

**FEED MY PEOPLE**  
**FINANCIAL STATEMENTS**  
**DECEMBER 31, 2019 AND 2018**

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**DECEMBER 31, 2019 AND 2018**

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Martz & Wilson, LLP  
*Certified Public Accountants*

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## INDEPENDENT AUDITOR'S REPORT

The Board of Directors  
**Feed My People**

We have audited the accompanying financial statements of Feed My People, a Missouri non-for-profit corporation, which comprise the statements of financial position, as of December 31, 2019 and 2018, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feed My People as of December 31, 2019 and 2018, 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.

*Martz & Wilson, LLP*

**MARTZ & WILSON, LLP**  
Certified Public Accountants

October 15, 2020

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## STATEMENTS OF FINANCIAL POSITION

DECEMBER 31,

### Assets

	<u>2019</u>	<u>2018</u>
<b>Current Assets</b>		
Cash and cash equivalents	\$ 162,886	\$ 172,340
Unconditional promises to give	17,000	20,000
Donations receivable	-	25,997
Dividends receivable	-	42
Food inventory	53,891	24,528
Prepaid expenses	9,735	6,138
<b>Total Current Assets</b>	<b>243,512</b>	<b>249,045</b>
<b>Investments</b>	<b>575,114</b>	<b>527,353</b>
<b>Property, Equipment, and Leasehold</b>		
Improvements, net of accumulated depreciation	1,418,141	1,489,181
<b>Total Assets</b>	<b><u>\$ 2,236,767</u></b>	<b><u>\$ 2,265,579</u></b>

### Liabilities and Net Assets

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 17,011	\$ 15,907
Deferred revenue	1,000	3,500
<b>Total Current Liabilities</b>	<b>18,011</b>	<b>19,407</b>
<b>Net Assets</b>		
Without donor restrictions		
Unrestricted	1,572,279	1,683,845
Board designated	581,560	534,994
	2,153,839	2,218,839
With donor restrictions	64,917	27,333
<b>Total Net Assets</b>	<b>2,218,756</b>	<b>2,246,172</b>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 2,236,767</u></b>	<b><u>\$ 2,265,579</u></b>

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**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS**

**FOR THE YEAR ENDED DECEMBER 31, 2019**

	Without Restrictions	With Restrictions	Total
<b>Revenue and Support</b>			
Public support			
Contributions	\$ 449,753	\$ -	\$ 449,753
Donated food, materials, and services			
Special events (net of direct costs of \$21,120 in 2019)	3,832,723	-	3,832,723
Grant income	73,428	-	73,428
Bequest income	60,850	85,000	145,850
	105,122	-	105,122
<b>Revenues</b>			
Thrift store sales	264,605	-	264,605
Investment income	25,779	-	25,779
Gain (Loss) on investments	58,241	-	58,241
Release from restrictions	4,870,501	85,000	4,955,501
	47,416	(47,416)	-
<b>Total Revenue and Support</b>	<b>4,917,917</b>	<b>37,584</b>	<b>4,955,501</b>
<b>Expenses</b>			
Program services	4,628,726	-	4,628,726
Administration	272,890	-	272,890
Fundraising	81,301	-	81,301
<b>Total Expenses</b>	<b>4,982,917</b>	<b>-</b>	<b>4,982,917</b>
<b>Changes in net assets</b>	(65,000)	37,584	(27,416)
<b>Net Assets, Beginning of Year</b>	<b>2,218,839</b>	<b>27,333</b>	<b>2,246,172</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,153,839</b>	<b>\$ 64,917</b>	<b>\$ 2,218,756</b>

**FEED MY PEOPLE**

**STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2018 (CONTINUED)**

	Without Restrictions	With Restrictions	Total
<b>Revenue and Support</b>			
Public support			
Contributions	\$ 508,626	\$ -	\$ 508,626
Donated food, materials, and services	4,543,335	-	4,543,335
Special events (net of direct costs of \$22,473 in 2018)	71,368	-	71,368
Grant income	106,650	59,250	165,900
Bequest income	73,051	-	73,051
<b>Revenues</b>			
Thrift store sales	214,660	-	214,660
Investment income	31,779	-	31,779
Gain on investments	(62,738)	-	(62,738)
Release from restrictions	5,486,731	59,250	5,545,981
	160,400	(160,400)	-
<b>Total Revenue and Support</b>	<b>5,647,131</b>	<b>(101,150)</b>	<b>5,545,981</b>
<b>Expenses</b>			
Program services	5,362,228	-	5,362,228
Administration	277,623	-	277,623
Fundraising	83,920	-	83,920
<b>Total Expenses</b>	<b>5,723,771</b>	<b>-</b>	<b>5,723,771</b>
<b>Changes in net assets</b>	<b>(76,640)</b>	<b>(101,150)</b>	<b>(177,790)</b>
<b>Net Assets, Beginning of Year</b>	<b>2,295,479</b>	<b>128,483</b>	<b>2,423,962</b>
<b>Net Assets, End of Year</b>	<b>\$ 2,218,839</b>	<b>\$ 27,333</b>	<b>\$ 2,246,172</b>

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## STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2019

	Program			Total
	Services	Administration	Fundraising	
<b>Program Expenses</b>				
Purchased food and materials	\$ 21,487	\$ -	\$ -	\$ 21,487
Donated food and materials	3,803,433	-	-	3,803,433
Fans and heaters	586	-	-	586
Childrens underwear	-	-	-	-
Shoes	2,000	-	-	2,000
Specific assistance	151	-	-	151
Thrift store expenses	2,903	-	-	2,903
Client services	4,053	-	-	4,053
Other program expenses	3,028	-	-	3,028
<b>Total Program Expenses</b>	<b>3,837,641</b>	<b>-</b>	<b>-</b>	<b>3,837,641</b>
<b>Payroll Expenses</b>				
Salaries	415,688	155,108	49,634	620,430
Employee benefits	73,740	27,515	8,805	110,060
Payroll taxes	32,931	12,288	3,932	49,151
Pension	9,762	3,643	1,165	14,570
<b>Total Payroll Expenses</b>	<b>532,121</b>	<b>198,554</b>	<b>63,536</b>	<b>794,211</b>
<b>Occupancy Expenses</b>				
Repairs and maintenance	36,707	8,694	2,898	48,299
Insurance	35,681	8,451	2,817	46,949
Depreciation	62,600	14,826	4,942	82,368
Security	1,126	267	89	1,482
Other occupancy	41,900	9,924	3,308	55,132
<b>Total Occupancy Expenses</b>	<b>178,014</b>	<b>42,162</b>	<b>14,054</b>	<b>234,230</b>
<b>Other Operating Expenses</b>				
Printing and publication	15,261	4,070	1,017	20,348
Postage and shipping	2,291	611	152	3,054
Advertising	7,747	-	861	8,608
Vehicle expense	17,989	-	-	17,989
Office expense	12,771	3,406	851	17,028
Planned giving	5,498	1,466	367	7,331
Volunteer development	1,846	-	-	1,846
Telephone	5,260	1,403	350	7,013
Conferences and meetings	1,139	1,025	113	2,277
Professional fees	-	11,213	-	11,213
Taxes and licenses	-	969	-	969
Miscellaneous	2,662	2,661	-	5,323
Computer expense	8,486	2,829	-	11,315
Dues and subscriptions	-	2,521	-	2,521
<b>Total Other Operating Expenses</b>	<b>80,950</b>	<b>32,174</b>	<b>3,711</b>	<b>116,835</b>
<b>Total Functional Expenses</b>	<b>\$ 4,628,726</b>	<b>\$ 272,890</b>	<b>\$ 81,301</b>	<b>\$ 4,982,917</b>



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## STATEMENTS OF FUNCTIONAL EXPENSES (CONTINUED)

For the Year Ended December 31, 2018

	Program			Total
	Services	Administration	Fundraising	
<b>Program Expenses</b>				
Purchased food and materials	\$ 11,664	\$ -	\$ -	\$ 11,664
Donated food and materials	4,524,789	-	-	4,524,789
Fans and heaters	796	-	-	796
Childrens underwear	5,250	-	-	5,250
Shoes	1,080	-	-	1,080
Specific assistance	5	-	-	5
Thrift store expenses	3,268	-	-	3,268
Client services	3,956	-	-	3,956
Other program expenses	3,659	-	-	3,659
<b>Total Program Expenses</b>	<b>4,554,467</b>	<b>-</b>	<b>-</b>	<b>4,554,467</b>
<b>Payroll Expenses</b>				
Salaries	441,622	164,784	52,731	659,137
Employee benefits	68,865	25,696	8,223	102,784
Payroll taxes	35,174	13,125	4,200	52,499
Pension	10,667	3,980	1,274	15,921
<b>Total Payroll Expenses</b>	<b>556,328</b>	<b>207,585</b>	<b>66,428</b>	<b>830,341</b>
<b>Occupancy Expenses</b>				
Repairs and maintenance	25,628	6,070	2,023	33,721
Insurance	35,920	8,507	2,836	47,263
Depreciation	64,912	15,374	5,125	85,411
Security	1,152	273	91	1,516
Other occupancy	40,856	9,677	3,226	53,759
<b>Total Occupancy Expenses</b>	<b>168,468</b>	<b>39,901</b>	<b>13,301</b>	<b>221,670</b>
<b>Other Operating Expenses</b>				
Printing and publication	17,120	4,565	1,141	22,826
Postage and shipping	2,574	686	172	3,432
Advertising	10,586	-	1,176	11,762
Vehicle expense	17,380	-	-	17,380
Office expense	9,155	2,441	610	12,206
Planned giving	9,705	2,588	647	12,940
Volunteer development	1,928	-	-	1,928
Telephone	4,657	1,242	310	6,209
Conferences and meetings	1,351	1,215	135	2,701
Professional fees	-	11,441	-	11,441
Taxes and licenses	-	392	-	392
Miscellaneous	1,113	1,112	-	2,225
Computer expense	7,396	2,465	-	9,861
Dues and subscriptions	-	1,990	-	1,990
<b>Total Other Operating Expenses</b>	<b>82,965</b>	<b>30,137</b>	<b>4,191</b>	<b>117,293</b>
<b>Total Functional Expenses</b>	<b>\$ 5,362,228</b>	<b>\$ 277,623</b>	<b>\$ 83,920</b>	<b>\$ 5,723,771</b>

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## STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED

DECEMBER 31,

	<u>2019</u>	<u>2018</u>
<b>Operating Activities</b>		
Change in net assets	\$ (27,416)	\$(177,790)
Adjustments to reconcile change in net assets to net Cash provided by operating activities		
Depreciation	82,368	85,411
(Gain) Loss on investments	(58,241)	62,738
In-kind contribution of stock	(25,754)	(18,708)
In-kind contribution of land	-	(1,600)
Decrease (increase) in donations receivable	25,997	39,471
Decrease (increase) in dividends receivable	42	81
Decrease (increase) prepaid expenses	(3,597)	7,292
Decrease (increase) in grants receivable	3,000	7,000
Decrease (increase) certificates of deposits	-	42,884
Increase (decrease) in current liabilities	(1,396)	(1,928)
Decrease (increase) in TEFAP food inventory	(29,363)	(11,697)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>(34,360)</b>	<b>33,154</b>
<b>Investing Activities</b>		
Transfer from board designated investments	-	20,000
Investment income reinvested	(2,550)	(8,260)
Proceeds from sale of investments	38,784	57,069
Purchase of investments	-	-
Purchase of property and equipment	(11,328)	(41,505)
Proceeds from land sale	-	6,700
<b>Net Cash Provided by Investing Activities</b>	<b>24,906</b>	<b>34,004</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>(9,454)</b>	<b>67,158</b>
Cash and Cash Equivalents, Beginning of Year	172,340	105,182
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 162,886</b>	<b>\$ 172,340</b>

# FEED MY PEOPLE

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## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 1 – ORGANIZATION

Feed My People was founded in 1982 to meet the spiritual, material, and emotional needs of the poor in South St. Louis County and Northwestern Jefferson County, Missouri. Feed My People is a Missouri not-for-profit corporation and exempt from income taxes under Internal Revenue Code Section 501(c)(3).

Donations to the Organization qualify for the charitable contribution deduction under Section 170(b)(1)(A) and the Organization is not a private foundation.

In 2012, the Organization formed the Feed My People Foundation, a 509(a)(3) supporting organization. The foundation was formed to raise sufficient funds to support and promote the Organization's mission.

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies of Feed My People is presented to assist in understanding the financial statements. The financial statements and notes are representations of the organization's management and board of directors, who are responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the presentation of the financial statements.

#### ***Recent Accounting Pronouncements***

In 2018, the Organization adopted ASU No. 2016-14 *Not-For-Profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*, which changes presentation of the Statements of Financial Position, Statements of Activities and Changes in Net Assets, and Statements of Functional Expenses.

In 2016, the FASB issued ASU update 2016-02, *Leases (Topic 842)*, which requires lessees to recognize an asset and liability associated with the right to use a given asset and obligation to make payments pursuant to the terms of the lease. The standard will be effective January 1, 2021.

#### ***Basis of Presentation***

Contributions received are recorded as an increase in support with or without donor restrictions, depending on the existence or nature of any donor restrictions. Contributions restricted for capital items are recorded as an increase in support with donor restrictions until the capital expenditures are made.

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018**

**NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Without Donor Restrictions – Net assets that are not subject to donor imposed restrictions. The board designates certain net assets for specific purposes which prohibits the use of the assets by management's decision. Board designated net assets are net assets without donor restrictions that are subject to self-imposed limits by action of the governing board. ASU No. 2016-14 requires that not-for-profits disclose information about the amounts and purposes of board-designated net assets either on the face of the statement of financial position or in the notes.

With Donor Restrictions – Net assets that are subject to donor imposed restrictions that will be satisfied by actions of the Organization or passage of time.

Contributions with donor restrictions whose restrictions are met in the same reporting period are recorded as without donor restriction. Interest earned on the temporary investment of such support is without donor restriction.

***Revenue and Expense Recognition***

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 is effective for non-public entities with fiscal years beginning after December 15, 2018. This ASU replaces nearly all existing U.S. GAAP guidance on revenue recognition. The ASU also requires expanded disclosures relating to the nature, amount, timing and uncertainty of revenue and cash flows arising from contracts with customers. This standard was effective beginning January 1, 2019. The adoption of this new guidance will not have a material impact on the Organization's financial statements.

A description of the Organization's revenue streams accounted for under ASC 606 follows:

Fundraising: The Organization collects proceeds from ticket sales for attendance and auction proceeds from fundraising events. Both the ticket sales and auction proceeds transactions represent revenue where the Organization transfers goods or services to donors. Fundraising event revenues are recognized at the point in time when the event occurs.

Thrift store sales: The Organization provides affordably priced clothing and shoes, household items, small electronics, and books to help the community save money while providing a source of revenue for the Organization's programs. These sales from the thrift store are recognized at the point in time when the sale occurs.

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## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The following table disaggregates the Organization's revenue based on the timing of satisfaction of performance obligations for the year ended December 31:

	<u>2019</u>	<u>2018</u>
Performance obligations satisfied at a point in time	\$ 359,153	\$ 308,501
Performance obligations satisfied over time	-	-
Total Revenue from Performance Obligations	<u>\$ 359,153</u>	<u>\$ 308,501</u>

The revenue in the above table is included in public support and revenues on the statement of activities.

Substantially all of the Organization's revenues result from contributions, bequests, and special grants, which are recognized when received and are recorded as with restrictions or without restrictions depending on the existence and nature of any donor restrictions.

The Organization has adopted SFAS No. 116, "Accounting for Contributions Received and Contributions Made." Donated materials and services are valued at fair market value at the time of receipt. The value of donated materials amounted to \$3,832,723 and \$4,543,335 for 2019 and 2018, respectively. In addition, volunteers provide assistance in the program support and fund-raising activities of the organization. These services did not meet the criteria for recognition, but the organization believes that the fair market value of the volunteer services amounted to \$792,278 and \$782,675, for 2019 and 2018, respectively.

Expenses are recognized under the accrual basis of accounting.

#### ***Functional Allocation of Expenses***

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities. Accordingly, certain costs have been allocated among the program services, administration and fundraising services.

The financial statements report certain categories of expenses that are attributable to program services, administration and fundraising services of the Organization. Those expenses include program, payroll, occupancy and other operating expenses. Payroll expenses are allocated based on the time of where efforts are made. Direct program expenses are allocated solely to program services. Occupancy expenses are allocated based on a square footage basis. All remaining costs are allocated based on purpose of expenditures.

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## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Property, Equipment and Leasehold Improvements*

Property, equipment, and leasehold improvements are stated at cost when purchased and at fair market value when donated. Depreciation is computed using the straight-line method over estimated useful lives ranging from 5 to 39 years. Total costs are summarized as follows:

	<u>2019</u>	<u>2018</u>
Furniture and equipment	\$ 191,901	\$ 183,951
Vehicles	183,813	183,813
Building improvements	446,844	443,466
Building	1,560,217	1,560,217
Land	268,600	268,600
	<u>2,651,375</u>	<u>2,640,047</u>
Accumulated depreciation	1,233,234	1,150,866
	<u><b>\$ 1,418,141</b></u>	<u><b>\$ 1,489,181</b></u>

Depreciation expense was \$82,368 and \$85,411 for 2019 and 2018, respectively.

#### *Concentrations*

The Organization received shipments of donated food from the St. Louis Area Food Bank and the Emergency Food Assistance Program of the USDA. Shipments from the Food Bank were \$2,731,178 and \$3,398,960 for 2019 and 2018, respectively. These shipments accounted for 55% and 61% of its public support and revenues for 2019 and 2018, respectively. Shipments from the USDA program included in the Food Bank shipments were \$1,988,491 and \$351,972 for 2019 and 2018, respectively. A significant support decrease by the St. Louis Area Food Bank could have a material adverse effect on the Organization.

#### *Estimates*

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

#### *Advertising Cost*

The Organization expenses all advertising costs. Advertising expense was \$8,608 and \$11,762 for 2019 and 2018, respectively.

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## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 2 – SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### *Inventory*

Under U.S. Department of Agriculture (USDA) regulations, the Organization maintains an inventory of food donated, but not yet distributed. The inventory is valued at the USDA prescribed value of \$1.57 per pound at December 31, 2019 and 2018. Total inventory at December 31, 2019 and 2018 was \$53,891 and \$24,528, respectively.

### NOTE 3 – CASH AND CASH EQUIVALENTS

Cash includes all currency on hand and checking and savings accounts. The organization considers, as cash equivalents, all highly liquid investments with a maturity at the date of purchase of three month or less.

Cash and cash equivalents appearing in the financial statements consist of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 156,440	\$ 164,699
Money Market	6,446	7,641
	<u>\$ 162,886</u>	<u>\$ 172,340</u>

The organization maintains bank accounts at two financial institutions, including a money market account. Accounts at each financial institution are secured by Federal Deposit Insurance Corporation up to \$250,000. Daily balances in these accounts may exceed with limit.

### NOTE 4 – NET ASSETS WITH DONOR RESTRICTIONS

The Organization's net assets with donor restrictions as of December 31, 2019 and 2018 are available for the following purposes.

	<u>2019</u>	<u>2018</u>
Subject to purpose restrictions:		
Programs	\$ 64,917	\$ -
Staff	-	27,333
Total net assets with donor restrictions:	<u>\$ 64,917</u>	<u>\$ 27,333</u>

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## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give consist of the following:

	2019	2018
Bayer Award	\$ 15,000	\$ -
Islamic Relief Grant	2,000	-
Lutheran Foundation of St. Louis	-	20,000
	<b>\$ 17,000</b>	<b>\$ 20,000</b>
Receivable in less than one year	\$ 17,000	\$ 20,000
Receivable in one to five years	-	-
<b>Total Unconditional Promises to Give</b>	<b>\$ 17,000</b>	<b>\$ 20,000</b>

Due to the nature of the promises, management believes that all amounts will be received when due, therefore no allowance for uncollectible promises has been provided. Given the low level of current interest rates, an allowance to reduce future promises to give to a net present value is not considered material.

### NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS

Since December 31, 2004, all current and future investments have been designated by the Board of Directors to be used for contingencies. Use of these amounts are subject to Board approval. In 2019 and 2018, the Board approved the transfer of \$63,197 and \$20,000, respectively to support operations. Fair value and cost of these investments as of December 31, 2019 and 2018 are as follows:

<u>Fair Value</u>	2019	2018
Thrivent Investment Management	\$ 130,963	\$ 110,894
US Bancorp Securities	450,597	424,100
	581,560	534,994
Less Money Market Accounts	6,446	7,641
<b>Investments</b>	<b>\$ 575,114</b>	<b>\$ 527,353</b>
<u>Cost</u>	2019	2018
Thrivent Investment Management	\$ 141,678	\$ 134,524
US Bancorp Securities	459,157	473,690
	600,835	608,214
Less Money Market Accounts	6,446	7,641
<b>Investments</b>	<b>\$ 594,389</b>	<b>\$ 600,573</b>



NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2019 AND 2018

NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

U.S. generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

**Level 1** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization 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 by 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 to the fair value measurement.

The asset 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 to the methodologies used at December 31, 2019 and 2018.

**Individual stocks:** Valued at unadjusted quoted prices for identical stock traded in active markets.

**Mutual funds:** Valued at the net asset value (NAV) of shares held by the plan at year end. Depending on the underlying investment, the NAV may be based on quoted prices of identical assets or quoted prices for similar assets in inactive markets.

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## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 6 – INVESTMENTS AND FAIR VALUE MEASUREMENTS (CONTINUED)

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the Organization 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.

The following table sets forth, by level within the fair value hierarchy, the Organization's assets at fair value as of December 31, 2019 and 2018:

	2019			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Individual stocks	\$ 6,374	\$ -	\$ -	\$ 6,374
Mutual funds	45,883	522,857	-	568,740
	<u>\$ 52,257</u>	<u>\$ 522,857</u>	<u>\$ -</u>	<u>\$ 575,114</u>

	2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Individual stocks	\$ 998	\$ -	\$ -	\$ 998
Mutual funds	47,819	478,536	-	526,355
	<u>\$ 48,817</u>	<u>\$ 478,536</u>	<u>\$ -</u>	<u>\$ 527,353</u>

### NOTE 7 – EMPLOYEES' RETIREMENT PLAN

The Organization has a Simple IRA retirement plan for all eligible employees. The Organization made contributions of \$14,570 and \$15,921 for the years ended December 31, 2019 and 2018, respectively. The Organization matches 100% of the employee contribution to a maximum of 3% of the employee earnings.

### NOTE 8 – LIQUIDITY AND AVAILABILITY

The Organization is primarily funded by public support and noncash contributions by the St. Louis Area Food Bank. As part of its liquidity management, the Organization structures its financial assets to be available as general expenditures, liabilities, and other obligations become due.

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## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2019 AND 2018

### NOTE 8 – LIQUIDITY AND AVAILABILITY (CONTINUED)

The below reflects the Organization's financial assets as of the statement of financial position date, reduced by the amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date. The grants receivable are subject to implied time restrictions but are expected to be collected within one year. The Organization sets a goal of having minimum financial assets on hand of 5% of total net assets to meet normal operating expenses is equal to three months average operating costs.

	<u>2019</u>	<u>2018</u>
Financial assets, at year end	\$ 179,886	\$ 218,379
Less those unavailable for general expenditures within one year, due to:		
Contractual or donor-imposed restrictions:		
Restricted by donor with time or purpose restrictions	(64,917)	(27,333)
Board designations:		
Money market funds	<u>(6,446)</u>	<u>(7,641)</u>
<b>Financial assets available to meet cash need for general expenditures within one year.</b>	<b><u>\$ 108,523</u></b>	<b><u>\$ 183,405</u></b>

### NOTE 9 – SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through October 15, 2020, the date which the financial statements were issued.

In early 2020, a strain of coronavirus, COVID-19, was reported in the United States. The extent of impact this virus will have on the operational and financial performance of the organization is unknown at this time. The organization also received funding from the Paycheck Protection Program (PPP) in April 2020 to pay for qualifying expenses under the CARES Act. Qualifying expenses include payroll costs, health insurance premiums, rent and utilities of the organization.