

OREGON FOOD BANK, INC.

FINANCIAL STATEMENTS

Year Ended June 30, 2022



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OREGON FOOD BANK, INC.
FINANCIAL STATEMENTS
Year Ended June 30, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Oregon Food Bank, Inc.
Portland, Oregon

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Oregon Food Bank, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Oregon Food Bank, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Oregon Food Bank, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Oregon Food Bank, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

To the Board of Directors
Oregon Food Bank, Inc.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Oregon Food Bank, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Oregon Food Bank, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2022, on our consideration of the Oregon Food Bank, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 and the results of that testing, and not to provide an opinion on the effectiveness of the Oregon Food Bank, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Oregon Food Bank, Inc.'s internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Oregon Food Bank, Inc.'s 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



Portland, Oregon
December 14, 2022

OREGON FOOD BANK, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2022

(With Comparative Totals as of Year Ended June 30, 2021)

ASSETS

| | 2022 | 2021 |
|------------------------------|----------------------|----------------------|
| Cash and cash equivalents | \$ 29,921,155 | \$ 25,670,101 |
| Grants and other receivables | 4,161,573 | 4,661,631 |
| Pledges receivable | 9,989,047 | 346,122 |
| Inventory | 3,447,123 | 4,819,750 |
| Prepaid expenses | 426,228 | 304,944 |
| Investments | 24,183,811 | 26,963,343 |
| Property and equipment, net | 16,606,632 | 16,349,251 |
| Total assets | \$ 88,735,569 | \$ 79,115,142 |

LIABILITIES AND NET ASSETS

| | | |
|--|----------------------|----------------------|
| Accounts payable | \$ 1,603,850 | \$ 3,212,137 |
| Agency pass-through payable | 83,416 | 308,800 |
| Accrued payroll and vacation | 892,049 | 1,365,944 |
| Advance deposits and deferred revenue | - | 17,500 |
| Refundable advances - conditional grants | - | 1,049,094 |
| Refundable advance - Paycheck Protection Program | - | 2,560,665 |
| Obligations under annuity agreements | 66,497 | 74,588 |
| Total liabilities | 2,645,812 | 8,588,728 |
| Net assets | | |
| Without donor restrictions | | |
| Undesignated | 39,511,977 | 50,803,352 |
| Board designated | 20,000,000 | - |
| Board designated endowment | 2,379,545 | 2,613,354 |
| Net property and equipment | 16,606,632 | 16,349,251 |
| Total without donor restrictions | 78,498,154 | 69,765,957 |
| With donor restrictions | 7,591,603 | 760,457 |
| Total net assets | 86,089,757 | 70,526,414 |
| Total liabilities and net assets | \$ 88,735,569 | \$ 79,115,142 |

See notes to financial statements.

OREGON FOOD BANK, INC.

STATEMENT OF ACTIVITIES

Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

| | Without Donor Restrictions | With Donor Restrictions | 2022 | 2021 |
|---|---|--|-----------------------------|-----------------------------|
| Revenues and other support | | | | |
| Contributions | \$ 29,168,484 | \$ 9,239,044 | \$ 38,407,528 | \$ 39,321,343 |
| Harvest Dinner, net of expenses of \$86,938 for 2022 and \$55,347 for 2021 | 469,137 | - | 469,137 | 513,577 |
| Government support | 19,217,501 | - | 19,217,501 | 10,346,103 |
| Food-to-buy program | 1,103,650 | - | 1,103,650 | 2,078,849 |
| Donated goods and services | 15,024 | - | 15,024 | 423,200 |
| Investment income | (2,683,961) | - | (2,683,961) | 3,920,272 |
| Other income | 123,611 | - | 123,611 | 70,224 |
| In-kind food | 39,965,874 | - | 39,965,874 | 55,639,662 |
| Pass-through revenue | 6,301,404 | - | 6,301,404 | 7,154,402 |
| Net assets released from restrictions: | | | | |
| Satisfaction of purpose restrictions | 2,407,898 | (2,407,898) | - | - |
| Total revenues and other support | <u>96,088,622</u> | <u>6,831,146</u> | <u>102,919,768</u> | <u>119,467,632</u> |
| Expenses | | | | |
| Programs | | | | |
| Food programs | 72,307,739 | - | 72,307,739 | 83,953,849 |
| Education and other programs | 3,009,460 | - | 3,009,460 | 1,659,812 |
| Advocacy | 2,078,910 | - | 2,078,910 | 1,453,198 |
| Supporting services | | | | |
| Management and general | 2,626,959 | - | 2,626,959 | 2,187,646 |
| Fundraising | 7,333,357 | - | 7,333,357 | 5,917,792 |
| Total expenses | <u>87,356,425</u> | <u>-</u> | <u>87,356,425</u> | <u>95,172,297</u> |
| Change in net assets | 8,732,197 | 6,831,146 | 15,563,343 | 24,295,335 |
| Net assets, beginning of year | <u>69,765,957</u> | <u>760,457</u> | <u>70,526,414</u> | <u>46,231,079</u> |
| Net assets, end of year | <u>\$ 78,498,154</u> | <u>\$ 7,591,603</u> | <u>\$ 86,089,757</u> | <u>\$ 70,526,414</u> |

See notes to financial statements.

OREGON FOOD BANK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022

(With Comparative Totals for the Year Ended June 30, 2021)

| | <u>PROGRAM SERVICES</u> | | | | <u>SUPPORTING SERVICES</u> | | <u>Total</u> | |
|-----------------------------------|-------------------------|-------------------------------------|---------------------|-----------------------|-------------------------------|---------------------|----------------------|----------------------|
| | <u>Food Programs</u> | <u>Education and Other Programs</u> | <u>Advocacy</u> | <u>Total Programs</u> | <u>Management and General</u> | <u>Fundraising</u> | <u>2022</u> | <u>2021</u> |
| Operating activities: | | | | | | | | |
| Salaries and related expenses | \$ 9,732,176 | \$ 1,438,964 | \$ 1,544,225 | \$ 12,715,365 | \$ 2,066,913 | \$ 4,527,960 | \$ 19,310,238 | \$ 15,624,127 |
| Purchased contract services | 397,922 | 40,845 | 143,518 | 582,285 | 151,163 | 514,604 | 1,248,052 | 1,191,903 |
| Supplies and miscellaneous | 241,634 | 4,733 | 21,005 | 267,372 | 24,145 | 25,721 | 317,238 | 677,458 |
| Telephone and computer support | 481,989 | 109,125 | 36,374 | 627,488 | 52,903 | 388,237 | 1,068,628 | 793,910 |
| Postage and publications | 24,009 | 14,998 | 3,938 | 42,945 | 5,861 | 1,162,307 | 1,211,113 | 1,197,438 |
| Transportation | 849,828 | - | - | 849,828 | - | - | 849,828 | 800,467 |
| Occupancy | 535,049 | 62,342 | 30,116 | 627,507 | 38,572 | 105,862 | 771,941 | 816,775 |
| Insurance | 154,709 | 9,420 | 6,563 | 170,692 | 8,232 | 23,070 | 201,994 | 194,858 |
| Equipment and maintenance | 284,655 | 6,142 | 2,307 | 293,104 | 3,103 | 9,461 | 305,668 | 383,484 |
| Conferences, meetings, and travel | 82,531 | 82,512 | 35,974 | 201,017 | 27,248 | 52,093 | 280,358 | 399,219 |
| Dues and fees | 34,375 | 27,889 | 3,705 | 65,969 | 176,783 | 281,978 | 524,730 | 649,678 |
| Depreciation | 695,930 | 82,529 | 56,991 | 835,450 | 72,036 | 201,064 | 1,108,550 | 930,353 |
| Food related costs | 1,320,675 | - | - | 1,320,675 | - | - | 1,320,675 | 750,897 |
| Partner support | 1,211,431 | 1,129,961 | 194,194 | 2,535,586 | - | 41,000 | 2,576,586 | 2,059,383 |
| Network support | 762,934 | - | - | 762,934 | - | - | 762,934 | 782,668 |
| Pass-through activities | 5,406,151 | - | - | 5,406,151 | - | - | 5,406,151 | 6,602,584 |
| Value of product distributed: | | | | | | | | |
| Food-to-buy goods distributed | 1,009,850 | - | - | 1,009,850 | - | - | 1,009,850 | 2,017,264 |
| Purchased product distributed | 7,560,439 | - | - | 7,560,439 | - | - | 7,560,439 | 4,128,955 |
| In-kind product distributed | 41,521,452 | - | - | 41,521,452 | - | - | 41,521,452 | 55,170,876 |
| Total expenses | \$ 72,307,739 | \$ 3,009,460 | \$ 2,078,910 | \$ 77,396,109 | \$ 2,626,959 | \$ 7,333,357 | \$ 87,356,425 | \$ 95,172,297 |

See notes to financial statements.

OREGON FOOD BANK, INC.
STATEMENT OF CASH FLOWS

Year Ended June 30, 2022
(With Comparative Totals for the Year Ended June 30, 2021)

| | 2022 | 2021 |
|--|----------------------|----------------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ 15,563,343 | \$ 24,295,335 |
| Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities: | | |
| Depreciation | 1,108,550 | 930,353 |
| Change in value of investments | 3,418,047 | (3,600,061) |
| (Increase) decrease in: | | |
| Accounts, pledges, and other receivables | (9,142,867) | (1,881,015) |
| Inventory | 1,372,627 | (383,876) |
| Prepaid expenses | (121,284) | 181,382 |
| Increase (decrease) in: | | |
| Accounts payable and accrued expenses | (2,307,566) | 807,714 |
| Advance deposits and deferred revenue | (17,500) | (70,965) |
| Refundable advances - conditional grants | (1,049,094) | (126,499) |
| Refundable advance - Paycheck Protection Program | (2,560,665) | - |
| Net cash flows provided by (used in) operating activities | 6,263,591 | 20,152,368 |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (1,365,931) | (1,549,936) |
| Annuity payments to beneficiaries | (8,091) | (8,091) |
| Proceeds from investments and certificates of deposit | 93,041 | 197,015 |
| Purchases of investments | (731,556) | (10,320,769) |
| Net cash flows provided by (used in) investing activities | (2,012,537) | (11,681,781) |
| Net change in cash and cash equivalents | 4,251,054 | 8,470,587 |
| Cash and cash equivalents, beginning of year | 25,670,101 | 17,199,514 |
| Cash and cash equivalents, end of year | \$ 29,921,155 | \$ 25,670,101 |

See notes to financial statements.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2022

NOTE A – DESCRIPTION OF ORGANIZATION

Oregon Food Bank (OFB or the Organization) acts as a convener, capacity builder and resource broker to support community partners of the Oregon Food Bank Network, the Oregon Community Food Systems Network and other regional and statewide collaborations. Oregon Food Bank owns and operates a warehouse in Multnomah County, serving as the hub for statewide receipts and distribution of Federal Commodities and corporate and private donations. Additionally, OFB owns and operates five Regional Food Banks, serving Multnomah, Clackamas, Washington, Harney, Malheur, Tillamook, Sherman, Hood River and Wasco Counties. OFB builds community engagement through robust client and volunteer lead networks.

- Oregon Food Bank believes that food and health are basic human rights for all. We know that hunger is not just an individual experience; it is also a community-wide symptom of barriers to employment, education, housing and health care. That's why OFB works on two fronts in its mission to end hunger in Oregon: we build community connections to help people access nutritious, affordable food today, and build community power to eliminate the root causes of hunger for good.
- As an organization that touches every corner of our state—and building on the power of food as a shared human experience that connects us all—Oregon Food Bank has a unique role in mobilizing action to support the long-term health and resilience of all communities.
- Ending hunger means ensuring that all of us—no matter our racial background, or identity — have the opportunity to earn a living, get the health care we need without going into debt, and afford safe, secure housing. It also means building and supporting local food systems in places where people currently lack access to healthy food in urban and rural communities.
- We believe in community-led change—and our work to create hunger-free communities is led by people who have experienced hunger. Amplifying community voices and growing grassroots power are core parts of our work to address the root causes of hunger

We are members of Feeding America, a national organization supporting more than 200 food banks across the country, and the largest domestic hunger relief agency in the United States.

Government Programs

OFB receives funds through several government programs that are passed through to some or all OFB Network of Regional Food Banks. Pass through allocations are computed using various poverty, unemployment and other population factors depending upon the program. Continued funding levels are subject to annual renewal by the governmental agencies.

The Emergency Food Assistance Program (TEFAP)

The Emergency Food Assistance Program is a Federal program that supplements the diets of Americans meeting income eligibility requirements, by providing emergency food and nutrition assistance. TEFAP also provides funding for direct costs of personnel, storage, and distribution expenses incurred for the operation of the USDA commodities program which is passed through to the RFBs. Under contract with the Oregon Department of Human Services (DHS), OFB receives and distributes TEFAP commodities to the RFB's.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE A – DESCRIPTION OF ORGANIZATION (CONTINUED)

Oregon Hunger Response Fund (OHRF)

Oregon Hunger Response Fund was established by the State of Oregon in 1993 to acquire food and new food sources, build network capacities and link emergency food clients to other services.

The Commodity Supplemental Food Program (CSFP)

The Commodity Supplemental Food Program is a federally funded nutrition program, which works to specifically improve the health of low-income elderly people.

Emergency Food and Shelter Program (EFSP)

OFB makes bulk purchases of food for local agencies in Clackamas, Multnomah and Washington counties. It is reimbursed for its bulk purchases with funds from the U.S. Federal Emergency Management Agency (FEMA) Emergency Food and Shelter Program(EFSP) which are passed through by government or other agencies.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Adoption of New Accounting Pronouncements

During the fiscal year ended June 30, 2022, the Organization adopted ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The purpose of ASU 2020-07 is to clarify the presentation and disclosure of contributed nonfinancial assets with an intention to provide the reader of the financial statements a clearer understanding of what type of nonfinancial assets were received and how they are used and recognized by the not-for-profit. It is important to note that ASU 2020-07 did not change the accounting and recognition of nonfinancial assets but rather the presentation and disclosure requirements in the financial statements.

Financial Statement Presentation

The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

- **Net Assets Without Donor Restrictions** – Net assets that are not subject to donor-imposed stipulations. The Board of Directors may designate net assets without donor restrictions for specific purposes.
- **Net Assets With Donor Restrictions** – Net assets either subject to donor-imposed stipulations that will be met either by actions of the Organization and/or the passage of time, or net assets with donor restrictions that are not subject to appropriation or expenditure.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Presentation (Continued)

Expenses are reported as a decrease in net assets without donor restrictions. Gains and losses are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expiration of net assets with donor restrictions (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as net assets released from restrictions.

Cash and Cash Equivalents

For financial reporting purposes, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents held for long-term investment purposes are excluded from cash and cash equivalents and included in investments.

Investments

Investments are carried at fair value. Net appreciation (decline) in the fair value of investments, which consists of the realized gains or losses and the unrealized appreciation (decline) of those investments, is shown in the statement of activities. Interest income is accrued as earned and reported net of investment advisory fees. Security transactions are recorded on a trade date basis.

Grants and Other Receivables

Receivables represent amounts due from partner agencies and regional network foodbanks for share contributions and food to buy purchases. No provision for estimated uncollectible receivables has been made, since management considers all receivables fully collectible. There were immaterial amounts older than 90 days at June 30, 2022.

Pledges Receivable

Pledges receivable represent unconditional promises to give and are unsecured. Management considers all pledges receivables to be fully collectible; therefore, no provision for estimated uncollectible accounts has been made.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received. Depreciation of property and equipment is calculated using the straight-line method over the estimated useful lives of the assets which range from 3 to 40 years.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Refundable Advances

- **Conditional Grants**

Refundable advances result primarily from conditional grant payments received prior to the incurrence of allowable grant expenditures and are refundable to the grantor if not used for grant purposes.

- **Paycheck Protection Program**

The Paycheck Protection Program (PPP) loan guaranteed by the Small Business Administration (SBA) is accounted for as a refundable advance and accrues interest at 1%. The advance may be forgiven partially or in its entirety if certain conditions are met, including incurrence of allowable qualifying expenses (mostly personnel and occupancy costs) and acceptance and approval of the forgiveness application by the lender. Upon satisfaction of the conditions, the advance was recognized as revenue during the year ended June 30, 2022.

Revenue Recognition

Revenues from various sources are recognized as follows:

Contributions: Contributions, which include unconditional promises to give (pledges), are recognized as revenues in the period OFB is notified of the commitment. Bequests are recorded as revenue at the time OFB has an established right to the bequest and the proceeds are measurable. 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 received with both donor-imposed conditions and restrictions that are met in the same reporting period are reported as support without donor restrictions and increase net assets without donor restrictions.

Special Events: The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for the excess received when the event takes place. Amounts received in advance for events included in advance deposits and deferred revenue total \$0 and \$17,500 at June 30, 2022 and 2021, respectively.

Government Support: A portion of the Organization's revenue is derived from cost-reimbursable grants and contracts, which are conditional upon certain performance requirements and/or incurring allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has met the performance requirements or incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advance—conditional grants in the statement of financial position. Advances on these grants total approximately \$0 and \$1,049,094 at June 30, 2022 and 2021, respectively. The Organization has been awarded cost-reimbursable grants as of June 30, 2022 of approximately \$13,042,532 that have not been recognized at June 30, 2022 because qualifying expenditures have not yet been incurred.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (Continued)

Share Contributions and Food-to-Buy Program: Share contributions and purchased Food-to-Buy is food that is purchased by OFB at bulk prices and distributed to Regional Food Banks and local agencies at cost plus a nominal administrative fee. Share contribution revenue and Food-to-Buy program revenue is recognized upon shipment of the purchased food. Effective April 2020, all Food-to-Buy sales were transacted at cost, as a response by OFB to the food shortages caused by the global pandemic.

Donated Goods, Services and Food: Donated goods are reflected as a contribution when received. OFB received approximately 17.6 million and 18.5 million pounds of food and grocery products from the food industry, other businesses, community organizations and individuals in 2022 and 2021, respectively. The product is valued at its estimated wholesale value of \$1.25 per pound at June 30, 2022. To arrive at the estimated wholesale fair value, OFB uses an independent accountant's report prepared for Feeding America as a guide to determine an average rate that reflects the specific composition of inventory held at OFB.

Donations of materials and small equipment are reflected as support without donor restrictions and expensed as utilized at their estimated fair value.

It is the Organization's policy to utilize gifts of non-monetary assets to carry out its mission. If an asset is gifted that the Organization cannot utilize, the asset will be sold at fair market value or returned to the donor.

OFB recognizes donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. In 2022, approximately 12,273 volunteers provided more than 38,970 hours re-packing food, assisting with educational and community programs and special events. These hours of general volunteer support are not reflected in the financial statements as they do not meet the criteria for recording donated services.

Pass-through revenue

Pass-through revenue consists of government and foundation support and totaled \$6,301,404 and \$7,154,402 at June 30, 2022 and 2021, respectively.

Income Tax Status

Oregon Food Bank, Inc. is a nonprofit corporation exempt from federal and state income tax under section 501(c)(3) of the Internal Revenue Code and applicable state law. No provision for income taxes is made in the accompanying financial statements, as the Organization has no activities subject to unrelated business income tax. The Organization is not a private foundation.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy which is allocated on the basis of square footage. Salaries and related costs, professional services, supplies, telephone and computer support, publications and postage, insurance, maintenance, conferences, meetings, travel, dues and fees, are allocated on the basis of estimated time and effort.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 and disclosure of contingent 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.

Prior Year Summarized Financial Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class or natural expense classification by function. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with Oregon Food Bank, Inc.'s financial statements for the year ended June 30, 2021, from which the summarized information was derived.

Reclassifications

Certain prior year balances in the accompanying financial statements have been reclassified to conform to the current year presentation.

NOTE C – AVAILABLE RESOURCES AND LIQUIDITY

The Organization regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its primary operations to be general expenditures. It excludes financial assets with donor or other restrictions limiting their use. Financial assets of the Organization consist of the following at June 30, 2022:

| | |
|---|----------------------|
| Financial assets at year-end | |
| Cash and cash equivalents | \$ 29,921,155 |
| Grants and other receivables | 4,161,573 |
| Pledges receivable | 9,989,047 |
| Investments | 24,183,811 |
| Total financial assets | <u>68,255,586</u> |
| Less those unavailable for general expenditure within one year, due to: | |
| Unemployment certificate of deposit (Note F) | (226,226) |
| Net assets with donor and other restrictions | (7,591,603) |
| Board designated | (20,000,000) |
| Board designated endowment | <u>(2,379,545)</u> |
| Financial assets available to meet cash needs for general expenditures within one year | <u>\$ 38,058,212</u> |

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE C – AVAILABLE RESOURCES AND LIQUIDITY (CONTINUED)

See Note I for the Organization's policies regarding funds designated by the board as a quasi-endowment. While the Organization does not intend to use funds from the board designated funds, board designated funds could be made available, if necessary, with a majority vote of the Board.

NOTE D – RECEIVABLES

Grants and other receivables are unsecured and consist of the following at June 30:

| | 2022 | 2021 |
|--|--------------|--------------|
| Regional food banks | \$ 130,103 | \$ 26,571 |
| Federal, state and county appropriations | 3,759,177 | 4,544,216 |
| Portland Children's Levy | 189,414 | 80,719 |
| Other | 82,879 | 10,125 |
| Total amounts and other receivables | \$ 4,161,573 | \$ 4,661,631 |

Pledges receivables at June 30, represent unconditional promises to give as follows:

| | 2022 | 2021 |
|--|--------------|------------|
| Receivable within one year | \$ 5,535,300 | \$ 346,122 |
| Receivable within two to five years | 4,778,000 | - |
| Less present value adjustment of long-term pledges | (324,253) | - |
| Total amounts and other receivables | \$ 9,989,047 | \$ 346,122 |

NOTE E – INVENTORY

Inventory consists of donated goods valued at its estimated wholesale value, US Department of Agriculture (USDA) commodities stated at values provided by the USDA, and purchased food valued at the lower of cost or net realizable value on a first-in-first-out basis.

Inventory consists of the following at June 30:

| | 2022 | 2021 |
|-------------------|--------------|--------------|
| Donated product | \$ 980,013 | \$ 1,178,561 |
| USDA Food | 1,331,027 | 2,692,996 |
| Purchased product | 1,136,083 | 948,193 |
| Total Inventory | \$ 3,447,123 | \$ 4,819,750 |

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE F – UNEMPLOYMENT DEPOSIT AND SELF-FUNDED UNEMPLOYMENT INSURANCE

Cash and cash equivalents include a certificate of deposit in the amount of \$226,226 at June 30, 2022 and 2021, posted with the State of Oregon, Department of Employment, under a special election to self-insure unemployment claims in lieu of making unemployment tax payments.

NOTE G – PROPERTY AND EQUIPMENT

Property and equipment consist of the following at June 30:

| | <u>2022</u> | <u>2021</u> |
|---------------------------------|----------------------|----------------------|
| Land | \$ 3,289,142 | \$ 3,289,142 |
| Buildings | 16,424,025 | 16,237,112 |
| Office furniture and equipment | 327,879 | 327,879 |
| Computer equipment and software | 1,290,887 | 1,337,725 |
| Warehouse equipment | 1,602,145 | 1,559,465 |
| Vehicles | 3,873,698 | 3,723,603 |
| Artwork | 13,800 | 13,800 |
| Work in progress | 1,484,521 | 879,373 |
| Total property and equipment | <u>28,306,097</u> | <u>27,368,099</u> |
| Less accumulated depreciation | <u>(11,699,465)</u> | <u>(11,018,848)</u> |
| Property and equipment, net | <u>\$ 16,606,632</u> | <u>\$ 16,349,251</u> |

NOTE H – CONTINGENCIES

Amounts received or receivable from various contracting agencies are subject to audit and potential adjustment by the contracting agencies. Any disallowed claims, including amounts already collected, would become an OFB liability if so, determined in the future. It is management's belief that no significant amounts received, or receivable will be required to be returned in the future

NOTE I – BOARD DESIGNATED ENDOWMENT NET ASSETS

Board designated net assets consist of a board-designated endowment Fund at Oregon Community Foundation at June 30, 2022 and 2021.

The Oregon Food Bank Endowment Fund (the Fund), also known as the Board-Directed Endowment Fund or the Quasi-Endowment Fund, was established to supplement the Annual Fund and to protect major capital investments, in order to best serve the mission of OFB and achieve its long-term strategic goals. The Board established a quasi-endowment fund account at Oregon Community Foundation (OCF). Under the terms of the agreement, variance power was not granted to OCF unless the Agency ceases to exist or loses its tax-exempt status, and distributions in the amount of a reasonable rate of return determined by OCF will be distributed to the Agency each year.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE I – BOARD DESIGNATED ENDOWMENT NET ASSETS (CONTINUED)

OCF maintains a well-diversified asset mix, which includes equity and debt securities, that is intended to result in a consistent inflation-protected rate of return that has sufficient liquidity to make distributions to support operations. Accordingly, OFB expects its investments to produce an average rate of return consistent with the market. Investment risk is measured in terms of the total investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

OFB may apply income from the Fund, if the Board of Directors takes specific action to do so. OFB may also use the Fund principal upon a majority vote of the Board of Directors if it determines that an emergency exists such that OFB's mission and services are jeopardized. Distributions from OCF totaled \$93,041 and \$87,811 for the years ended June 30, 2022 and 2021, respectively.

Changes in the Fund for the year ended June 30, are as follows:

| | <u>2022</u> | <u>2021</u> |
|------------------------------------|---------------------|---------------------|
| Balance at beginning of year | \$ 2,613,354 | \$ 1,968,953 |
| Investment income, net of expenses | (140,768) | 732,212 |
| Less transfer to operations | <u>(93,041)</u> | <u>(87,811)</u> |
| Balance at year end | <u>\$ 2,379,545</u> | <u>\$ 2,613,354</u> |

NOTE J – BOARD DESIGNATED NET ASSETS

Net assets with board designations consist of the following at June 30, 2022:

| | |
|-----------------|----------------------|
| Rooted & Rising | \$ <u>20,000,000</u> |
|-----------------|----------------------|

Rooted & Rising is a multi-year campaign to pursue the vision of creating communities that never go hungry.

NOTE K – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

| | <u>2022</u> | <u>2021</u> |
|----------------------|---------------------|-------------------|
| Purpose restrictions | \$ <u>7,591,603</u> | \$ <u>760,457</u> |

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE L – CONTRIBUTION REVENUE

Contribution revenue consists of the following for the year ended June 30:

| | Without Donor Restrictions | With Donor Restrictions | Total |
|---------------------|----------------------------------|-------------------------------|----------------------|
| June 30, 2022 | | | |
| Individuals | \$ 22,075,868 | \$ 6,700,544 | \$ 28,776,412 |
| Foundations | 1,220,768 | 1,848,500 | 3,069,268 |
| Corporations | 5,061,117 | 85,000 | 5,146,117 |
| Other organizations | 810,731 | 605,000 | 1,415,731 |
| Total contributions | <u>\$ 29,168,484</u> | <u>\$ 9,239,044</u> | <u>\$ 38,407,528</u> |
| June 30, 2021 | | | |
| Individuals | \$ 28,489,730 | \$ 305,500 | \$ 28,795,230 |
| Foundations | 821,554 | 565,339 | 1,386,893 |
| Corporations | 7,802,985 | 471,245 | 8,274,230 |
| Other organizations | 539,186 | 325,804 | 864,990 |
| Total contributions | <u>\$ 37,653,455</u> | <u>\$ 1,667,888</u> | <u>\$ 39,321,343</u> |

NOTE M – NON-FINANCIAL CONTRIBUTIONS

Non-financial contributions consists of the following for the year ended June 30:

| | 2022 | 2021 |
|-----------------------------------|----------------------|----------------------|
| Government commodities | \$ 18,895,636 | \$ 26,763,749 |
| Donated food | 21,070,238 | 28,875,913 |
| Total in-kind food | <u>39,965,874</u> | <u>55,639,662</u> |
| Donated goods and services | 15,024 | 423,200 |
| Total non-financial contributions | <u>\$ 39,980,898</u> | <u>\$ 56,062,862</u> |

All non-financial contributions received by the Organization for the years ended June 30, 2022 and 2021 were considered without donor restrictions and able to be used by the Organization as determined by the board of directors and management.

NOTE N – RETIREMENT PLAN

The Oregon Food Bank 401(k) Profit Sharing Plan allows employees to contribute funds to the Plan when hired. An employee's contributions may be made on either a pre-tax basis (the traditional 401(k) option) or on a post-tax basis (the Roth option). Employees receive OFB employer contributions of 5% of gross wages after one year of service, 6% after five years and 7% after ten years. Employees are not required to make contributions to the Plan, in order to receive an employer contribution. All contributions are fully vested when contributed. The investment decisions regarding the employer-contributed assets and employee deferrals are made by each employee. During the year ended June 30, 2022 and 2021, contributions made to the plan and charged to operations totaled approximately \$506,784 and \$532,679, respectively.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE O – RELATED PARTY TRANSACTIONS

Two members of the OFB Board of Directors served as directors for Regional Food Banks (RFBs) within the statewide network for the year ended June 30, 2022. During this period, these RFBs purchased goods, were eligible to receive Network Support Grants from OFB and received pass-through contributions and government grant allocations based on the allocation method in place for each grant. The individuals were also eligible and received travel reimbursement to attend meetings. The Board of Directors were aware of these transactions and understood that these took place in the normal course of operations.

During the year ended June 30, 2022, Marion-Polk Food Share, whose executive director is also an OFB Board member, received Network Support Grants in the amounts of approximately \$25,597.

NOTE P – CONCENTRATIONS OF CREDIT RISK

The Organization maintains its cash balances in a financial institution located in Portland. The balances in the checking and savings accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2022, there was approximately \$30,602,721 in uninsured balances. In addition, the majority of contributions and balances receivable are from organizations and individuals located within the same geographic region.

Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of financial position.

Approximately 30% of the Organization's revenues come from a grant with the Oregon Department of Human Services. Approximately 95% of grants and other receivables outstanding at June 30, 2022, are related to this grant. The grant is renewed on an annual basis.

NOTE Q – FAIR VALUE MEASUREMENTS

Assets carried at fair value in the statement of financial position are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Level inputs are defined as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.

Level 2: Observable inputs other than those included in Level 1, such as quoted market prices for similar assets or liabilities in active markets, or quoted market prices for identical assets or liabilities in inactive markets.

Level 3: Unobservable inputs reflecting management's own assumptions about the inputs used in pricing the asset or liability. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair values requires significant management judgment or estimation.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE Q – FAIR VALUE MEASUREMENTS (CONTINUED)

| | <u>Total</u> | <u>Level 1</u> | <u>Level 3</u> |
|---|----------------------|----------------------|---------------------|
| June 30, 2022 | | | |
| Cash and cash equivalents | \$ 2,249,290 | \$ 2,249,290 | \$ - |
| Investments - Mutual funds | | | |
| Money market fund | 2,000,000 | 2,000,000 | - |
| Fixed income funds | 7,280,617 | 7,280,617 | - |
| Equity funds - domestic | 7,973,543 | 7,973,543 | - |
| Equity funds - international | 2,300,816 | 2,300,816 | - |
| Beneficial interest in assets held by OCF | 2,379,545 | - | 2,379,545 |
| Total | <u>\$ 24,183,811</u> | <u>\$ 21,804,266</u> | <u>\$ 2,379,545</u> |
| June 30, 2021 | | | |
| Cash and cash equivalents | \$ 2,231,451 | \$ 2,231,451 | \$ - |
| Investments - Mutual funds | | | |
| Money market fund | 2,000,000 | 2,000,000 | - |
| Fixed income | 7,654,410 | 7,654,410 | - |
| Equity funds - domestic | 9,547,290 | 9,547,290 | - |
| Equity funds - international | 2,916,838 | 2,916,838 | - |
| Beneficial interest in assets held by OCF | 2,613,354 | - | 2,613,354 |
| Total | <u>\$ 26,963,343</u> | <u>\$ 24,349,989</u> | <u>\$ 2,613,354</u> |

Fair values for investments in mutual funds are determined by reference to quoted market prices and other relevant information generated by market transactions.

Fair value of the beneficial interest in assets held by others is determined by the Agency's endowment partner, OCF, and is based upon the Agency's proportionate interest in OCF's endowment partner fund liability after adjustments for contributions and distributions made during the year. OCF's endowment partner fund liability is stated at fair value, which is generally equivalent to the present value of future payments expected to be made to the endowment partners.

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs) include the beneficial interest in assets held at OCF:

| | <u>June 30, 2022</u> | <u>June 30, 2021</u> |
|------------------------------|--------------------------|--------------------------|
| Balance at beginning of year | \$ 2,613,354 | \$ 1,968,953 |
| Earnings, net of fees | (140,768) | 732,212 |
| Transfer to operations | (93,041) | (87,811) |
| Balance at end of year | <u>\$ 2,379,545</u> | <u>\$ 2,613,354</u> |

The change in value is included in investment income without donor restrictions on the statement of activities. There have been no changes in valuation techniques and related inputs.

OREGON FOOD BANK, INC.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2022

NOTE R – UNCERTAINTIES

Beginning in March 2020, an outbreak of a coronavirus necessitated that many employees work from home and provided for social distancing measures. The effects of these events may continue for some time, including disruptions to or restrictions on employees' ability to work and on the ability of donors and program recipients to fully participate in programs and continue their current level of financial support to the Organization. At the present time, the ultimate future effects of these issues are unknown.

NOTE S – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 14, 2022, which is the date the financial statements were available to be issued.