

The Food Group
New Hope, Minnesota

Financial Statements
Auditor's Report
For the Years Ended
September 30, 2021 and 2020



CERTIFIED PUBLIC ACCOUNTANTS

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Carpenter, Evert & Associates

Certified Public Accountants

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Independent Auditor's Report

Board of Directors
The Food Group
New Hope, Minnesota

We have audited the accompanying financial statements of The Food Group as of September 30, 2021 and 2020, which comprise the statements of financial position and the related statements of activities and changes in net assets, functional expense, 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 audit 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 audits 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 The Food Group as of September 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Carpenter Evert and Associates, LTD.
Certified Public Accountants

Minneapolis, Minnesota
January 26, 2022

THE FOOD GROUP
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 3,290,791	\$ 733,000	\$ 4,023,791	\$ 3,737,649	\$ 280,353	\$ 4,018,002
In-Kind Contributions	6,755,055	-	6,755,055	7,667,085	-	7,667,085
United Way	47,987	-	47,987	60,191	-	60,191
Government Grants	2,804,121	-	2,804,121	2,237,177	-	2,237,177
Sales Revenue	4,344,080	-	4,344,080	4,631,921	-	4,631,921
Special Event Revenue	-	-	-	7,620	-	7,620
Less: Costs of Direct Benefits to Donors	(7,305)	-	(7,305)	(7,612)	-	(7,612)
Net Revenues from Special Events	(7,305)	-	(7,305)	8	-	8
Investment Income	23,318	-	23,318	5,331	-	5,331
Miscellaneous	9,629	-	9,629	(23,825)	-	(23,825)
Net Assets Released from Restrictions:						
Satisfaction of Time Restrictions	50,000	(50,000)	-	-	-	-
Satisfaction of Purpose Restrictions	230,353	(230,353)	-	10,000	(10,000)	-
Total Support and Revenue	17,548,029	452,647	18,000,676	18,325,537	270,353	18,595,890
Expense:						
Program Services	16,149,378	-	16,149,378	17,070,293	-	17,070,293
Support Services:						
Management and General	596,616	-	596,616	460,467	-	460,467
Fundraising	816,198	-	816,198	622,755	-	622,755
Total Support Services	1,412,814	-	1,412,814	1,083,222	-	1,083,222
Total Expense	17,562,192	-	17,562,192	18,153,515	-	18,153,515
Change in Net Assets	(14,163)	452,647	438,484	172,022	270,353	442,375
Net Assets - Beginning of Year	4,485,450	280,353	4,765,803	4,313,428	10,000	4,323,428
Net Assets - End of Year	\$ 4,471,287	\$ 733,000	\$ 5,204,287	\$ 4,485,450	\$ 280,353	\$ 4,765,803

The accompanying Notes to Financial Statements
are an integral part of these statements.

THE FOOD GROUP
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED SEPTEMBER 30, 2021 WITH COMPARATIVE TOTALS FOR 2020

	2021				2020	
	Program Services	Management & General	Fund-raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 1,784,219	\$ 144,638	\$ 357,980	\$ 502,618	\$ 2,286,837	\$ 2,107,735
Employee Benefits	234,710	19,027	47,091	66,118	300,828	277,031
Payroll Taxes	146,842	11,904	29,462	41,366	188,208	166,790
Total Personnel Costs	2,165,771	175,569	434,533	610,102	2,775,873	2,551,556
In-Kind Food	6,793,430	-	-	-	6,793,430	7,239,230
Food Costs	5,795,876	11,002	17,626	28,628	5,824,504	6,538,316
Professional Fees	244,530	314,931	72,203	387,134	631,664	557,352
Occupancy	345,278	22,332	55,272	77,604	422,882	373,430
Office Expenses	84,952	35,822	153,656	189,478	274,430	256,137
Travel, Transportation and Shipping	228,314	-	97	97	228,411	218,729
Supplies	146,252	-	-	-	146,252	80,491
Miscellaneous	82,745	-	47,414	47,414	130,159	72,148
In-kind Supplies	105,255	-	-	-	105,255	70,984
Staff and Volunteer	12,392	25,523	7,090	32,613	45,005	34,250
Grant Expenses	3,500	-	-	-	3,500	-
Depreciation and Amortization	141,083	11,437	28,307	39,744	180,827	160,892
Total Expense	\$ 16,149,378	\$ 596,616	\$ 816,198	\$ 1,412,814	\$ 17,562,192	\$ 18,153,515

The accompanying Notes to Financial Statements are an integral part of this statement.

THE FOOD GROUP
STATEMENT OF FUNCTIONAL EXPENSE
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Support Services				
	Program Services	Management & General	Fund- raising	Total Support Services	Total All Services
Salaries	\$ 1,696,225	\$ 132,988	\$ 278,522	\$ 411,510	\$ 2,107,735
Employee Benefits	222,944	17,479	36,608	54,087	277,031
Payroll Taxes	134,226	10,524	22,040	32,564	166,790
Total Personnel Costs	2,053,395	160,991	337,170	498,161	2,551,556
In-Kind Food	7,239,230	-	-	-	7,239,230
Food Costs	6,524,037	4,461	9,818	14,279	6,538,316
Professional Fees	291,484	214,224	51,644	265,868	557,352
Occupancy	313,765	19,282	40,383	59,665	373,430
Office Expenses	105,130	31,194	119,813	151,007	256,137
Travel, Transportation and Shipping	215,278	2,020	1,431	3,451	218,729
Supplies	80,315	55	121	176	80,491
Miscellaneous	31,347	8,599	32,202	40,801	72,148
In-Kind Supplies	70,984	-	-	-	70,984
Staff and Volunteer	18,309	7,997	7,944	15,941	34,250
Depreciation and Amortization	127,019	11,644	22,229	33,873	160,892
Total Expense	\$ 17,070,293	\$ 460,467	\$ 622,755	\$ 1,083,222	\$ 18,153,515

The accompanying Notes to Financial Statements are an integral part of this statement.

THE FOOD GROUP
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

<u>ASSETS</u>	<u>2021</u>	<u>2020</u>
Current Assets:		
Cash	\$ 852,834	\$ 1,046,055
Investments	63,811	15,332
Accounts Receivable	175,392	169,192
Grants Receivable	330,874	434,104
Prepaid Expense	204,009	172,396
Inventory	973,271	1,443,774
Total Current Assets	<u>2,600,191</u>	<u>3,280,853</u>
Property and Equipment - Net	<u>3,735,901</u>	<u>3,585,739</u>
TOTAL ASSETS	<u>\$ 6,336,092</u>	<u>\$ 6,866,592</u>
 <u>LIABILITIES AND NET ASSETS</u> 		
Current Liabilities:		
Notes Payable - Current	\$ 127,522	\$ 138,957
Capital Lease - Current	112,356	108,346
Accounts Payable	168,672	135,407
Accrued Salaries and Vacation	92,996	165,154
Accrued Expenses	7,554	7,639
Funds Held for Others	162	12,000
Deferred Revenue	89,550	13,390
Total Current Liabilities	<u>598,812</u>	<u>580,893</u>
Long-Term Liabilities:		
Capital Lease - Non Current	114,879	172,321
PPP Loan	-	796,300
Notes Payable - Non Current	418,114	551,275
Total Liabilities	<u>1,131,805</u>	<u>2,100,789</u>
Net Assets:		
Without Donor Restrictions	4,471,287	4,485,450
With Donor Restrictions	733,000	280,353
Total Net Assets	<u>5,204,287</u>	<u>4,765,803</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 6,336,092</u>	<u>\$ 6,866,592</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

THE FOOD GROUP
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2021 AND 2020

<u>Increase (Decrease) in Cash</u>	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities:		
Change in Net Assets	\$ 438,484	\$ 442,375
Total Adjustments	<u>10,115</u>	<u>(600,409)</u>
Net Cash Provided (Used) by Operating Activities	448,599	(158,034)
Cash Flows from Investing Activities:		
Purchases of Property and Equipment	(382,322)	(276,665)
Proceeds from Sale of Property	3,500	-
Purchases of Investments	<u>-</u>	<u>14,158</u>
Net Cash (Used) by Investing Activities	(378,822)	(262,507)
Cash Flows from Financing Activities:		
Principal Payments on Notes Payable	(145,647)	(133,666)
Principal Payments on Capital Lease	(117,351)	(104,481)
Proceeds from PPP Loan	<u>-</u>	<u>796,300</u>
Net Cash Provided (Used) by Financing Activities	(262,998)	558,153
Net Increase(Decrease) in Cash	(193,221)	137,612
Cash - Beginning of Year	<u>1,046,055</u>	<u>908,443</u>
Cash - End of Year	<u>\$ 852,834</u>	<u>\$ 1,046,055</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
Cash Paid for:		
Interest	<u>\$ 28,326</u>	<u>\$ 27,017</u>
Non-Cash Investing Activities		
Addition of Property and Equipment	<u>\$ (64,969)</u>	<u>\$ -</u>
Non-Cash Financing Activities		
Addition of Capital Lease	<u>\$ 55,540</u>	<u>\$ -</u>

The accompanying Notes to Financial Statements
are an integral part of these statements.

THE FOOD GROUP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

1. Summary of Significant Accounting Policies

Organizational Purpose

The Food Group is a local nonprofit organization focused on using nutritious food to strengthen community. The mission of The Food Group is: Fighting Hunger. Nourishing our Community.

For more than 40 years The Food Group has worked to provide good foods to those who need it most in our community. We focus on local food access, equity, and nutrition issues related to food and hunger in more than 32 counties in Minnesota and Wisconsin.

The Food Group works on both ends of the food system from production to distribution. Working towards building a better local food system for all, we focus on breaking down barriers to growing good food locally and breaking down barriers to getting good food to those who need it most. Our programs include:

Food Shelf Support

We partner with 228 food shelves and meal programs to offer distribution of donated food, fresh produce, bulk purchasing of staple items, TEFAP food distribution, nutrition education, capacity building, and culturally specific food and resources. Food shelf support strengthens our community by ensuring everyone has the nutritious food they need to thrive.

Fare For All

We operate a traveling nutritious grocery store, which makes monthly stops at 35 distribution sites across the Twin Cities and greater MN to offer fresh produce and quality meats. We break down barriers for families seeking to stretch their food purchasing power and achieve self-sufficiency by offering discounts up to 40 percent off retail prices. Fare For All strengthens our community by ensuring everyone can eat healthy and affordable food.

Big River Farms

Our newest program offers organic and sustainable agriculture training for farmers who have historically been underrepresented in farm ownership, including immigrants, people of color, and refugees. Farmers learn to provide food for themselves and their communities. We also create market opportunities for the participating farmers, provide educational programming on sustainable agriculture to youth and community members, and host the annual Emerging Farmers Conference. Big River Farms strengthens our community by building a more sustainable and just food system.

THE FOOD GROUP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued):

Fund Accounting

In order to observe the limitation and restrictions placed on resources available to The Food Group, the accounts are maintained in accordance with the principles of fund accounting. This is the procedure whereby resources are classified for accounting and reporting purposes into net asset groupings established according to their nature and restrictions. A description of the groupings is as follows:

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

Net Assets with Donor Restrictions – Net assets subject to donor-imposed 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. The Food Group reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, 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.

Investments

The Food Group carries its investments at fair value.

Accounts Receivable and Doubtful Accounts

The Food Group extends credit to its customers on terms it establishes for individual customers. Receivables are recorded at amounts billed and are generally due when billed. Amounts outstanding for more than 30 days are considered delinquent. Accounts receivable are generally uncollateralized and The Food Group does not charge interest on accounts receivable balances. The Food Group reviews receivable balances on a periodic basis and writes off delinquent receivables when they are considered uncollectible. No allowance for doubtful accounts has been provided as receivables are considered collectable.

Inventory

Inventory consists of canned, frozen and fresh foods and hygiene products used in various programs. Inventory is valued at the average cost, determined on a first-in first-out basis (FIFO).

THE FOOD GROUP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued):

Property and Equipment

All major expenditures for property and equipment over \$2,500 are capitalized at cost. Depreciation is provided through the use of the straight-line method.

Revenue and Revenue Recognition

The Food Group recognizes contributions when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. Contributions other than cash are recorded at their estimated market value.

A portion of the Food Group's revenue is derived from cost-reimbursable government grants which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when The Food Group has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. We received cost-reimbursable grants of \$361,644 and \$2,155,441 that have not been recognized at September 30, 2021 and 2020 because qualifying expenditures have not yet been incurred. No amounts have been received in advance under government grants. PPP Loan was forgiven in the year ending September 30, 2021 and included in Government Grants.

Sales are recognized as revenue when the performance obligation of transferring products and providing services are met. Special event income is equal to the fair value of the direct benefit to the donors and the contributions received related to the events.

The following provides information about significant changes in deferred revenue for the years ended September 30:

	<u>2021</u>	<u>2020</u>
Deferred Revenue – Beginning of Year	\$ 13,390	\$ 13,561
Revenue recognized that was included in deferred revenue at the beginning of the year	(13,390)	(13,561)
Increases in deferred revenue due to cash received during the year	<u>89,550</u>	<u>13,390</u>
Deferred Revenue – End of Year	<u>\$ 89,550</u>	<u>\$ 13,390</u>

Promises-To-Give (Pledges Receivable)

Unconditional promises-to-give are recognized in the period the promises are made. Conditional promises-to-give are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

THE FOOD GROUP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

1. Summary of Significant Accounting Policies (continued):

Functional Allocation of Expense

Salaries and related expenses are recorded in programs based on time and activity reports. Expenses, other than salaries and related expenses, which are not directly identifiable by program or supporting service, are allocated based on the best estimates of management.

Income Tax

The Food Group has a tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and has adopted *Accounting for Uncertainty in Income Taxes*, ASC 740-10. The Food group's policy is to evaluate uncertain tax positions, at least annually, for the potential for income tax exposure from unrelated business income or from loss of nonprofit status. The Food Group continues to operate consistent with its original exemption application and each year takes the necessary actions to maintain its exempt status. It has been classified as an organization that is not a private foundation under the Internal Revenue Code and charitable contributions by donors are tax deductible. In compliance with its exempt status, The Food Group annually files a Return of Organization Exempt From Income Tax (Form 990).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities 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.

Reclassifications

Certain amounts in prior year comparative totals have been reclassified to conform with the presentation in the current year financial statements.

Subsequent Events

The Food Group has evaluated the effect that subsequent events would have on the financial statements through January 26, 2022, which is the date financial statements were available to be issued.

THE FOOD GROUP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

2. Contingencies and Uncertainties

The COVID-19 outbreak in the United States has caused business disruption through both mandated and voluntary suspension of operations. While many of the closings have re-opened, there are still uncertainties if there will be future disruptions due to additional outbreaks. Therefore, The Food Group expects this matter may impact its future operating results, but reasonable estimates cannot be made at this time.

3. Significant Concentrations of Credit Risk

The Food Group provides services within Minnesota. Grants and contributions receivable are from local governments or institutions.

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

At September 30, 2021 and 2020, The Food Group held funds at a local financial institution in excess of federally insured limits.

4. Investments

The Food Group held the following investments as of:

	September 30,			
	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Money Market	\$ 63,811	\$ 63,811	\$ 15,332	\$ 15,332

The Food Group had realized and unrealized gains of \$22,310 and \$3,997 and interest income of \$1,008 and \$1,334 for the years ending September 30, 2021 and 2020, respectively.

THE FOOD GROUP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

5. Fair Value

The Food Group adopted Financial Accounting Standards Board Accounting Standards Codification Topic 820 Fair Value Measurements and Disclosures (ASC 820). In accordance with ASC 820, "fair value" is defined as the price that an organization would receive upon selling an investment in an orderly transaction to an independent buyer in the principal or most advantageous market for the investment. Various inputs are used in determining the value of investments. ASC 820 established a three-tier hierarchy of inputs to establish a classification of fair value measurements for disclosure purposes. The three-tier hierarchy of inputs is summarized in the three broad levels listed below:

- Level 1 – Quoted prices in active markets for identical investments.
- Level 2 – Other significant observable inputs (including quoted prices for similar investments, interest rates, prepayment speeds, credit risk, etc.)
- Level 3 – Significant unobservable inputs.

The following is a summary of the inputs used to determine the fair values of the investments at:

September 30, 2021:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market	<u>\$ 63,811</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 63,811</u>

September 30, 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Money Market	<u>\$ 15,332</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,332</u>

6. Grants Receivable

The outstanding balance of grants receivable at September 30, 2021 is expected to be collected over the following fiscal years:

<u>Due in the Year Ending September 30,</u>	
2022	<u>\$ 330,874</u>

THE FOOD GROUP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

7. Property and Equipment

The Food Group owned the following as of:

	<u>September 30,</u>		<u>Estimated Useful Lives</u>
	<u>2021</u>	<u>2020</u>	
Land	\$ 1,128,188	\$ 1,128,188	
Buildings and Building Improvements	3,311,310	2,961,953	5-39 years
Furniture and Equipment	859,412	826,447	5 years
Capital Lease – Trucks	672,241	672,241	7 years
Capital Lease – Equipment	36,370	36,370	5 years
Capital Lease - Copiers	64,969	-	5 years
Vehicles	<u>427,511</u>	<u>497,139</u>	5 years
	6,500,001	6,122,338	
Less Accumulated Depreciation	<u>2,764,100</u>	<u>2,536,599</u>	
	<u>\$ 3,735,901</u>	<u>\$ 3,585,739</u>	

Depreciation expense of \$297,130 and \$264,201 was recorded for the years ended September 30, 2021 and 2020, respectively. For the year ended September 30, 2021 \$96,035 of depreciation is included in Travel, Transportation and Shipping expense, and \$20,268 is included in the Office Expenses due to it being depreciation on capital leases for vehicles and office equipment.

8. Line of Credit

The Food Group maintains a \$200,000 line-of-credit with MidWestOne Bank, maturing May 25, 2022. The interest rate at September 30, 2021 was 3.25%. Line-of-credit was not used and had no balance for both years ended September 30, 2021 and 2020. Secured by land and building.

The Food Group secured a new \$500,000 line of credit with MidWestOne Bank in the year ending September 30, 2021 for a new roof. The line of credit will convert to a traditional note payable in July 2022. There was no activity on the new line of credit.

9. Capital Leases

The Food Group leases trucks and equipment under a capital lease. The economic substance of the lease is that The Food Group is financing the acquisition of the assets through the lease, and, accordingly, it is recorded in The Food Group's assets and liabilities.

The following is an analysis of the leased assets included in Property and Equipment as of:

	<u>September 30,</u>		<u>Estimated Useful Lives</u>
	<u>2021</u>	<u>2020</u>	
Trucks	\$ 672,241	\$ 672,241	7 years
Equipment	36,370	36,370	5 years
Copiers	64,969	-	5 years
Less Accumulated Depreciation	<u>564,216</u>	<u>447,914</u>	
Net Book Value	<u>\$ 209,364</u>	<u>\$ 260,697</u>	

THE FOOD GROUP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

9. Capital Leases (continued)

Future Payments required under the lease together with their present value.

<u>Due in the Year Ending September 30,</u>	
2022	\$ 135,502
2023	78,954
2024	16,918
2025	1,410
2026	<u>1,410</u>
Total Minimum Lease Payments	234,194
Less Amount Representing Interest	<u>27,388</u>
Present Value of Minimum Lease Payments	<u>\$ 206,806</u>

10. In-kind Contributions

The Food Group records in-kind contributions at fair market value at date of donation. In kind contributions include the following as of:

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Foods	\$ 6,649,801	\$ 7,534,605
Non-Food Items	<u>105,254</u>	<u>132,480</u>
	<u>\$ 6,755,055</u>	<u>\$ 7,667,085</u>

11. Liquidity and Availability

The following represents The Food Group's financial assets as of:

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Cash	\$ 852,834	\$ 1,046,055
Investments	63,811	15,332
Accounts Receivable	175,392	162,636
Grants Receivable	<u>330,874</u>	<u>434,104</u>
Total Financial Assets	1,422,911	1,658,127
Less assets not available to be used within one year:		
Net Assets with Donor Restrictions	733,000	280,353
Net Assets with Restrictions to be met within a year	<u>(733,000)</u>	<u>(280,353)</u>
Total assets not available for general expenditures		
Within one year:	<u>-</u>	<u>-</u>
Financial assets available for general expenditures within one year:	<u>\$ 1,422,911</u>	<u>\$ 1,658,127</u>

As part of The Food Group's liquidity plan, the Food Group has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due.

THE FOOD GROUP
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

12. Notes Payable

The breakdown of notes payable is as follows:

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
3.5% mortgage payable to MidWestOne Bank Payable in monthly amounts of \$10,180 including interest with the last payment due October 2025. Secured by land and building.	\$ 463,737	\$ 565,167
3.5% mortgage payable on demand to MidWestOne Bank. If no demand is made, mortgage is payable in monthly amounts of \$1,940 including interest with the last payment due October 2025. Secured by land and building.	89,711	109,312
4% note payable to St. Paul Port Authority. Payable in monthly amounts of \$1,340 including interest with the last payment due October 1, 2022. Secured by purchased equipment.	-	15,753
Less Loan Fees Paid	553,448	690,232
Less Portion Due Within One (1) Year	7,812	-
Long-term Portion	<u>127,522</u>	<u>138,957</u>
	<u>\$ 418,114</u>	<u>\$ 551,275</u>

Principal payments required are as follows:

<u>Due in the Year Ending September 30,</u>	
2022	\$ 127,522
2023	131,993
2024	136,619
2025	141,407
2026 and thereafter	<u>15,907</u>
Total	<u>\$ 553,448</u>

13: Pension Plan

The Food Group participates in a section 401(k) retirement plan that covers those employees who meet eligibility requirements. Contributions of \$9,512 and \$4,840 were made in the years ended September 30, 2021 and 2020, respectively.

THE FOOD GROUP
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14. Net Assets With Donor Restrictions

Net assets with donor restrictions consisted of amounts from the following as of:

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Time Restrictions:		
General Operations	\$ 95,000	\$ 25,000
Program Restrictions:		
Local Food Programs	500,000	-
Community Based and Culturally Specific Food Programs	138,000	-
Nourishing Local Youth Experiencing	-	150,000
Big River Farm	-	25,000
Twin Cities Mobile Market	-	80,353
	<u>\$ 733,000</u>	<u>\$ 280,353</u>

15. Cash Flow Operating Adjustments

Adjustments to reconcile Change in Net Assets to Net Cash Used by Operating Activities were as follows as of:

	<u>September 30,</u>	
	<u>2021</u>	<u>2020</u>
Depreciation and Amortization	\$ 297,130	\$ 264,196
Contributed Securities	(47,707)	(14,158)
Gain (Loss) on Disposal of Assets	(3,500)	33,519
PPP Loan Forgiveness	(796,300)	-
Realized (Gain) on Investment	(772)	(2,856)
Increases (Decreases) in Current Liabilities:		
Accounts Payable	33,265	32,950
Accrued Salaries and Vacations	(72,158)	40,660
Accrued Expenses	(85)	(2,734)
Funds Held for Other	(11,838)	(1,000)
Deferred Revenue	76,160	(171)
Decreases (Increases) in Current Assets:		
Accounts Receivable	169,192	24,270
Grants Receivable	(72,162)	(273,684)
Prepaid Expense	(31,613)	(13,074)
Inventory	470,503	(688,327)
Total Adjustments	<u>\$ 10,115</u>	<u>\$ (600,409)</u>