



Financial Statements
June 30, 2021 and 2020

Great Plains Food Bank

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Independent Auditor's Report

The Board of Directors
Great Plains Food Bank
Fargo, North Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of Great Plains Food Bank (Organization), which comprise the statements of financial position as of June 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.

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the 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 Great Plains Food Bank as of June 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performance in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fargo, North Dakota
November 18, 2021

Great Plains Food Bank
Statements of Financial Position
June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,185,555	\$ 4,999,171
Accounts receivable	222,252	326,897
Current portion of unconditional promises to give	178,574	374,160
Inventories		
Purchased food product	567,437	180,223
Donated food product	2,776,236	1,692,769
Prepaid expenses	17,507	7,341
Total current assets	10,947,561	7,580,561
Unconditional Promises to Give, Net of Current Portion	264,804	348,672
Property and Equipment, Net	4,318,077	2,810,377
Investments	542,202	314,823
Total assets	\$ 16,072,644	\$ 11,054,433
Liabilities and Net Assets		
Current Liabilities		
Current portion of long-term debt	\$ 74,500	\$ 370,499
Current portion of capital lease obligations	62,759	60,931
Accounts payable	356,737	421,814
Accrued liabilities		
Accrued compensated absences	122,343	101,078
Accrued payroll and other	65,127	82,441
Accrued interest	493	880
Refundable advance	-	382,300
Total current liabilities	681,959	1,419,943
Long-term Liabilities		
Long-term debt, net of current portion and debt issuance costs	244,672	395,494
Capital lease obligations, net of current portion	163,645	229,317
Total liabilities	1,090,276	2,044,754
Net Assets		
Without donor restrictions	13,236,307	6,591,855
With donor restrictions	1,746,061	2,417,824
Total net assets	14,982,368	9,009,679
Total liabilities and net assets	\$ 16,072,644	\$ 11,054,433

Great Plains Food Bank
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Other Income			
Public Support			
Individual donations	\$ 3,791,522	\$ 319,901	\$ 4,111,423
Church and other donations	1,336,693	1,269,614	2,606,307
Donated food	16,337,945	-	16,337,945
USDA Commodities	16,152,646	-	16,152,646
United Way	133,105	20,668	153,773
Private grants	10,601	1,115,251	1,125,852
Program revenues	489,454	-	489,454
Governmental fees and grants	2,327,682	263,840	2,591,522
Paycheck Protection Program contribution	385,756	-	385,756
	<u>40,965,404</u>	<u>2,989,274</u>	<u>43,954,678</u>
Net assets released from restrictions	<u>3,737,909</u>	<u>(3,737,909)</u>	<u>-</u>
Total public support	<u>44,703,313</u>	<u>(748,635)</u>	<u>43,954,678</u>
Other Income			
Net investment income	-	76,872	76,872
Miscellaneous income	15,712	-	15,712
Total other income	<u>15,712</u>	<u>76,872</u>	<u>92,584</u>
Total public support and other income	<u>44,719,025</u>	<u>(671,763)</u>	<u>44,047,262</u>
Expenses			
Program services	36,875,043	-	36,875,043
Fundraising	1,013,560	-	1,013,560
Administrative and general	444,945	-	444,945
Total expenses	<u>38,333,548</u>	<u>-</u>	<u>38,333,548</u>
Revenues in Excess of Expenses	6,385,477	(671,763)	5,713,714
Contribution for Long-Lived Asset	<u>258,975</u>	<u>-</u>	<u>258,975</u>
Change in Net Assets	6,644,452	(671,763)	5,972,689
Net Assets, Beginning of Year	<u>6,591,855</u>	<u>2,417,824</u>	<u>9,009,679</u>
Net Assets, End of Year	<u>\$ 13,236,307</u>	<u>\$ 1,746,061</u>	<u>\$ 14,982,368</u>

Great Plains Food Bank
Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Public Support and Other Income			
Public Support			
Individual donations	\$ 2,398,762	\$ 871,283	\$ 3,270,045
Church and other donations	945,331	780,022	1,725,353
Donated food	19,244,304	-	19,244,304
USDA Commodities	8,241,244	-	8,241,244
United Way	145,389	52,734	198,123
Private grants	52,551	1,151,622	1,204,173
Program revenues	890,184	-	890,184
Governmental fees and grants	451,004	258,200	709,204
	<u>32,368,769</u>	<u>3,113,861</u>	<u>35,482,630</u>
Net assets released from restrictions	<u>1,903,994</u>	<u>(1,903,994)</u>	<u>-</u>
Total public support	<u>34,272,763</u>	<u>1,209,867</u>	<u>35,482,630</u>
Other Income			
Net investment income	-	11,934	11,934
Miscellaneous income	19,615	-	19,615
Total other income	<u>19,615</u>	<u>11,934</u>	<u>31,549</u>
Total public support and other income	<u>34,292,378</u>	<u>1,221,801</u>	<u>35,514,179</u>
Expenses			
Program services	31,079,893	-	31,079,893
Fundraising	907,959	-	907,959
Administrative and general	404,892	-	404,892
Total expenses	<u>32,392,744</u>	<u>-</u>	<u>32,392,744</u>
Change in Net Assets	1,899,634	1,221,801	3,121,435
Net Assets, Beginning of Year	<u>4,692,221</u>	<u>1,196,023</u>	<u>5,888,244</u>
Net Assets, End of Year	<u>\$ 6,591,855</u>	<u>\$ 2,417,824</u>	<u>\$ 9,009,679</u>

Great Plains Food Bank
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services	Fundraising	Administrative and General	Total Expenses
Salaries	\$ 1,644,292	\$ 332,481	\$ 254,963	\$ 2,231,736
Benefits	307,576	81,146	50,349	439,071
Professional fees	102,469	27,209	36,320	165,998
Advertising	662	484,193	-	484,855
Food distribution	32,728,547	-	-	32,728,547
Food spoilage	637,144	-	-	637,144
Office expense	48,865	42,985	6,851	98,701
Shipping and packing	212,931	-	-	212,931
Property taxes	3,375	75	69	3,519
Computer and internet	36,782	9,167	62,356	108,305
Truck fuel and repairs	355,715	-	-	355,715
Printing	27,583	15,636	-	43,219
Travel and meetings	62,417	3,613	3,662	69,692
Telephone	15,133	3,258	2,771	21,162
Utilities	73,006	2,178	2,016	77,200
Insurance	35,971	890	11,503	48,364
Minor property and equipment	44,123	253	264	44,640
Interest	37,645	-	-	37,645
Depreciation	244,735	9,162	3,239	257,136
Repairs and maintenance	57,445	1,314	1,216	59,975
Miscellaneous	198,627	-	9,366	207,993
	<u>\$ 36,875,043</u>	<u>\$ 1,013,560</u>	<u>\$ 444,945</u>	<u>\$ 38,333,548</u>

Great Plains Food Bank
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services	Fundraising	Administrative and General	Total Expenses
Salaries	\$ 1,348,543	\$ 309,828	\$ 233,671	\$ 1,892,042
Benefits	279,220	80,060	46,081	405,361
Professional fees	28,956	21,064	39,630	89,650
Advertising	3,649	393,846	-	397,495
Food distribution	27,568,194	-	-	27,568,194
Food spoilage	734,816	-	-	734,816
Office expense	36,386	49,315	4,228	89,929
Shipping and packing	221,343	-	-	221,343
Property taxes	2,127	75	68	2,270
Computer and internet	23,436	11,764	49,799	84,999
Truck fuel and repairs	212,786	-	-	212,786
Printing	15,636	11,449	-	27,085
Travel and meetings	73,424	6,548	3,556	83,528
Telephone	12,782	3,683	3,887	20,352
Utilities	53,998	1,767	1,603	57,368
Insurance	46,154	856	9,715	56,725
Minor property and equipment	5,094	899	258	6,251
Interest	15,153	5,000	-	20,153
Depreciation	181,785	9,242	2,789	193,816
Repairs and maintenance	40,372	827	751	41,950
Miscellaneous	176,039	1,736	8,856	186,631
	<u>\$ 31,079,893</u>	<u>\$ 907,959</u>	<u>\$ 404,892</u>	<u>\$ 32,392,744</u>

Great Plains Food Bank
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Operating Activities		
Change in net assets	\$ 5,972,689	\$ 3,121,435
Adjustments to reconcile change in net assets to net cash from operating activities		
Contributions restricted to endowment	(128,612)	(45,687)
Contributions restricted to Feed the Future Campaign	(90,263)	(747,088)
Realized and unrealized gain on investments	(98,767)	(11,934)
Depreciation	257,136	194,515
Interest expense attributable to amortization of debt issuance costs	1,679	699
Contribution for long lived asset	(258,975)	-
Changes in assets and liabilities		
Accounts receivable	104,645	(193,236)
Inventories	(1,470,681)	(259,888)
Prepaid expenses	(10,166)	(2,471)
Accounts payable	(115,488)	95,940
Accrued expenses	3,564	49,286
Refundable advance	(382,300)	382,300
Deferred revenue	-	(58,139)
Net Cash from Operating Activities	3,784,461	2,525,732
Investing Activities		
Purchase of property and equipment	(1,455,450)	(1,419,546)
Purchases of investments	(128,612)	(45,687)
Net Cash used for Investing Activities	(1,584,062)	(1,465,233)
Financing Activities		
Principal payments on long-term note payable	(448,500)	(122,957)
Contributions restricted to endowment	128,612	45,687
Collections of contributions restricted to Feed the Future Campaign	369,717	704,541
Principal payments on capital lease	(63,844)	(54,073)
Proceeds from issuance of long-term note payable	-	700,000
Payment of debt issuance costs	-	(11,749)
Net Cash (used for) from Financing Activities	(14,015)	1,261,449
Net Change in Cash and Cash Equivalents	2,186,384	2,321,948
Cash and Cash Equivalents, Beginning of Year	4,999,171	2,677,223
Cash and Cash Equivalents, End of Year	\$ 7,185,555	\$ 4,999,171

Great Plains Food Bank
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Supplemental Disclosure of Cash Flow Information		
Cash paid during the year for interest	<u>\$ 36,353</u>	<u>\$ 20,153</u>
Supplemental Disclosure of Non-cash Investing and Financing Activities		
Property and equipment purchases included in accounts payable	<u>\$ 114,500</u>	<u>\$ 64,089</u>

Note 1 - Organization and Significant Accounting Policies

Great Plains Food Bank (Organization) is a nonprofit organization established in 2016 to end hunger through community partnerships. Great Plains Food Bank operates out of a facility in Fargo, North Dakota and distributes to various charitable feeding programs. These programs operate in over 110 communities across the state of North Dakota and in Clay County, Minnesota.

Cash and Cash Equivalents

For financial statement purposes, the Organization considers all short-term highly liquid investments with original maturities of three months or less as cash equivalents. Cash and highly liquid financial instruments restricted for other purposes are excluded from the definition.

Concentration of Risk

The Organization's cash balances are maintained in various bank deposit accounts. At various times during the year, the balance of these deposits may be in excess of federally insured limits. To date, the Organization has not experienced losses in any of these accounts.

Receivables and Credit Policies

Accounts receivable consist primarily of balances due from partner agencies. The Organization determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. At June 30, 2021 and 2020, the balance was determined to be collectible.

Unconditional Promises to Give

Unconditional promises to give are initially recorded and subsequently carried at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

Inventories

Contributed food is valued the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal and transportation.

Purchased product inventories are stated at the lower of cost, determined on a first-in, first-out basis, or net realizable value.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment gain or loss is reported in the statements of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment management and custodial fees.

Property and Equipment

Property and equipment additions over \$2,500 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 1 to 31 years, or in the case of leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any remaining gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2021 and 2020.

Net Assets

Net assets, public support, and other income, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets with Donor Restrictions – Net assets subject to donor restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by the donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Program service fees are earned at the point in time the services are delivered. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier and a right or return, are not recognized until the conditions on which they depend have been met.

In-Kind Support

The Organization receives donations from a variety of sources for services and products in the furtherance of its objectives. The in-kind support consists principally of food donated for distribution to food pantries and goods and service items donated by companies and individuals. Contributed materials and equipment are recorded at fair value at the date of donation.

In addition to the recorded in-kind support, the Organization receives substantial assistance from volunteers who donate significant amounts of their time in program services and food donation campaigns. Time donated for work that does not require a professional or craftsman cannot be recorded on the financial statements. Volunteer hours (unaudited) which fall into this category were 8,385 and 11,528 for the years ended June 30, 2021 and 2020. For management purposes, unrecorded volunteer hours were tracked at a value of \$28.54 and \$26.67 per hour for the years ended June 30, 2021 and 2020. The value of volunteer hours (unaudited) donated to the Organization was \$239,308 and \$307,452 for the years ended June 30, 2021 and 2020, respectively. These amounts have not been reflected in the Organization's financial statements.

Functional Allocation of Expenses

The costs of program, fundraising, and administrative and general activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program, fundraising, and administrative and general activities benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated included depreciation, salaries, and various operating expenses, which are allocated based on various inputs including square footage and estimates of time and effort.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which is a reasonable estimate of the effective interest method. Debt issuance costs are included within the long-term debt on the statements of financial position. Amortization of debt issuance costs is included in interest expense in the accompanying financial statements.

Income Taxes

The Organization is organized as a North Dakota nonprofit corporation and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Organization is not subject to unrelated business income tax and is not planning to file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The entities would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Subsequent Events

The Organization has evaluated subsequent events through November 18, 2021, the date which the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 7,185,555	\$ 4,999,171
Accounts receivable	222,252	326,897
Unconditional promises to give	443,378	722,832
Investments	542,202	314,823
Total financial assets	8,393,387	6,363,723
Less amounts not available for general expenditures within the next year:		
Subject to expenditure for a specific purpose	(1,313,853)	(2,137,017)
Perpetual in nature	(432,208)	(280,806)
	(1,746,061)	(2,417,823)
	\$ 6,647,326	\$ 3,945,900

In addition to the financial assets noted above, the Organization has access to a line of credit with a maximum limit of \$100,000. At June 30, 2021, the full balance was available to be drawn on.

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and appropriated. Donor-restricted endowment funds are not available for general expenditure.

As part of a liquidity management plan, cash in excess of daily requirements is invested in bank accounts and money markets.

Note 3 - Donated Inventory

The following table indicates the donated inventory activity for the years ended June 30, 2021 and 2020:

	Pounds	Dollars
Donated food product inventory, June 30, 2019	883,121	\$ 1,483,643
Spoilage and other adjustments	(523,144)	(847,494)
Receipt of donated food	16,966,388	27,485,548
Distributions of donated food	(16,314,153)	(26,428,928)
Donated food product inventory, June 30, 2020	1,012,212	1,692,769
Spoilage and other adjustments	(328,930)	(572,339)
Receipt of donated food	18,672,753	32,490,591
Distributions of donated food	(17,721,141)	(30,834,785)
Donated food product inventory, June 30, 2021	1,634,894	\$ 2,776,236

Donated inventory was valued at \$1.74 and \$1.62 per pound as of June 30, 2021 and 2020, which is a value that is nationally established. Purchased inventory is valued at cost.

Note 4 - Fair Value of Assets and Liabilities

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available.

A three-tier hierarchy categorizes the inputs as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, the Organization develops inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization’s assessment of the quality, risk or liquidity profile of the asset or liability.

A significant portion of the Organization’s investment assets are classified within Level 1 because they consist of open-end mutual funds and equity securities with readily determinable fair values based on daily redemption values. The fair value of the unconditional promises to give is determined by management using present value techniques and risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the underlying assets. These are considered to be Level 3 measurements.

The related fair values of these assets at June 30, 2021 are determined as follows:

	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
June 30, 2021				
Equity securities	\$ 325,260	\$ 325,260	\$ -	\$ -
Mutual funds	211,208	211,208	-	-
Unconditional promises to give	443,378	-	-	443,378
	<u>\$ 979,846</u>	<u>\$ 536,468</u>	<u>\$ -</u>	<u>\$ 443,378</u>
Total assets				

The related fair values of these assets at June 30, 2020 are determined as follows:

	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
June 30, 2020				
Equity securities	\$ 189,906	\$ 189,906	\$ -	\$ -
Mutual funds	121,276	121,276	-	-
Unconditional promises to give	722,832	-	-	722,832
	<u>\$ 1,034,014</u>	<u>\$ 311,182</u>	<u>\$ -</u>	<u>\$ 722,832</u>
Total assets				

Following is a reconciliation of activity for 2021 and 2020 for assets measured at fair value based upon significant unobservable (non-market information).

	Unconditional Promises to Give
Balance, June 30, 2019	\$ 680,285
New promises to give	727,000
Payments received	(704,541)
Adjustment to fair value	20,088
Balance, June 30, 2020	722,832
New promises to give	73,200
Payments received	(369,717)
Adjustment to fair value	17,063
Balance, June 30, 2021	\$ 443,378

Note 5 - Investments

The Organization's investments in equity securities and mutual funds are stated at fair value. Investments in money market funds are stated at cost plus accrued interest.

Investments

Investments as of June 30, 2021 and 2020 are as follows:

	2021	2020
Money market funds	\$ 5,734	\$ 3,641
Equity securities	325,260	189,906
Mutual funds	211,208	121,276
	\$ 542,202	\$ 314,823

Note 6 - Unconditional Promises to Give

Unconditional promises to give are reflected at the present value of estimating future cash flows. The following is a summary of pledges receivable at June 30, 2021 and 2020:

	2021	2020
Current unconditional promises to give	\$ 178,574	\$ 374,160
Amounts receivable in one to five years	264,804	348,672
	\$ 443,378	\$ 722,832

As of June 30, 2021, six donors accounted for 67% of total promises to give. As of June 30, 2020, six donors accounted for 65% of total promises to give.

Note 7 - Property and Equipment

Property and equipment consists of the following at June 30, 2021 and 2020:

	2021	2020
Land	\$ 226,215	\$ 226,215
Buildings and improvements	3,275,963	1,071,829
Furniture and fixtures	846,811	331,463
Automobiles	834,328	654,456
Construction in progress	-	1,134,519
	5,183,317	3,418,482
Less accumulated depreciation	(865,240)	(608,105)
	\$ 4,318,077	\$ 2,810,377

Note 8 - Line of Credit

The Organization has opened a line of credit with a maximum limit of \$100,000, bearing interest at a variable rate of 0.5% over the Prime Rate with a floor of 3.00% (3.75% at June 30, 2021). The line of credit is secured by assets of the Organization and is due in full on February 7, 2022. As of June 30, 2021 and 2020, no advances have been made from the line of credit.

Note 9 - Paycheck Protection Program

During 2020, the Organization was granted a \$382,300 loan under the Paycheck Protection Program (PPP) administered by a Small Business Administration (SBA) approved partner, which was shown as a refundable advance on the statements of financial position. The loan was forgiven during 2021 upon the Organization meeting certain requirements, which has been recorded as a contribution in the statements of activities.

Note 10 - Long-Term Debt

Long-term debt consists of the following at June 30, 2021 and 2020:

	2021	2020
3.67% note payable to Bremer Bank, to be paid in installments based on pledge payments, until February 2026, secured by substantially all assets, security agreement, and fixture financing statement, net of unamortized debt issuance costs of \$9,371 in 2021 and \$11,050 in 2020, based on an effective interest rate of 3.87%	\$ 319,172	\$ 665,993
2.5% note payable to Otto Bremer Trust	-	100,000
Less current portion	319,172 <u>(74,500)</u>	<u>765,993</u> <u>(370,499)</u>
	<u>\$ 244,672</u>	<u>\$ 395,494</u>

Future maturities of long-term notes payable are as follows:

Year Ending June 30,	Amount
2022	\$ 74,500
2023	39,500
2024	25,500
2025	20,000
2026	20,000
Thereafter	149,043
Less unamortized debt issuance costs	<u>(9,371)</u>
Total	<u>\$ 319,172</u>

Note 11 - Leases

The Organization leases three vehicles under non-cancelable long-term capital leases which expire in December 2023 through September 2025. The capitalized leased assets consist of the following:

	2021	2020
Vehicles	\$ 419,527	\$ 419,527
Less accumulated depreciation	(193,123)	(129,279)
	\$ 226,404	\$ 290,248

Future minimum lease payments are as follows:

Year Ending June 30,	Principal	Interest	Total
2022	\$ 62,759	\$ 5,928	\$ 68,687
2023	64,643	4,044	68,687
2024	56,829	2,155	58,984
2025	30,610	745	31,355
2026	11,563	38	11,601
Total minimum lease payments	\$ 226,404	\$ 12,910	\$ 239,314

Note 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

	2021	2020
Subject to Expenditure for Specified Purpose		
Feed the future campaign	\$ 289,057	\$ 972,219
Coronavirus relief campaign	594,057	1,104,594
Private grants	320,745	26,187
Accumulated endowment gains	109,994	34,018
	1,313,853	2,137,018
Endowments		
Perpetual in nature, earnings from which are subject to endowment spending policy appropriation	432,208	280,806
Total assets with donor restrictions	\$ 1,746,061	\$ 2,417,824

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or other events specified by the donors as follows for the years ended June 30, 2021 and 2020:

	2021	2020
Satisfaction of purpose restrictions		
Back pack program	\$ 278,424	\$ 225,268
Feed the future campaign	887,941	1,103,889
Coronavirus relief campaign	2,312,688	450,513
Private grants	258,856	124,324
	\$ 3,737,909	\$ 1,903,994

The Organization established a Feed the Future Campaign and identified specific milestones and goals as part of this campaign. The largest of this being to open and operate an additional location in Bismarck, North Dakota. Donations are considered restricted by the donor when they indicate their support of this campaign and released from restriction as the costs are incurred as outlined in the campaign milestones and goals.

Note 13 - Endowments

The endowment includes donor-restricted endowment funds. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Organization's Board of Directors has interpreted the North Dakota Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2021 and 2020, there were no such donor stipulations. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give at fair value) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard prudence prescribed by UPMIFA.

The Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization 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 organization
- The investment policies of the organization

As of June 30, 2021 and 2020, donor-restricted endowment composition by type of fund is as follows:

	2021	2020
Donor-restricted endowment funds		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 432,208	\$ 280,806
Accumulated investment gain	109,994	34,018
	\$ 542,202	\$ 314,824

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support the operations of the Organization.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on an investment allocation with investments in equity that cannot exceed 30% to 70% of the total investment. If the investment allocation falls outside that range the Organization must bring it back into alignment annually. The Organization targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization's policy is to maintain sufficient financial stability for the operations of the Organization. Interest and dividends net of investment expense are to be transferred to the operating undesignated fund quarterly. A maximum of fifty percent of the realized gains are available to the operating undesignated fund, but must first receive board approval. In establishing this policy, the Organization considered the long-term expected return on its board designated reserves.

The Organization uses an endowment spending-rate formula to determine the maximum amount to spend from the Endowment each year. The expenditures policy shall allow for distributions from the Endowment Fund at an initially established annual range of 3% to 5%. The Organization shall not appropriate for expenditure in any year an amount greater than 7% of the fair market value of the Endowment Fund, calculated on the basis of market values determined at least quarterly and averaged over a period of not less than three years immediately preceding the year in which the appropriation for expenditure is made, unless the prudent consideration warrants such an expenditure. During 2021 and 2020, there was no spending from the fund. In establishing this policy, the Board of Directors considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Changes in endowment with donor restriction net assets for the years ended June 30, 2021 and 2020 are as follows:

	2021	2020
Endowment net assets, beginning of year	\$ 314,824	\$ 257,203
Investment gain	75,976	11,934
Contributions	151,402	45,687
Endowment net assets, end of year	\$ 542,202	\$ 314,824

Note 14 - Employee Benefits

The Organization provides a defined contribution pension plan. Employer contributions are determined annually based on a percentage of the employee's salary, in the form of a match. From the date of employment, for the first year, the Organization contributes up to 2%, which increases to 7% after the first full year of employment. Upon the increase, the 5% is an automatic contribution and no match is required beyond the initial 2%. Retirement expense for the years ended June 30, 2021 and 2020 was \$119,613 and \$104,042, respectively.

Note 15 - Contingency

COVID-19 Pandemic

During 2021 and 2020, the world-wide coronavirus pandemic impacted national and global economies. Great Plains Food Bank is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the date of issuance of these financial statements, the current and future full impact to Great Plains Food Bank is not known.