
Agency support	5,866,254	-	1,775	-	-	9,968		5,877,997
Miscellaneous	403,890	30,262	58,591	367,014	18,791	18,327		896,875
Total operating expenses before depreciation	15,097,685	3,436,083	1,995,330	4,231,846	284,902	2,515,278		27,561,124
Depreciation and amortization	500,358	51,259	-	24,278	1,644	80,534		658,073
Total operating expenses	15,598,043	3,487,342	1,995,330	4,256,124	286,546	2,595,812		28,219,197
Total Functional Expenses	\$ 101,539,086	\$ 3,487,342	\$ 1,995,330	\$ 4,256,124	\$ 286,546	\$ 2,595,812		\$ 114,160,240

Greater Cleveland Food Bank

Statement of Functional Expenses

	Program Expenses			Supporting Services			2020 Total Expenses
	Operations	Greater Cleveland Food Bank Kitchen	Community and Government Programming	Fundraising	Volunteer Service & Product Resource Development	Administration	
<i>For the Year Ended September 30, 2020</i>							
Food Programs Expense							
Value of food distributed, including scrap							
Value of donated food distributed	\$ 24,979,943	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,979,943
Value of USDA and OFPP food distributed	41,066,157	-	-	-	-	-	41,066,157
Food cost of goods sold, including scrap							
Purchased food program	4,432,959	-	-	-	-	-	4,432,959
Harvest for Hunger food purchases and grants	1,400,004	-	-	-	-	-	1,400,004
Total food programs expense	71,879,063	-	-	-	-	-	71,879,063
Operating Expense							
Salaries and wages	4,769,582	355,794	823,862	1,231,705	206,740	956,423	8,344,106
Employee benefits	1,075,877	156,787	206,165	264,480	38,801	339,288	2,081,398
Total salaries and related expenses	5,845,459	512,581	1,030,027	1,496,185	245,541	1,295,711	10,425,504
Professional services	79,219	-	-	343,354	-	209,598	632,171
Office expense and services	176,029	4,859	18,334	124,068	5,308	357,848	686,446
Food and supplies - Greater Cleveland Food Bank Kitchen	22,302	3,246,408	-	106	1,416	-	3,270,232
Occupancy costs and warehouse maintenance	1,203,557	(44,786)	39,448	12,528	771	27,979	1,239,497
Fuel, fleet costs, inbound freight (net)	815,986	85,476	11,410	22	38	9	912,941
Direct mail fundraising and communications	66,859	364	1,051	803,501	8,084	1,814	881,673
Agency support	2,100,005	989	-	-	-	-	2,100,994
Miscellaneous	248,270	35,943	33,062	630,961	22,135	73,590	1,043,961
Total operating expenses before depreciation	10,557,686	3,841,834	1,133,332	3,410,725	283,293	1,966,549	21,193,419
Depreciation and amortization	400,285	41,007	-	19,422	1,315	64,427	526,456
Total operating expenses	10,957,971	3,882,841	1,133,332	3,430,147	284,608	2,030,976	21,719,875
Total Functional Expenses	\$ 82,837,034	\$ 3,882,841	\$ 1,133,332	\$ 3,430,147	\$ 284,608	\$ 2,030,976	\$ 93,598,938

Greater Cleveland Food Bank

Statements of Cash Flows

Years Ended September 30,	2021	2020
Cash Flows from Operating Activities		
Increase in net assets	\$ 53,161,889	\$ 17,115,210
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	658,073	526,458
Realized and unrealized gain on investments	(1,680,473)	(218,586)
Contributions restricted for capital campaign	(13,219,265)	(2,212,016)
Uncollectible agency receivables and pledge write offs	22,457	2,848
Change in contributed and government inventory	(2,964,020)	501,592
(Increase) decrease in:		
Agency receivables	86,781	(8,353)
Government administration fees/reimbursements	376,603	(679,471)
Operating pledges	542,610	649,185
Other receivables	(138,057)	7,417
Purchased food program inventory	419,695	(1,048,479)
Prepaid expenses and other deposits	492,517	(150,130)
Increase (decrease) in:		
Accounts payable - operating	(128,928)	432,666
Accrued expenses	(39,677)	197,464
Harvest for Hunger credits	257,437	203,394
Agency grant commitments	(131,521)	(221,193)
Deferred revenue	97,612	-
Net Cash and Cash Equivalents Provided by Operating Activities	33,445,633	15,098,006
Cash Flows from Investing Activities		
Purchase of property and equipment	(5,078,621)	(692,437)
Capitalized software costs	(35,568)	(30,538)
Proceeds from sale of investments	107,015	104,243
Purchase of investments	(13,714,514)	(1,609,585)
Net Cash and Cash Equivalents Used in Investing Activities	(18,721,688)	(2,228,317)

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Statements of Cash Flows

Years Ended September 30,	2021	2020
Cash Flows from Financing Activities		
Repayments on lines of credit	\$ -	\$ (300,000)
Proceeds from PPP loan	-	1,668,100
Proceeds from capital campaign	5,137,462	2,212,016
Net Cash and Cash Equivalents Provided by Financing Activities	5,137,462	3,580,116
Net Increase in Cash and Cash Equivalents	19,861,407	16,449,805
Cash and Cash Equivalents, at beginning of year	16,930,053	480,248
Cash and Cash Equivalents, at end of year	\$ 36,791,460	\$ 16,930,053
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 383	\$ 3,352
Supplemental Disclosure of Noncash Activities:		
Donation of land	\$ 2,700,000	\$ -
Property and equipment purchases included in accounts payable	\$ 3,057,024	\$ -

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of organization

The Greater Cleveland Food Bank (the Food Bank or the Organization) is incorporated under the laws of the State of Ohio as a not-for-profit corporation. The function of the Food Bank is to collect, warehouse, and distribute food and grocery products to social service agencies that feed the needy in the Northeast Ohio area. The Food Bank provides food to childcare centers, group homes, and programs for the elderly. The Food Bank uses the state system Ohio Benefit software to help low-income clients apply for the public benefits they are eligible for including Supplemental Nutrition Assistance Program (SNAP). Clients can call the Food Bank's Help Center for assistance or meet with our outreach workers in the community. The Food Bank also connects clients to community partners focused on employment, housing and healthcare. The Food Bank's major sources of revenues are food donations, contributions, foundation grants, fee income and government contracts.

Basis of presentation

The financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The Food Bank records unconditional promises to give (pledges) as receivables and contributions and distinguished for each net asset category in accordance with donor-imposed restrictions. Further, the resources of the Food Bank are classified into net asset categories according to donor-imposed restrictions. A description of these categories are as follows:

Net Assets without Donor Restrictions: Include the net assets that are free of donor-imposed restrictions.

Net Assets Available for Operations are free of donor-imposed restrictions or funds not otherwise designated by the Board of Directors.

Board Designated Funds include Net Assets without Donor Restrictions voluntarily segregated by the Board of Directors for specific purposes.

Net Investment in Property, Equipment and Software relate to property, equipment and software used in general operations.

Net Asset with Donor Restrictions: Include the net assets from grants, contributions or other inflows where the use is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled and removed by actions of the Food Bank. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Net assets with donor restrictions also includes net assets from contributions or other inflows where the donor does not allow original principal to be expended, but the earnings are available for use under a spending policy.

Greater Cleveland Food Bank

Notes to Financial Statements

Cash and cash equivalents

Highly liquid investments with initial maturities of three months or less are considered to be cash equivalents.

Custodial Cash

The Food Bank entered into a Fiscal Agency Agreement effective April 1, 2019 with the City of Cleveland (the City), a political subdivision described in Internal Revenue Code Section 70c(1), to serve as the fiscal agent for the Mayor's Food Basket Program. The City operates this program, exclusively for the public benefit, to collect contributions and use those contributions to purchase, assemble, and distribute food baskets to residents of the City of Cleveland in need. The Food Bank is the custodian of the funds and is responsible for the deposit and disbursement of the funds as directed by the City. As of September 30, 2021 and 2020, the undistributed balance of \$169,733 and \$176,137, respectively, were included in the custodial cash with a corresponding liability in the accompanying statement of financial position. Custodial cash is held for the City's programming and is not available for debts or creditors of Greater Cleveland Food Bank.

Investments

Investments are reported at their fair values in the statement of financial position. The components of investment income include interest and dividends, realized gains and losses, unrealized appreciation (depreciation) and is net of investment expense. Such income is reported as other revenue in the statement of activities, outside from the change in net assets from operations, as such income is not available for use in the used operations of the Food Bank, unless appropriated. See Note 4 for discussion of fair value measurements.

Agency receivables

The Food Bank recognizes an allowance for losses on accounts receivable in an amount equal to the estimated probable losses net of recoveries. The allowance is based on an analysis of historical bad debt experience, current receivables again, and expected future write offs, as well as an assessment of specific, identifiable customer accounts considered at risk or uncollectible. Adjustments to the allowance are recorded through charges to bad debt expense in the accompanying statement of activities. The allowance was \$44,579 and \$22,137 at September 30, 2021 and 2020, respectively.

Inventory

Management uses the Feeding America Product Valuation Survey as a basis for the valuation of contributed inventory. The average wholesale value of contributed items was \$1.79 per pound as of September 30, 2021 and \$1.74 per pound as of September 30, 2020. Inventories are distributed on a First-In-First-Out (FIFO) basis.

USDA inventories represent commodities (bulk food products) received under federal government programs for distribution. In accordance with the USDA Food Distribution Policy FD-104 and revised on December 2, 2016, food items are valued at the average wholesale value of food items only and exclude non-food items. In accordance with the Feeding America Product Valuation Survey, the average wholesale value of food only was \$1.70 per pound as of September 30, 2021 and \$1.49 per pound as of September 30, 2020. Inventories are distributed on a FIFO basis.

Greater Cleveland Food Bank

Notes to Financial Statements

Ohio Food Purchase Program inventories represent commodities (bulk food products) received under the state government programs for distribution. Ohio Food inventories are valued at the average wholesale value of food items only and exclude non-food items. In accordance with the Feeding America Product Valuation Survey, the average wholesale value of food only was \$1.70 per pound as of September 30, 2021 and \$1.49 per pound as of September 30, 2020. Items are distributed on a FIFO basis.

Purchased Food Program inventories represent food purchased and are stated at the lower of cost or market on a FIFO basis.

Greater Cleveland Food Bank Kitchen (the Kitchen) inventory represents food purchased for use by the Kitchen for prepared meals for distribution and is stated at the lower of cost or market on a FIFO basis.

Property and Equipment

Property and equipment is recorded at cost at the date of acquisition or fair value at the date of donation. The Food Bank capitalizes all expenditures for property and equipment equal to or greater than \$2,500. Depreciation is computed on a straight-line method over the estimated useful lives of the respective assets, which range from three to forty years. Routine expenditures for repairs and maintenance are expensed as incurred.

The Greater Cleveland Food Bank plans to open a 198,000 square foot facility that will serve as its new main warehouse and distribution center. The agency plans to build its new facility on an 18-acre piece of land on Coit Road on the edges of the Collinwood and Glenville neighborhoods. During the year ending September 30, 2021, land was donated to the Greater Cleveland Food Bank which will be used to construct a new building. The value of the land was estimated at \$2,700,000 and is included as other revenue within total revenue from food programs and operations in the financial statements. Contributed land was valued using like-kind methodology for similar size lots in the Cleveland region. There was no donated property and equipment for year ended September 30, 2020. Once the new distribution center opens during 2022, the current location will be renovated and turned into a client-serving location for the Greater Cleveland Food Bank, as well as other partner agencies. The majority of the funding for the new building will come from donations, as well as equity from new market tax credits. The expected completion date is summer of 2022. As of September 30, 2021, construction costs have been incurred of \$7,948,090. These construction in progress costs are included with net property and equipment costs. Capital donations in the amount of \$13,219,265 and \$2,212,016 have been committed for the years ending September 30, 2021 and 2020 respectively. These are included as restricted capital campaign donations in the statement of activities.

Harvest for Hunger credits

Harvest for Hunger credits represent money set aside from the funds raised during the annual Harvest for Hunger campaign to apply as grants to member agencies based on their annual service statistics, to purchase product made available to agencies at reduced prices, and to purchase produce at no charge for the agencies. Agencies can apply any of their Food Bank purchases to the grants. The related expense is shown as Harvest for Hunger food purchases and grants on the statements of activities.

Greater Cleveland Food Bank

Notes to Financial Statements

Revenue Recognition

On October 1, 2020, the Food Bank adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASC) 606, Revenue from Contracts with Customers (Topic 606), applying the modified retrospective adoption method. The impact to revenue for the year ended September 30, 2021 was immaterial as a result of adopting Topic 606.

Revenue streams that meet the definition of an exchange transaction and fall within the scope of Topic 606 are: purchased food, delivery income, and certain kitchen fees.

Food program revenue

The Food Bank recognizes revenue on contributed food and products at the time the contribution is received, at a value based on Feeding America's Product Valuation Survey as discussed above. The related cost is recognized at the time the products are distributed to agencies and clients in the community, also based on these values. Contributed food from the general public was recorded as revenue at \$1.79 per pound, while food contributed from USDA and Ohio food was recorded as revenue at \$1.70 per pound as of September 30, 2021. Contributed food was recorded as revenue at \$1.74 per pound, while USDA and Ohio food was recorded as revenue at \$1.49 per pound as of September 30, 2020 as discussed above. The difference between the revenue and cost recognized is reflective of the change in contributed inventory and is incorporated in the change in net assets.

Purchased Food

The Food Bank sells food to various agency partners at the cost of the product plus a small mark-up that typically ranges from \$0.09/lb - \$0.14/lb. Purchased food income has one performance obligation that is the distribution of the purchased food. The transaction price for the purchased food income is the price that the Food Bank has established for the food (cost plus a set mark-up). There is no variable consideration. All invoices are to be paid in full 30 days after invoice date. Revenue is recognized at the point in time when the purchased food is distributed to the agency partners.

Contribution revenue

The Food Bank recognizes contributions and donor's unconditional promises to give as revenue in the period the promises are made. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions support. However, if a restriction is fulfilled in the same period in which the contribution is received, the Food Bank reports the support as net assets without donor restrictions. 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 met.

Pass-through funds received from the Harvest for Hunger campaign and other Cause Related Marketing activities are treated as a reduction in contributions and grants. As of September 30, 2021 and 2020 the amount of such pass-through funds amounted to \$344,247 and \$259,772, respectively.

A portion of the Food Bank's program and grants revenue is derived from cost-reimbursable federal grants, which are conditional upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts are recognized as revenue when the Food Bank has incurred

Greater Cleveland Food Bank

Notes to Financial Statements

expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. There were no amounts received prior to incurring qualifying expenses as of September 30, 2021 or 2020.

In-kind donations are recorded as contributions at the estimated fair value on the date received. During the years ended September 30, 2021 and 2020, the value of contributed goods and services meeting the requirements for recognition in the financial statements was \$480,108 and \$87,340, respectively. In-kind donations included promotional material and goods and legal services. The value of these contributions is included in fundraising and administration in the statement of activities. Land was donated during the year ended September 30, 2021 which will be used to construct a new facility. The value of this donation was \$2,700,000 and recorded as capital campaign revenue in the statement of activities, as well as, included as Property and Equipment in the statement of financial position. There was no donation of property or equipment during the year ending September 30, 2020.

In addition to the in-kind donations described above, many individuals volunteer their time and perform a variety of tasks that assist the Food Bank, but these services do not meet the criteria for recognition as contributed services. The Food Bank benefited from more than 75,861 and 55,700 volunteer hours in the years ended September 30, 2021 and 2020, representing a dollar value of approximately \$2,165,073 and \$1,516,318 in volunteer services for the respective fiscal years based on the 2021 and 2020 *Bureau of Labor Statistics Dollar Value of a Volunteer Hour*.

Delivery income

The Food Bank earns delivery fee income which is charged to various agencies based on a set fee per pounds of food delivered. The fee is a flat fee of \$45 for up to 750 pounds. For those in excess of 750 pounds, the price is \$45 plus \$0.06/lb. per pounds in excess of the 750 lbs. Delivery income has one performance obligation that is the delivery of food. The transaction price for the delivery fee income is the price that the Food Bank has established based on the price per pound. There is no variable consideration. All invoices are to be paid in full 30 days after invoice date. Revenue is recognized at the point in time when the food is delivered.

Kitchen fees - Western Reserve Area Agency on Aging (WRAAA)

The Food Bank provides meals to various individuals as stated within the WRAAA contract. There is a series of deliveries, and each delivery is a separate performance obligation. The transaction price for the WRAAA contract is the price per meal stated in the contract. There is no variable consideration. Although there is a series of performance obligations, each delivery has a set price and therefore there is no need to allocate the transaction price. The revenue is recognized at a point in time when the meals are delivered to the various individuals.

Income tax status

The Food Bank is organized as a not-for-profit organization exempt from income tax under 501(c)(3) of the Internal Revenue Code. Income taxes on unrelated business income, if any, is calculated at the applicable rates on income for financial reporting purposes.

Accounting principles generally accepted in the United States of America (GAAP) require the Food Bank's management to evaluate tax positions taken by the Food Bank and recognize a tax liability

Greater Cleveland Food Bank

Notes to Financial Statements

(or asset) if the Food Bank has taken a position that is uncertain. As uncertain position is defined as one in which there is a 50% or greater likelihood that the position will not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Food Bank and has concluded that, as of September 30, 2021, there are no uncertain tax positions taken or expect to be taken. The Food Bank's income tax filings are subject to audit by various taxing authorities. In evaluating the Food Bank's activities, management believes its position of tax-exempt status is appropriate based on current facts and circumstances. Management has assessed that there are no activities unrelated to the charitable purpose of the Food Bank and therefore no tax is to be recognized.

It is the policy of the Food Bank to include in operating expenses penalties and interest assessed by income taxing authorities. There are no penalties or interest from taxing authorities included in operating expenses for the years ended September 30, 2021 and 2020.

Functional expense

Expenses are charged to functional areas based on specific identification and functional area of the Food Bank. Expenses directly attributable to a specific functional area of the Food Bank are reported as expenses of those functional areas. The Food Bank does allocation a portion of the administrative cost across to other functional area. The President & CEO payroll costs are allocated to other functional areas based on time and effort. Certain Information Technology payroll costs are allocated to other functional areas as support based on the number of users of our various systems. Employee related expenses (403b plan expenses, software licenses for payroll system and payroll processing costs) are allocated to other functional areas based on the number of employees.

Concentrations of credit risk

Financial instruments that potentially subject the Food Bank to credit risk at September 30, 2021 and 2020, consist primarily of cash and cash equivalents, investments, and receivables. The Food Bank maintains its cash and cash equivalents with several of the country's largest banks and at times invested amounts exceed FDIC insured limits. The investments are exposed to various risks such as interest rate, market volatility and credit. Due to the level of risk associated with certain investments, it is possible that a change in the value of these investments could occur in the near term and that such a change could be material. The Food Bank believes it has placed these temporary cash investments with high credit quality financial institution and does not believe it is exposed to any significant credit risk on its cash and cash equivalents. As of September 20, 2021, 39% of outstanding operating pledges were attributable to three companies. As of September 30, 2020, 93% of outstanding operating pledges were attributable to one company. The Food Bank receives government funding which amounted to 30% and 41% of the Food Bank's total revenue and support for the years ended September 30, 2021 and 2020, respectively.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported on the financial statements and those disclosed in the footnotes. Accordingly, actual results could differ from those estimates.

Greater Cleveland Food Bank

Notes to Financial Statements

Accounting Pronouncements Adopted

Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*, which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled in exchange for those goods or services. FASB issued ASU 2015-14 that deferred the effective date for the Food Bank until annual periods beginning after December 15, 2018. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. In June 2020, FASB issued ASU 2020-05 that deferred the effective date for the Food Bank until annual periods beginning after December 15, 2019. The pronouncement is effective for the Food Bank's year ended September 30, 2021, and the adoption of this standard did not have a material impact on the Food Bank's financial statements.

Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued Accounting Standards Update (ASU) 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*, which standardizes how grants and other contracts are classified across the sector resource recipients and resource providers. The standard will assist these types of entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, Not-for-Profit Entities, or as exchange transactions (reciprocal transactions) subject to other guidance and (2) determining whether a contribution is conditional.

The Food Bank adopted the portion of the ASU as related to a resource recipient during 2020. For the year ended September 30, 2021 the Food Bank has adopted the portion of the ASU as it relates to a resource provider. Analysis of various provisions of this standard resulted in no significant changes in the way the Food Bank recognizes contribution revenue.

Accounting Pronouncements to be adopted

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (ASU 2016-02). The objective of ASU 2016-02 is to recognize lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021 (the Food Bank's fiscal year ending September 30, 2022). Early adoption of ASU 2016-02 is permitted. The Food Bank will be evaluating the potential impact of adopting this guidance on our financial statements.

Greater Cleveland Food Bank

Notes to Financial Statements

Presentation and Disclosures by Not-for-Profit Entities for Contributions Nonfinancial Assets

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets (Topic 958)*. This update addresses presentation and disclosure of contributed nonfinancial assets. This update will require a nonprofit to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets, disclose contributed nonfinancial assets recognized within the statement of activities disaggregated by category that depicts the type of contributed nonfinancial assets, and for each category of contributed nonfinancial assets recognized include the following: qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period (if utilized, to disclose a description of the programs or other activities in which those assets were used), the Food Bank's policy (if any) about monetizing rather than utilizing contributed nonfinancial assets, a descriptions of any donor-imposed restrictions associated with the contributed nonfinancial assets, a description of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition, and the principal market used to arrive at a fair value measure if it is a market in which the recipient is prohibited by a donor-imposed restriction from selling or using the contributed nonfinancial assets. The ASU is to be applied on a retrospective basis and effective for annual periods beginning after June 15, 2021, and interim periods within annual periods beginning after June 15, 2022. Earlier adoption is permitted. The Food Bank is currently evaluating the impact of this ASU on its financial statements.

Reference Rate Reform

In March 2020, the FASB issued ASU No 2020-04, *Reference Rate Reform: Facilitation of the Effects of Reference Rate Reform on Financial Reporting* ASU No. 2020-04 provides optional expedients and exceptions for applying U.S. GAAP to contract modifications and hedging relationships, subject to meeting certain criteria, that reference LIBOR or another rate that is expected to be discontinued. The amendments in this ASU were effective beginning on March 12, 2020, and the Food Bank may elect to apply the amendments prospectively through December 31, 2022. The Food Bank is currently assessing the effect this guidance may have on its financial statements.

Reclassifications

Certain amounts on the 2020 financial statements have been reclassified to conform to the current-year presentation. These reclassifications have no effect on net assets or changes in net assets as previously reported.

Evaluation of subsequent events

The Food Bank has evaluated subsequent events through June 15, 2022, which is the date the financial statements were available to be issued. There were no material subsequent event that required recognition or additional disclosure in these financial statements except for the disclosure in Note 15.

Greater Cleveland Food Bank

Notes to Financial Statements

2. Government Administrative Fees & Reimbursement Receivable

The Food Bank reports government fees and reimbursements at their net realizable value. The fees and reimbursements represent payments from federal, state and county contracts. The fees and reimbursements are recorded as revenue at the time the service is complete, and the monthly billing is submitted to the appropriate government agency. The Ohio Association of Foodbanks is a pass-through entity to the Food Bank for the State Food Program Administrative fees and food. Government Administrative fees & Reimbursements shown on the statements of financial position are as follows:

<i>September 30,</i>	2021	2020
U.S. Department of Agriculture Administrative fee	\$ 793,398	\$ 1,457,934
Child and Adult Care Food Program Reimbursement	96,740	62,398
Food and Nutrition Service Reimbursement	64,964	67,978
State Food Program Administrative Fee	116,754	100,610
County Reimbursement	460,038	250,888
Commodity Supplemental Food Program Reimbursement	49,471	18,160
	\$ 1,581,365	\$ 1,957,968

3. Pledges Receivable - Capital Campaign

Pledges receivable for capital campaign represent promises to give that have been made by donors but have not been received by the Food Bank. Unconditional promises to give are recognized as revenue when the donor's commitment is received. Capital campaign pledges were as follows:

<i>September 30,</i>	2021
Receivable in less than one year	\$ 2,051,998
Receivable in one to five years	6,029,805
	\$ 8,081,803

As of September 30, 2021 allowances for uncollectible pledges were \$14,696 which is netted against the capital campaign pledge receivables.

4. Fair Value Measurements

GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable input be used when available. Observable inputs are those that market participants would use in measuring investments at fair value based on market data obtained from sources independent of the Food Bank. Unobservable inputs reflect the Food Bank's assumptions about the inputs market participants would use in measuring investments at fair value based on the best information

Greater Cleveland Food Bank

Notes to Financial Statements

available in the circumstances. Investments are measured and disclosed in one of three levels based on the reliability of inputs:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Food Bank has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant for the fair value measurements. The Food Bank holds no level 3 assets at September 30, 2021 and 2020.

The assets or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2021 and 2020.

Cash equivalents

Cash equivalents, comprised of overnight money market accounts, are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

Common Stocks

Common stocks are valued at the closing price reported on the active market on which the individual securities are traded.

Mutual Funds

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Food Bank are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Food Bank are deemed to be actively traded.

Greater Cleveland Food Bank

Notes to Financial Statements

Cleveland Foundation Pooled Funds

The Cleveland Foundation investments are included in three investment pools - The Flagship Pool, The Socially Responsible Investment Pool, and The Racial Equity Investment Pool. The fair value of the Cleveland Foundation Pooled Funds (the Pool) is based on the number of units held at year end based on reports provided by investment managers, and the Food Bank has not changed the fair value pricing methodology. The Flagship Pool's stated objective is to provide nonprofit organizations access to money managers that traditionally require very high initial investment and enable the individual funds of the Flagship Pool to achieve broader diversification and access to multiple managers with specific skill sets. The Flagship Pool is comprised of large cap, small cap, international, fixed income and absolute return equity investments. The Socially Responsible Investment Pool's stated objective is to position the funds for capital appreciation. The funds are invested in investments that have been screened for socially responsible criteria. The Socially Responsible Investment Pool is comprised of large cap, small cap, international, fixed income and private investments. The Racial Equity Investment Pool's stated objective is to focus on investing in US public companies that have Board member diversity, have a history of fostering an inclusive, equitable and diverse workplace culture, and a stated commitment to racial equality. This pool is comprised of fixed income, US equity and international equity investments. Although these pooled investments include marketable securities and fixed income securities, they are pooled investments and have been classified within Level 2 as they are not traded in an active market and are subject to liquidity restrictions. The investment in the Pools is classified as a noncurrent asset due to the intent of management to hold the investment for endowed purposes.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Food Bank believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

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Greater Cleveland Food Bank

Notes to Financial Statements

The following table sets forth by level, within the fair value hierarchy, the Food Bank's assets at fair value as of September 30, 2021 and 2020:

<i>Year Ended September 30, 2021</i>	Level 1	Level 2	Total at September 30, 2021
Cash equivalents	\$ 658,617	\$ -	\$ 658,617
Common stocks	1,359,389	-	1,359,389
Mutual funds:			
Fixed income	1,286,035	-	1,286,035
Dividend growth	215,649	-	215,649
Small growth	156,609	-	156,609
Mid cap	393,916	-	393,916
Foreign	755,764	-	755,764
Large value	647,003	-	647,003
Long government	118,216	-	118,216
Emerging markets	347,296	-	347,296
Nontraditional bonds	176,326	-	176,326
Large blend	1,858,132	-	1,858,132
Intermediate core-plus bond	151,033	-	151,033
Cleveland Foundation			
Investment Pool	-	16,259,234	16,259,234
Total Investments	\$ 8,123,985	\$ 16,259,234	\$ 24,383,219

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Greater Cleveland Food Bank

Notes to Financial Statements

<i>Year Ended September 30, 2020</i>	Level 1	Level 2	Total at September 30, 2020
Cash equivalents	\$ 2,042,657	\$ -	\$ 2,042,657
Common stocks	838,609	-	838,609
Mutual funds:			
Fixed income	1,186,576	-	1,186,576
Dividend growth	81,691	-	81,691
Small growth	100,157	-	100,157
Mid cap	149,016	-	149,016
Foreign	435,490	-	435,490
Value	387,623	-	387,623
Emerging markets	221,721	-	221,721
Nontraditional bonds	175,147	-	175,147
Large blend	1,085,261	-	1,085,261
Infrastructure	158,061	-	158,061
Cleveland Foundation			
Investment Pool	-	2,233,238	2,233,238
Total Investments	\$ 6,862,009	\$ 2,233,238	\$ 9,095,247

The income and gain from investments is comprised of the following:

<i>Years Ended September 30,</i>	2021	2020
Realized and unrealized gain on investments, net	\$ 1,622,333	\$ 218,586
Interest and dividends, net of fees	192,454	254,908
	\$ 1,814,787	\$ 473,494

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Greater Cleveland Food Bank

Notes to Financial Statements

5. Property and Equipment

Property and equipment consisted of the following:

<i>September 30,</i>	2021	2020
Building and improvements	\$ 10,305,991	\$ 10,305,991
Office, computer equipment, and Artwork	1,642,106	1,517,746
Warehouse machinery and equipment	2,296,783	2,296,783
Vehicles	613,683	550,489
Land and land improvements	3,867,755	1,167,755
	18,726,318	15,838,764
Less accumulated depreciation	(7,573,327)	(6,951,587)
	11,152,991	8,887,177
Construction in Progress	7,948,090	-
	\$ 19,101,081	\$ 8,887,177

Depreciation expense was \$621,740 and \$473,717 for the years ended September 30, 2021 and 2020, respectively.

6. Capitalized Software

Capitalized software costs consist of the following:

<i>September 30,</i>	2021	2020
Capitalized software	\$ 897,160	\$ 861,591
Less accumulated amortization	(814,397)	(778,064)
	\$ 82,763	\$ 83,527

Amortization expense was \$36,333 and \$52,741 for the years ended September 30, 2021 and 2020, respectively.

7. Credit Facilities

The Food Bank holds an unsecured line of credit agreement with PNC Bank with maximum borrowings of \$1,500,000 for working capital and general corporate purposes. The interest rate is a variable interest rate based on prime (3.25% as of September 30, 2021 and 2020). The line of credit matures on May 30, 2022. There were no outstanding borrowings against the line of credit as of September 30, 2021 and September 30, 2020.

Greater Cleveland Food Bank

Notes to Financial Statements

The Food Bank has a revolving line of credit agreement with Bank of America with maximum borrowings of \$1,500,000 for working capital and general corporate purposes. The interest rate is a variable rate based on the LIBOR Daily Floating Rate plus 2.0% however if the LIBOR rate is below 1.25% then the rate used for LIBOR will be 1.25% (3.25% as of September 30, 2021 and 2020). The line of credit matured on June 1, 2021 and was renewed on January 1, 2022. It expires on August 1, 2022. There were no outstanding borrowings against the line of credit as of September 30, 2021 and September 30, 2020.

Interest expense related to the lines of credit was \$383 and \$3,352 for the years ended September 30, 2021 and 2020.

Paycheck Protection Program Loan

The CARES Act appropriated funds for the SBA Paycheck Protection Program loans that are forgivable in certain situations to promote continued employment, as well as Economic Injury Disaster Loans to provide liquidity to small businesses harmed by COVID-19. On April 30, 2020, the Food Bank received funds under the Paycheck Protection Program in the amount of \$1,668,100. The Loan has an interest rate of 1.0% and matures on April 30, 2022 with principal and interest payments deferred for six months and interest accruing from the date of the loan. In fiscal year 2021, the Food Bank submitted an application requesting forgiveness of 100% of the PPP loan amount. The Food Bank received formal approval from both the financial institution through which it applied and received the loan proceeds and the SBA on January 19, 2021. Accordingly, a gain from forgiveness of the loan in the amount of \$1,668,100 is recorded in the accompanying financial statements.

The application for these funds required the Food Bank to, in good faith, certify that the current economic uncertainty made the loan request necessary to support the ongoing operations of the Food Bank. This certification further requires the Food Bank to take into account the Food Bank's current business activity and management's ability to access other sources of liquidity sufficient to support ongoing operations in a manner that is not significantly detrimental to the business.

8. Endowments

The Food Bank's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Greater Cleveland Food Bank

Notes to Financial Statements

Interpretation of relevant law

The Food Bank believes that absent explicit donor stipulations to the contrary, fiduciary standards require the preservation of the “historic dollar value” of donor-restricted endowment funds.

“Historic dollar value” as to any donor-restricted endowment fund means the aggregate fair value of (a) the original value of gifts donated to such fund, (b) the original value of subsequent gifts to such fund, and (c) accumulations to such fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accordingly, the Food Bank classifies the historic dollar value of a donor-restricted endowment fund as net assets with donor restrictions (a time restriction in perpetuity). The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions (a time restriction in perpetuity) is classified as net assets with donor restriction (a purpose restriction) until those amounts are appropriated for expenditure by the Food Bank in a manner consistent with the standard of prudence prescribed in Ohio UPMIFA requirements.

Notwithstanding the foregoing accounting classifications, unless the gift instrument creating a donor-restricted endowment fund expressly provides otherwise, the Board may, as provided in Ohio UPMIFA, from time to time, appropriate for expenditure such portion of the net assets with donor restrictions as the Board determines is prudent, after application of the factors set forth below:

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

Return objectives, risk parameters, and strategies employed for achieving objectives

The Food Bank follows investment policies that attempt to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Food Bank must hold in perpetuity, including the earnings thereon, or for a donor-specified period, as well as unrestricted bequests which the Board has designated as endowment.

The endowment assets are invested in The Cleveland Foundation Investment Pool, the composition of which is described in Note 4.

Under the Food Bank’s endowment policy, endowed assets without donor restrictions and the income thereon (interest, dividends, and capital appreciation) may be appropriated for expenditure once the fund balance reaches \$1,500,000. The Food Bank has a policy of appropriation for distribution each year 5% of the September 30 balance using a trailing average over the prior three years. During both fiscal years ended September 30, 2021 and 2020, the fund balance exceeded \$1,500,000, and as such, \$107,015 and \$104,243, respectively, was appropriated.

Greater Cleveland Food Bank

Notes to Financial Statements

Endowment net asset composition by type of fund as:

<i>Year Ended September 30, 2021</i>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 122,615	\$ 122,615
Board designated endowment funds	16,136,619	-	16,136,619
	\$16,136,619	\$ 122,615	\$16,259,234

<i>Year Ended September 30, 2020</i>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 119,753	\$ 119,753
Board designated endowment funds	2,113,485	-	2,113,485
	\$ 2,113,485	\$ 119,753	\$ 2,233,238

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Greater Cleveland Food Bank

Notes to Financial Statements

Change in endowment net assets for the fiscal year ended September 30, 2021 and 2020:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, September 30, 2019	\$ 2,051,579	\$ 116,302	\$ 2,167,881
Investment return, net	165,149	3,451	168,600
Contributions	1,000	-	1,000
Appropriations	(104,243)	-	(104,243)
Endowment net assets, September 30, 2020	\$ 2,113,485	\$ 119,753	\$ 2,233,238
Investment return, net	519,934	862	520,796
Contributions	13,610,215	2,000	13,612,215
Appropriations	(107,015)	-	(107,015)
Endowment net assets, September 30, 2021	\$16,136,619	\$ 122,615	\$16,259,234

9. Net Assets with Donor Restrictions

Net Assets with donor restrictions are available for the following purposes:

<i>September 30,</i>	2021	2020
Time restricted pledges	\$ 472,863	\$ 765,234
Disaster grants	-	2,325,926
Capital campaign	18,131,281	2,212,016
Agency grants	21,395	81,111
Total subject to expenditure for specified purpose or period:	18,625,539	5,384,287
Endowments subject to the Food Bank's spending policy and appropriation:		
Endowment	94,800	92,800
Accumulated earnings on endowment	27,815	26,953
Total Endowment	122,615	119,753
Total net assets with donor restrictions	\$ 18,748,154	\$ 5,504,040

Greater Cleveland Food Bank

Notes to Financial Statements

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

<i>September 30,</i>	2021	2020
Disaster Relief	\$ 2,325,926	\$ -
Agency grants	87,216	32,735
Children's nutrition initiative	76,458	30,000
Food stamp initiative	81,753	-
Senior Initiative	-	77,619
Food as Medicine Initiative	50,000	7,403
General operating-strategic plan	231,750	20,000
Miscellaneous	342,650	391,490
	\$ 3,195,753	\$ 559,247

10. Liquidity and Availability of Resources

The Food Bank's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

<i>September 30,</i>	2021	2020
Cash and Cash Equivalents	\$ 36,791,460	\$ 16,930,053
Investments	8,123,985	6,862,009
Endowment - Board Designated	16,136,619	2,113,485
Endowment - Donor Restricted	122,615	119,753
Agency Receivables - net	280,779	390,017
Government Fees Receivables	1,581,365	1,957,968
Contributions Receivable - net	30,550	573,160
Other Receivables	172,333	34,276
Total financial assets available within one year	63,239,706	28,980,721
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Restricted by donors with purpose restrictions	(18,625,539)	(5,384,287)
Restricted by donors in perpetuity	(122,615)	(119,753)
Total amounts unavailable for general expenditures within one year	(18,748,154)	(5,504,040)
Amounts unavailable to management without Board's approval:		
Board funds designated for endowment	(16,136,619)	(2,113,485)
Total financial assets available to management for general expenditure within one year	\$ 28,354,933	\$ 21,363,196

Greater Cleveland Food Bank

Notes to Financial Statements

Liquidity Management

The Food Bank maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage liquidity needs, the Food Bank has two Lines of Credit as detailed in Note 7 under Credit Facilities totaling \$3 million. Additionally, the Food Bank has Board Funds designated for endowment without donor restrictions that, while the Food Bank does not intend to spend these for purposes other than those identified, the amounts could be made available with Board approval for current operations, if necessary.

11. Retirement Plan

The Food Bank maintains a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code, which covers substantially all of its employees. Discretionary employer contributions to the plan amounted to \$294,669 and \$222,054 for the years ended September 30, 2021 and 2020, respectively.

12. Miscellaneous Expenses

In the statement of functional expenses, miscellaneous expenses are comprised of the following:

<i>September 30,</i>	2021	2020
Bank fees	\$ 302,645	\$ 281,281
Dues and member fees	69,971	47,382
Travel, mileage, conference and meals	78,927	122,872
Advertising	125,545	106,674
Allowance for doubtful accounts/pledges	22,457	2,848
Donor stewardship/gifts	39,485	317,961
Other expense	257,845	164,943
	\$ 896,875	\$ 1,043,961

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Greater Cleveland Food Bank

Notes to Financial Statements

13. Leases

As of September 30, 2021, the Food Bank leases various office equipment and seventeen trucks under operating leases. These leases expire at various times through 2026.

Future minimum lease payments for noncancellable operating leases having an initial term in excess of one year at September 30, 2021 are as follows:

<i>Year Ended September 30,</i>	
2022	\$ 412,625
2023	321,775
2024	266,023
2025	196,057
2026	159,690
Thereafter	77,616
	<hr/>
	\$ 1,433,786

Lease expense was \$694,475 and \$604,507 for the years ended September 30, 2021 and 2020, respectively.

14. Beneficial Interest in Irrevocable Trust

During the year ended September 30, 2020, Greater Cleveland Food Bank was named as a 50% beneficiary of an irrevocable trust, established by a donor.

Under the terms of the related trust agreement, upon the donor's death, the balance of the trust estate will be distributed 50% to the Greater Cleveland Food Bank, and 50% to another nonprofit entity.

The Trustees of the trust are authorized to pay premiums on life insurance policies intended to fund the trust at the donor's death, however, if at any time there are insufficient assets in the Trust to pay such premiums, the Trustee, after notification to the donor of the premiums due, has the right to allow the related insurance to lapse without notice to the beneficiaries, to select any option available under such policies including conversion to paid up insurance or surrendering for cash value or to terminate the trust. Accordingly, Greater Cleveland Food Bank's interest in the related trust has not been recorded in the accompany financial statements, as management is unable to determine the value of the related benefit as of September 30, 2021.

15. New Market Tax Credits

New Markets Tax Credits are tax credits created by the federal government in 2000 and renewed each year to help encourage sustained investment in low-income communities. The purpose is to provide investors with a financial incentive (a tax credit) to invest in projects being built in low-income communities. Investors receive a 39% federal tax credit earned over a seven-year period. The GCFB entered into a NMTC transaction to receive funding for the construction of the Organization's new main warehouse and distribution center on Coit Road. The GCFB has partnered with an investor, Truist Bank, to utilize the NMTC Program. Truist Bank established a special purpose

Greater Cleveland Food Bank

Notes to Financial Statements

entity called Cleveland New Markets Investment Fund II, LLC (CNMIF) to raise the capital for the transaction. CNMIF was funded with an equity contribution of \$6,019,400 from GCFB and a \$12,000,000 bridge loan to the GCFB on pledges receivable from Truist Bank. In addition, a new entity was created, The Greater Cleveland Foodbank Real Estate Holding Company (GCFREHC). The GCFB transferred the Construction in Progress and building to GCFRHC upon closing the NMTC deal. The GCFB will rent the space from the GCFREHOnce the building is complete.

16. Risks and Uncertainties - COVID 19

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus (the “COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The outbreak may have an adverse impact on economic and market conditions, triggering a period of global economic slowdown. As such, this may negatively impact families’ income which could result in reduced current and future donations and reduced the Food Bank’s contributions revenue. In addition to individuals’ donations, the Food Bank is also dependent upon donations from foundations and corporations. An economic downturn could result in reduced contribution revenue and delayed collection of pledged amounts.

The Food Bank continues to monitor operations and government health agency recommendations. The Food Bank has made modifications to the normal operations because of the COVID-19 outbreak. Operationally the Food Bank will continue to use a hybrid approach for staff working locations, where staff can work from home and/or in the office in order to maintain existing operations during fiscal year 2021. These changes were made during fiscal year 2020 to meet the safety guidelines and to maintain daily course of business that is as safe as possible.

On March 27, 2020, the “Coronavirus Aid, Relief, and Economic Security (CARES) Act” was signed in to law. The CARES Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations, increased limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

As detailed in Note 7, the Food Bank did receive a Paycheck Protection Program loan in fiscal year 2020 (“the Loan”). In September of 2020, the Food Bank submitted an application requesting forgiveness of 100% of the Loan amount. Forgiveness of the Loan was received in January 2021, will result in the funds being converted from a loan payable to a gain on debt extinguishment during the fiscal year ended September 30, 2021. The related gain on debt extinguishment will help offset any potential reduction in individual and corporate contribution revenue that may result from the impact of COVID-19 on fiscal year 2021 operating results. (See Note 7 and 10 for further detail about the status of forgiveness and Liquidity and Availability of Resources).