

**COMMUNITY FOOD SHARE, INC.**

FINANCIAL STATEMENTS

June 30, 2019 and 2018

## **C O N T E N T S**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Community Food Share, Inc.  
Louisville, Colorado

We have audited the accompanying financial statements of Community Food Share, Inc. (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019 and 2018, and the related statements of activities, 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.

### **Auditors' Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 Community Food Share, Inc. as of June 30, 2019 and 2018, and its activities, change in its net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.



CAHILL & ASSOCIATES, P.C.  
Boulder, Colorado  
August 16, 2019

**COMMUNITY FOOD SHARE, INC.**  
**Statements of Financial Position**  
**June 30, 2019 and 2018**

<b>ASSETS</b>		
	<b>June 30,</b>	
	<b>2019</b>	<b>2018</b>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 373,785	\$ 646,197
Receivable - Grants, Pledges and Other	10,520	218,676
CAM Charges Receivable	20,784	13,461
Inventory	633,668	571,703
Investments	1,224,205	1,249,414
<b>Total Current Assets</b>	<b>2,262,962</b>	<b>2,699,451</b>
<b>PROPERTY AND EQUIPMENT</b>		
Land	725,194	725,194
Building	6,034,523	5,526,999
Machinery and Equipment	1,032,051	1,018,024
	7,791,768	7,270,217
Accumulated Depreciation	(1,706,092)	(1,465,864)
<b>Net Property and Equipment</b>	<b>6,085,676</b>	<b>5,804,353</b>
<b>OTHER ASSETS</b>		
Deposits and Prepaid Expenses	45,109	63,067
<b>Total Other Assets</b>	<b>45,109</b>	<b>63,067</b>
<b>TOTAL ASSETS</b>	<b>\$ 8,393,747</b>	<b>\$ 8,566,871</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 43,981	\$ 77,785
Accrued Compensation and Payroll Taxes	112,842	103,816
Deferred Revenue	81,123	-
Security Deposit	13,697	13,697
<b>Total Current Liabilities</b>	<b>251,643</b>	<b>195,298</b>
<b>NET ASSETS</b>		
Without Donor Restrictions		
Undesignated	6,896,523	6,881,865
Board Designated	1,216,732	1,210,536
With Temporary Donor Restrictions	28,849	279,172
<b>Total Net Assets</b>	<b>8,142,104</b>	<b>8,371,573</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 8,393,747</b>	<b>\$ 8,566,871</b>

See Accompanying Notes to Financial Statements

**COMMUNITY FOOD SHARE, INC.**  
**Statements of Activities**  
**For the Years Ended June 30, 2019 and 2018**

	<u>2019</u>			<u>2018</u>
	<u>Without Donor Restrictions</u>	<u>With Temporary Donor Restrictions</u>	<u>Total</u>	<u>Total</u>
<b>SUPPORT AND REVENUE</b>				
Donated Food	\$ 16,392,902	-	16,392,902	\$ 17,497,587
Contributions	968,739	148,311	1,117,050	1,496,557
Special Events	1,158,629	-	1,158,629	1,192,084
Grants	626,562	60,000	686,562	474,873
Lease Income	117,717	-	117,717	101,439
Donated Equipment, Materials and Services	9,131	-	9,131	49,076
Investment Income	31,160	-	31,160	33,786
Agency Memberships	10,000	-	10,000	10,250
Other Income	26,524	-	26,524	908
	<u>19,341,364</u>	<u>208,311</u>	<u>19,549,675</u>	<u>\$ 20,856,560</u>
<b>Support and Revenue</b>	<b>\$ 19,341,364</b>	<b>208,311</b>	<b>19,549,675</b>	<b>\$ 20,856,560</b>
<b>Release of Temporarily Restricted Net Assets</b>	<u>458,634</u>	<u>(458,634)</u>	<u>-</u>	<u>-</u>
<b>TOTAL SUPPORT AND REVENUE</b>	<b>\$ 19,799,998</b>	<b>(250,323)</b>	<b>19,549,675</b>	<b>\$ 20,856,560</b>
<b>EXPENSES</b>				
Program Services	18,731,946	-	18,731,946	20,158,930
Management and General	462,789	-	462,789	458,519
Fundraising	584,409	-	584,409	516,400
	<u>19,779,144</u>	<u>-</u>	<u>19,779,144</u>	<u>\$ 21,133,849</u>
<b>TOTAL EXPENSES</b>	<b>\$ 19,779,144</b>	<b>-</b>	<b>19,779,144</b>	<b>\$ 21,133,849</b>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	<b>20,854</b>	<b>(250,323)</b>	<b>(229,469)</b>	<b>(277,289)</b>
<b>NET ASSETS, Beginning of Year</b>	<u>8,092,401</u>	<u>279,172</u>	<u>8,371,573</u>	<u>8,648,862</u>
<b>NET ASSETS, End of Year</b>	<u><u>\$ 8,113,255</u></u>	<u><u>28,849</u></u>	<u><u>8,142,104</u></u>	<u><u>\$ 8,371,573</u></u>

See Accompanying Notes To Financial Statements

**COMMUNITY FOOD SHARE, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2019**

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total 2019</u>
<b>PERSONNEL EXPENSES</b>				
Salaries and Wages	\$ 844,894	\$ 286,242	\$ 293,485	\$ 1,424,621
Payroll Taxes & Workers' Comp	127,738	14,584	18,949	161,271
Employee Benefits	117,082	29,093	23,506	169,681
Retirement Plan Costs	13,291	5,472	3,979	22,742
	<u>1,103,005</u>	<u>335,391</u>	<u>339,919</u>	<u>1,778,315</u>
<b>OTHER OPERATING EXPENSES</b>				
Administrative Insurance	-	2,814	-	2,814
Bank and Credit Card Fees	-	4,979	35,166	40,145
Board Expenses	-	5,905	-	5,905
Break Room Supplies	2,167	-	-	2,167
Communications	9,145	-	1,702	10,847
Computers and Software	15,688	-	28,095	43,783
Conferences and Meetings	80	550	30	660
Dues, Publications and Subscriptions	4,538	2,013	2,923	9,474
Food Acquisition Costs	797,828	-	-	797,828
Meals and Entertainment	497	658	1,042	2,197
Miscellaneous	879	2,330	1,173	4,382
Occupancy	126,352	392	-	126,744
Office Expense	208	42,885	-	43,093
Printing	1,304	6,492	2,342	10,138
Professional Services	-	8,852	-	8,852
Special Events	-	-	51,523	51,523
Staff Development	805	17,982	-	18,787
Transportation	79,986	75	1,261	81,322
Travel	1,014	518	177	1,709
Warehouse Equipment and Supplies	29,209	-	-	29,209
Website	1,605	-	1,605	3,210
	<u>1,071,305</u>	<u>96,445</u>	<u>127,039</u>	<u>1,294,789</u>
<b>OTHER FUNDRAISING EXPENSES</b>				
Direct Mail/Newsletter/Postage	9,654	-	45,478	55,132
Marketing	-	-	10,901	10,901
Miscellaneous Services	-	-	25,000	25,000
Donor Recognition	-	-	474	474
Volunteer Recognition	539	-	-	539
	<u>10,193</u>	<u>-</u>	<u>81,853</u>	<u>92,046</u>
<b>NON-CASH EXPENSES</b>				
Donated Materials and Services	-	4,900	3,000	7,900
Donated Food	16,246,899	-	-	16,246,899
Accrued Personell Expense	7,090	6,672	2,232	15,994
Inventory Adjustments	84,038	-	-	84,038
Depreciation	209,416	19,381	30,366	259,163
	<u>16,547,443</u>	<u>30,953</u>	<u>35,598</u>	<u>16,613,994</u>
	<u>\$ 18,731,946</u>	<u>\$ 462,789</u>	<u>\$ 584,409</u>	<u>\$ 19,779,144</u>

See Accompanying Notes to Financial Statements

**COMMUNITY FOOD SHARE, INC.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2018**

	<u>Program Services</u>	<u>Management &amp; General</u>	<u>Fund Raising</u>	<u>Total 2018</u>
<b>PERSONNEL EXPENSES</b>				
Salaries and Wages	\$ 884,369	\$ 271,387	\$ 263,910	\$ 1,419,666
Payroll Taxes & Workers' Comp	105,097	24,467	20,056	149,620
Employee Benefits	110,471	27,492	25,922	163,885
Retirement Plan Costs	13,503	4,479	4,744	22,726
	<u>1,113,440</u>	<u>327,825</u>	<u>314,632</u>	<u>1,755,897</u>
<b>OTHER OPERATING EXPENSES</b>				
Administrative Insurance	-	2,731	-	2,731
Bank and Credit Card Fees	-	4,245	24,419	28,664
Board Expenses	-	7,514	-	7,514
Break Room Supplies	2,201	-	-	2,201
Communications	4,080	-	1,490	5,570
Computers and Software	7,991	-	245	8,236
Conferences and Meetings	2,920	161	952	4,033
Dues, Publications and Subscriptions	5,218	593	1,592	7,403
Food Acquisition Costs	923,091	-	-	923,091
Meals and Entertainment	893	1,195	842	2,930
Miscellaneous	1,206	989	3,047	5,242
Occupancy	137,783	-	-	137,783
Office Expense	-	36,854	294	37,148
Personal Property Tax	-	1,661	-	1,661
Printing	1,545	5,065	2,313	8,923
Professional Services	1,547	6,740	-	8,287
Recruiting Expense	-	2,564	-	2,564
Research	-	500	-	500
Special Events	-	-	52,761	52,761
Staff Development	416	12,931	144	13,491
Transportation	80,304	77	1,797	82,178
Travel	3,286	2	696	3,984
Warehouse Equipment and Supplies	32,011	-	-	32,011
Website	1,500	-	-	1,500
	<u>1,205,992</u>	<u>83,822</u>	<u>90,592</u>	<u>1,380,406</u>
<b>OTHER FUNDRAISING EXPENSES</b>				
Direct Mail/Newsletter/Postage	-	-	54,109	54,109
Marketing	-	-	17,528	17,528
Miscellaneous Services	-	-	4,464	4,464
Donor Recognition	142	-	406	548
Volunteer Recognition	2,498	-	-	2,498
	<u>2,640</u>	<u>-</u>	<u>76,507</u>	<u>79,147</u>
<b>NON-CASH EXPENSES</b>				
Donated Materials and Services	12,948	28,774	6,919	48,641
Donated Food	17,634,816	-	-	17,634,816
Depreciation	189,094	18,098	27,750	234,942
	<u>17,836,858</u>	<u>46,872</u>	<u>34,669</u>	<u>17,918,399</u>
	<u>\$ 20,158,930</u>	<u>\$ 458,519</u>	<u>\$ 516,400</u>	<u>\$ 21,133,849</u>

See Accompanying Notes to Financial Statements

**COMMUNITY FOOD SHARE, INC.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2019 and 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<u><b>2019</b></u>	<u><b>2018</b></u>
Support and Revenue Received	\$ 3,584,732	\$ 3,140,787
Salaries and Operating Expenses Paid	<u>(3,344,328)</u>	<u>(3,217,583)</u>
Net Cash Provided (Used) by Operating Activities	<b>240,404</b>	<b>(76,796)</b>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of Property and Equipment	(540,485)	(152,994)
Investments Redeemed (Purchased), Net	27,669	286,019
Proceeds From Donated Stock	<u>-</u>	<u>6,986</u>
Net Cash Provided (Used) by Investing Activities	<u><b>(512,816)</b></u>	<u><b>140,011</b></u>
 <b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>		
	<b>(272,412)</b>	<b>63,215</b>
 <b>CASH AND CASH EQUIVALENTS - Beginning of Year</b>		
	<u><b>646,197</b></u>	<u><b>582,982</b></u>
 <b>CASH AND CASH EQUIVALENTS - End of Year</b>		
	<u><u><b>\$ 373,785</b></u></u>	<u><u><b>\$ 646,197</b></u></u>
 <b>RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
<b>CHANGE IN NET ASSETS</b>	<b>\$ (229,469)</b>	<b>\$ (277,289)</b>
Adjustments to Reconcile Changes in Net Assets to		
Net Cash Provided by Operating Activities:		
Depreciation (Non-cash expense)	259,163	234,942
Donated Investments (Non-cash revenue)	-	(6,986)
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Receivables	200,833	(78,416)
(Increase) Decrease in Deposits and Prepaid Expenses	17,958	(53,940)
(Increase) Decrease in Inventory	(64,426)	137,229
(Decrease) in Accounts Payable & Accrued Expenses	(24,778)	(32,336)
Increase in Deferred Revenue	<u>81,123</u>	<u>-</u>
Total Adjustments	<u><b>469,873</b></u>	<u><b>200,493</b></u>
 <b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
	<u><u><b>\$ 240,404</b></u></u>	<u><u><b>\$ (76,796)</b></u></u>
 <b>SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING ACTIVITIES:</b>		
Donated Food Received	<u><u><b>\$ 16,392,902</b></u></u>	<u><u><b>\$ 17,497,587</b></u></u>
Donated Food Distributed	<u><u><b>\$ (16,246,899)</b></u></u>	<u><u><b>\$ (17,634,816)</b></u></u>
Donated Materials and Services Received	<b>\$ 9,131</b>	<b>\$ 48,641</b>
Donated Materials and Services Expensed	(7,900)	(48,641)
Donated Materials included in gift card inventory	<u>(1,231)</u>	<u>-</u>
	<u><u><b>\$ (9,131)</b></u></u>	<u><u><b>\$ (48,641)</b></u></u>

See Accompanying Notes to Financial Statements



**COMMUNITY FOOD SHARE, INC.**  
Notes to Financial Statements  
June 30, 2019

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**NOTE 1 - ORGANIZATION PURPOSE**

Community Food Share, Inc. (CFS or the Organization), is a Colorado nonprofit corporation. The Organization's mission is to eliminate hunger in Boulder and Broomfield Counties through engagement, collaboration, and leadership. The non-profit food bank distributes food through a network of more than 40 partner agencies as well as onsite and mobile pantries that directly serve low-income families and seniors. Food procurement prioritizes nutritious foods like fresh produce, protein, and dairy. The organization leverages local and national food donor relationships, negotiates significant savings on produce and protein purchases, engages volunteers, and collaborates with a strong network of community partners. CFS relies upon financial support from contributions by individuals, corporations and foundations as well as government grants to support its programs.

**NOTE 2 - SIGNIFICANT ACCOUNTING PRINCIPLES**

**Basis of Presentation**

CFS reports information regarding its financial position and activities according to two classes of net assets those without donor restrictions and those with donor restrictions. The net assets with donor restrictions are segregated into two types: temporarily restricted and permanently restricted. As of June 30, 2019 and 2018 CFS had no net assets with donor restrictions that were permanently restricted.

**Use of Estimates**

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

**Cash and Cash Equivalents**

CFS considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Allowance for Uncollectibles**

Since all accounts receivable and pledges receivable are considered fully collectible, no provision for doubtful accounts has been included in the accompanying financial statements.

**Inventory**

Inventory is comprised of donated and purchased food in stock. Donated food is valued at the average wholesale price per gross pound published by Feeding America, a national food bank distribution network, in its most recent *Product Valuation Survey Methodology*.

**Investments**

Purchased securities are initially recorded at cost; donated securities are recorded as contributions at their fair market value at the date of donation. Unrealized gains and losses are recorded at each balance sheet date for any fluctuations in the investment's fair market value. Investments consist of fixed-income securities, stocks and mutual funds.

**Property and Equipment**

Property and equipment are reported at cost if purchased, or at estimated fair market value if donated. Depreciation is recorded using the straight line method over estimated useful lives ranging from three to ten years for machinery and equipment, forty years for the building, and three to forty years for building components. Gains or losses on the disposition of property and equipment are recorded in the year of sale or retirement. Capital expenditures greater than \$1,000 are capitalized and depreciated over their useful lives.

**NOTE 2 - SIGNIFICANT ACCOUNTING PRINCIPLES (continued)**

**Credit Risk**

Financial instruments that potentially subject the organization to credit risk consist of cash deposits, certificates of deposit, money market funds, US government securities, stocks and mutual funds held at a bank and investment firm.

Bank cash accounts, certificates of deposit and money market funds are held at the primary bank and affiliated financial institutions to achieve full coverage by the FDIC of \$250,000 per account type. Stocks and mutual funds are protected from potential losses attributable to troubled brokerage firms by the SIPC up to \$500,000, with a limit of \$250,000 for cash. In addition the primary financial institution maintains private insurance providing additional coverage beyond the SIPC limitations. US Government securities are direct obligations of the federal government.

As of June 30, 2019 all cash and fixed income securities were protected by the above described coverages while the stock and mutual funds were in excess of the limits by \$24,086. None of the coverages apply to potential losses due to market fluctuations.

**Deferred Revenue**

Deferred revenue consists of advance payments made by donors for special events held from year to year and is recognized in a future period. The Organization had balances of \$81,123 and \$0 in the deferred revenue accounts at June 30, 2019 and 2018 respectively.

**Contributions**

Contributions, including unconditional promises to give, are recognized in the period the promise to give is made. Restricted contributions whose restrictions are accomplished in the same fiscal year are reported as unrestricted contributions.

**Donated Food, Equipment, Goods and Materials**

Donated food, equipment, goods and materials that relate to food distribution and administration are reported at their estimated fair market values at the time of receipt.

**Donated Services**

The Organization recognizes the value of donated services that create nonfinancial assets or that require specialized skills provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. The accompanying financial statements do not, however, reflect the value of the significant number of volunteer hours donated.

**Concentration Risk**

CFS is dependent on third-party contributors for the vast majority of the food it distributes. For the year ended June 30, 2019, donations received from the Organization's largest food contributor accounted for approximately 20% of the food it received. A loss of certain principal donors could limit the availability of food for distribution and could have a material adverse effect on the operations of CFS.

**Expense Allocation**

The costs of providing various programs and other activities have been summarized on a functional basis in the Statements of Activities and the Statements of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefitted.

**Temporarily Restricted Net Assets and Net Assets Released from Restrictions**

Special purpose donations are accounted for as an increase in temporarily restricted net assets and are to be used only for the purpose, or the time frame, specifically designated by the donor. When a purpose restriction is accomplished or a time restriction has lapsed, temporarily restricted net assets are reclassified to unrestricted net assets.

**NOTE 2 - SIGNIFICANT ACCOUNTING PRINCIPLES (continued)**

**Income Tax Status**

The Organization is exempt from income tax under Section 501(c)(3) of the Internal Revenue Code, and has been classified as "other than a private foundation". Therefore, no provision for income taxes has been made in the accompanying financial statements.

CFS files federal Form 990 - Return of Organization Exempt from Income Tax - with the Internal Revenue Service.

**NOTE 3 - RECEIVABLES**

Management has reviewed all receivables as of June 30, 2019 and considers the entire amount to be collectable, therefore, no allowance for doubtful accounts has been accrued.

**NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS**

Temporarily restricted activity for the year consisted of the following transactions:

Beginning Balance	\$ 279,172
Funds Received	
Food Acquisition Funds	48,514
Longmont Youth Center	7,505
Child Feeding Programs	10,000
Mobile Pantries Funds	67,500
Healthy Equity Funds	73,792
Food Scale Purchase	<u>1,000</u>
Total Restricted Funds Received	<u>208,311</u>
Funds Available for Distribution	487,483
Funds Disbursed:	
Food Acquisition Funds	(35,744)
Feeding Families Funds	(19,392)
Solar System Acquisition	(216,327)
Healthy Equity Funds	(73,792)
Food Scale Purchase	(1,000)
Child Feeding Programs	(10,000)
Longmont Youth Center	(6,005)
Mobile Pantries Funds	<u>(96,374)</u>
Total Restricted Funds Disbursed	<u>(458,634)</u>
Ending Balance	<u>\$ 28,849</u>

**NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS (Continued)**

Net assets are temporarily restricted for the following purposes:

	June 30,	
	<u>2019</u>	<u>2018</u>
Food Acquisition	\$ 24,849	\$ 14,082
Feeding Families Program	-	19,391
Mobile Pantries	-	28,874
Worthy Cause Agreement	-	216,325
Longmont Youth Center	3,500	-
Memorial Garden	<u>500</u>	<u>500</u>
Total Temporarily Restricted Net Assets	<u>\$ 28,849</u>	<u>\$ 279,172</u>

**NOTE 5 - BOARD DESIGNATED NET ASSETS**

In order to be proactive in maintaining operations during seasonal cash flow fluctuations and unforeseen declines in revenues, Board policy mandates the designation of 33% of the annual budget as an Operating Reserve. This designation was \$1,134,731 at June 30, 2019.

The Board has also designated a Capital Reserve to cover the anticipated costs for two years' budgeted equipment acquisitions and building improvements. This designation was \$82,000 at June 30, 2019.

**NOTE 6 - SUB-LEASED FACILITY REVENUE**

The Organization leases space in its building that is not currently required for its own operations to two separate third parties:

The first lease is dated May 1, 2019 and expires on April 30, 2022. Monthly lease income is currently \$4,819 plus common area maintenance charges.

The second lease is dated March 19, 2018 and expires on September 30, 2021. Monthly lease income is \$5,469 plus common area maintenance charges.

Total lease income for the years ended June 30, 2019 and 2018 was \$117,717 and \$101,439 respectively.

Future rental payments, excluding common area maintenance charges, for the terms of the current leases are as follows:

Year Ending June 30, 2020	\$ 124,379
2021	128,071
2022	68,560
Thereafter	<u>-</u>
	<u>\$ 321,010</u>

**NOTE 7 - DONATED FOOD, MATERIALS AND SERVICES**

The Organization recognizes the value of donated food, goods and services in accordance with SFAS No. 116, *Accounting for Contributions Received and Contributions Made*.

CFS accounts for the estimated wholesale value of food donated and distributed based on the number of pounds received and distributed. Approximately 10,050,000 and 10,500,000 pounds of food (excluding purchased food) were distributed for the years ended June 30, 2019 and 2018, respectively. The cost of donated food includes the value of food that is lost due to spoilage. The method used for valuation is based upon the average wholesale value per gross pound as published by Feeding America, a national food bank distribution network, in its most recent *Product Valuation Survey Methodology*. This per pound value was \$1.62 and \$1.68 in 2019 and 2018, respectively.

The value of donated equipment, materials and services included in contributions and the corresponding expenditures classification for the year ending June 30, 2019 are:

Contributions	<u>\$ 9,131</u>
Expenditures	
Professional Services	7,900
Capitalized	
Gift Card Inventory	<u>1,231</u>
Total	<u>\$ 9,131</u>

**NOTE 8 - OPERATING LEASE**

The Organization leases a postage meter and a delivery truck under operating leases. Future minimum rental payments under the terms of the leases are as follows:

<u>June 30,</u>	
2020	\$ 24,631
2021	17,705
2022	2,064
2023	2,064
Thereafter	\$ 1,376

Rental expense for the years ended June 30, 2019 and 2018 was \$23,964 and \$22,903 respectively.

**NOTE 9 - BOULDER COUNTY WORTHY CAUSE FUNDING AGREEMENT**

On May 29, 2018 the Organization entered into a Worthy Cause Funding Agreement with the County of Boulder. The agreement awarded the Organization \$216,325 to partially fund the purchase and installation of a solar photovoltaic system on the roof of the Facility. In exchange for the funds the Organization agrees to use the solar system for a minimum of ninety nine years, the length of the agreement. The agreement also requires the Organization to remit a promissary note for the amount of the proceeds and a Deed of Trust for the property to be enforced if the agreement is broken.

**NOTE 9 - BOULDER COUNTY WORTHY CAUSE FUNDING AGREEMENT (Continued)**

If the Organization moves from the existing facility prior to the agreements terms being satisfied, the Organization has the options of relocating the system to a new facility or transferring the property to another or surviving entity which becomes the owner and continues the program. The funds were received in the fiscal year ending June 30, 2018 and were being held as a temporarily restricted government grant until payment was made in the current year. The Organization believes that repayment of this funding is very unlikely and therefore considers it a contribution.

**NOTE 10 - SOLAR SYSTEM PURCHASE**

On June 1, 2018 the Organization entered into a contract to have a solar panel system installed on the roof of its facility. The solar system is comprised of 828 solar modules each designed to produce 345 watts per hour giving the Organization an expected 60% reduction of its energy costs. The contract is for \$472,950 of which \$216,325 was provided through an agreement with Boulder County (See Note 9). The Organization paid a local solar consulting and installation company in full to install the system during the fiscal year ended June 30, 2019 and the system is now up and running.

**NOTE 11 - INVESTMENTS**

Investments consist primarily of fixed income securities with approximately 35% of the investment total in stocks and mutual funds. Investment income and change in market value is recorded in the statement of activities as follows:

Interest and Dividends	\$ 23,189
Unrealized Gain	<u>7,971</u>
	<u>\$ 31,160</u>

**NOTE 12 - EMPLOYEE BENEFIT PLANS**

Prior to April 1, 2018 CFS sponsored a Simplified Employee Pension Plan and made discretionary contributions on behalf of the employees.

On April 1, 2018 CFS started offering a SIMPLE retirement plan. Employees could contribute from their salary up to the maximum deferral allowed by tax law. For calendar year 2018 CFS matched employee contributions up to 3% of their salary. For Calendar year 2019 CFS matches employee contributions up to 1% of their salary. After calendar year 2019 ends CFS will go back to matching employee contributions up to 3% of their salary.

CFS made contributions to the retirement plans totaling \$22,742 and \$22,726 for the years ended June 30, 2019 and 2018 respectively.

**NOTE 13 - SUBSEQUENT EVENTS**

Management has evaluated subsequent events through August 19, 2019, the date which the financial statements were available to be issued and found nothing that would have a material effect on the financial statements at June 30, 2019.