

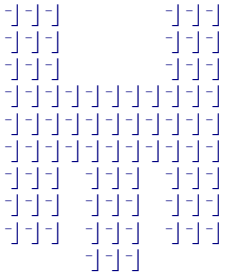
**PALM BEACH COUNTY
FOOD BANK, INC.**

**REPORT ON AUDIT OF
FINANCIAL STATEMENTS**

**For the Year Ended June 30, 2019
(with comparable totals for 2018)**

TABLE OF CONTENTS

	<u>PAGE</u>
INDEPENDENT AUDITOR'S REPORT	1-2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Activities	4
Statement of Cash Flows	5-6
Statement of Functional Expenses	7
NOTES TO FINANCIAL STATEMENTS	8-15
Schedule of Revenues and Expenses – Operations and Capital Campaign	16



Holyfield & Thomas, LLC

Certified Public Accountants & Advisors

125 Butler Street • West Palm Beach, FL 33407

(561) 689-6000 • Fax (561) 689-6001 • www.holyfieldandthomas.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Palm Beach County Food Bank, Inc.
Lantana, Florida

We have audited the accompanying financial statements of Palm Beach County Food Bank, Inc. (a not-for-profit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, cash flows and functional expenses for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 Palm Beach County Food Bank, Inc. as of June 30, 2019, 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.

Report on Summarized Comparative Information

We have previously audited the June 30, 2018 financial statements, and our report dated December 17, 2018, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of revenues and expenses – operations and capital campaign is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Holyfield & Thomas, LLC

West Palm Beach, Florida
October 24, 2019

PALM BEACH COUNTY FOOD BANK, INC.

STATEMENT OF FINANCIAL POSITION

As of June 30, 2019

(with comparable totals for 2018)

ASSETS	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2019 Totals</u>	<u>2018 Totals</u>
Current assets:				
Cash and cash equivalents	\$ 417,811	\$ 759,885	\$ 1,177,696	\$ 1,080,257
Grants and contributions receivable	8,910	-	8,910	-
Pledges receivable, current portion	-	525,000	525,000	115,000
Food inventory	788,831	-	788,831	540,480
Prepaid expenses	7,471	-	7,471	12,267
	<u>1,223,023</u>	<u>1,284,885</u>	<u>2,507,908</u>	<u>1,748,004</u>
Total current assets				
Pledges receivable	-	42,500	42,500	-
Other assets	27,450	-	27,450	27,450
Property and equipment, net	221,104	-	221,104	329,116
	<u>221,104</u>	<u>-</u>	<u>221,104</u>	<u>329,116</u>
Total assets	<u>\$ 1,471,577</u>	<u>\$ 1,327,385</u>	<u>\$ 2,798,962</u>	<u>\$ 2,104,570</u>
 LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable	\$ 55,182	\$ -	\$ 55,182	\$ 66,653
Accrued expenses	67,146	-	67,146	58,294
Refundable advances	21,550	-	21,550	-
Deferred revenue	-	-	-	17,500
Current portion of obligation under capital lease	15,470	-	15,470	13,265
	<u>159,348</u>	<u>-</u>	<u>159,348</u>	<u>155,712</u>
Total current liabilities				
Obligation under capital lease	66,301	-	66,301	82,831
	<u>66,301</u>	<u>-</u>	<u>66,301</u>	<u>82,831</u>
Total liabilities	<u>225,649</u>	<u>-</u>	<u>225,649</u>	<u>238,543</u>
Net assets:				
Without donor restrictions	1,245,928	-	1,245,928	1,291,572
With donor restrictions	-	1,327,385	1,327,385	574,455
	<u>1,245,928</u>	<u>1,327,385</u>	<u>2,573,313</u>	<u>1,866,027</u>
Total net assets				
Total liabilities and net assets	<u>\$ 1,471,577</u>	<u>\$ 1,327,385</u>	<u>\$ 2,798,962</u>	<u>\$ 2,104,570</u>

See accompanying notes to financial statements.

PALM BEACH COUNTY FOOD BANK, INC.

STATEMENT OF ACTIVITIES

For the Year Ended June 30, 2019

(with comparable totals for 2018)

	Without Donor Restrictions	With Donor Restrictions	2019 Totals	2018 Totals
Support and revenues:				
Governmental support	\$ 495,120	\$ 100,000	\$ 595,120	\$ 583,800
Foundation support	246,381	595,900	842,281	1,076,697
United Way allocation	158,790	81,500	240,290	341,598
Other contributions	1,016,157	641,202	1,657,359	580,577
Donated goods	8,150,248	-	8,150,248	6,743,473
Special events	307,466	-	307,466	208,279
Other income	992	-	992	1,159
	<u>10,375,154</u>	<u>1,418,602</u>	<u>11,793,756</u>	<u>9,535,583</u>
Net assets released from restrictions	<u>665,672</u>	<u>(665,672)</u>	<u>-</u>	<u>-</u>
	<u>11,040,826</u>	<u>752,930</u>	<u>11,793,756</u>	<u>9,535,583</u>
Expenses:				
Program services	10,375,052	-	10,375,052	9,325,339
Supporting services:				
Management and general	112,790	-	112,790	163,647
Fundraising	594,696	-	594,696	483,749
	<u>11,082,538</u>	<u>-</u>	<u>11,082,538</u>	<u>9,972,735</u>
Loss on sale of asset	<u>3,932</u>	<u>-</u>	<u>3,932</u>	<u>-</u>
Change in net assets	(45,644)	752,930	707,286	(437,152)
Net assets, beginning of year	<u>1,291,572</u>	<u>574,455</u>	<u>1,866,027</u>	<u>2,303,179</u>
Net assets, end of year	<u>\$ 1,245,928</u>	<u>\$ 1,327,385</u>	<u>\$ 2,573,313</u>	<u>\$ 1,866,027</u>

See accompanying notes to financial statements.

PALM BEACH COUNTY FOOD BANK, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2019

(with comparable totals for 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Cash received from:		
Governmental support	\$ 545,120	\$ 583,800
Private gifts and grants	2,112,879	1,890,602
Special events	281,056	225,779
Cash paid to vendors and employees	(3,066,265)	(2,689,382)
Other income	992	1,159
Interest expense paid	<u>(6,910)</u>	<u>(7,970)</u>
Net cash provided by (used in) operating activities	<u>(133,128)</u>	<u>3,988</u>
Cash flows from investing activities:		
Purchase of property and equipment	<u>(1,209)</u>	<u>(21,837)</u>
Net cash used in investing activities	<u>(1,209)</u>	<u>(21,837)</u>
Cash flows from financing activities:		
Proceeds from contributions restricted for capital campaign	246,101	-
Principal payments on obligation under capital lease	<u>(14,325)</u>	<u>(13,265)</u>
Net cash provided by (used in) financing activities	<u>231,776</u>	<u>(13,265)</u>
Net change in cash	97,439	(31,114)
Cash and cash equivalents, beginning of year	<u>1,080,257</u>	<u>1,111,371</u>
Cash and cash equivalents, end of year	<u>\$ 1,177,696</u>	<u>\$ 1,080,257</u>

See accompanying notes to financial statements.

PALM BEACH COUNTY FOOD BANK, INC.

STATEMENT OF CASH FLOWS

For the Year Ended June 30, 2019

(with comparable totals for 2018)

	<u>2019</u>	<u>2018</u>
Reconciliation of change in net assets to net cash provided by (used in) operating activities:		
Change in net assets	\$ 707,286	\$ (437,152)
Adjustments to reconcile change in net cash to net cash provided by (used in) operating activities:		
Depreciation	105,289	132,574
Loss on disposal of asset	3,932	-
(Increase) decrease in certain assets:		
Accounts receivable	(8,910)	-
Grants and contributions receivable	(85,000)	(108,270)
Food inventory	(248,351)	346,649
Prepaid expenses	4,796	(5,344)
Increase in certain liabilities:		
Accounts payable	(11,471)	49,554
Accrued expenses	8,852	8,477
Refundable advances	21,550	-
Deferred revenue	(17,500)	17,500
Contributions restricted for:		
Capital campaign	<u>(613,601)</u>	<u>-</u>
Net cash provided by (used in) operating activities	<u>\$ (133,128)</u>	<u>\$ 3,988</u>

See accompanying notes to financial statements.

PALM BEACH COUNTY FOOD BANK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2019

(with comparable totals for 2018)

	Program Services	Supporting Activities		2019 Totals	2018 Totals
		Management and General	Fundraising		
Salaries	\$ 882,316	\$ 66,302	\$ 103,480	\$ 1,052,098	\$ 898,664
Payroll taxes	65,353	4,758	7,299	77,410	67,119
Employee benefits	110,492	8,044	12,340	130,876	99,026
Total salaries and related benefits	1,058,161	79,104	123,119	1,260,384	1,064,809
Conference, meals and training	17,713	1,290	1,979	20,982	14,793
Contract services	48,994	1,502	536	51,032	123,461
Depreciation expense	101,390	3,263	636	105,289	132,574
Dues and subscriptions	5,559	405	621	6,585	5,449
Insurance	49,640	1,418	2,000	53,058	52,377
Interest expense	6,910	-	-	6,910	7,970
Fundraising and public relations	-	-	432,150	432,150	360,537
Occupancy expenses	257,367	11,564	8,365	277,296	252,510
Office expenses	32,785	2,387	3,662	38,834	40,144
Professional fees and contracts	109,050	7,866	15,506	132,422	114,911
Purchased food distributed	495,920	-	-	495,920	528,213
Technology expenses	29,462	2,145	3,291	34,898	26,448
Telephone, fax, and internet	13,550	986	1,513	16,049	18,188
Travel expenses	11,802	860	1,318	13,980	13,602
Truck, freight and fuel costs	91,532	-	-	91,532	73,076
Warehouse operating expenses	152,852	-	-	152,852	87,354
Total expenses before donated goods	2,482,687	112,790	594,696	3,190,173	2,916,416
Donated goods distributed	7,892,365	-	-	7,892,365	7,056,319
Total expenses	\$ 10,375,052	\$ 112,790	\$ 594,696	\$ 11,082,538	\$ 9,972,735

See accompanying notes to financial statements.

For the Year Ended June 30, 2019

1. Business and Summary of Significant Accounting Policies*Organization*

The Palm Beach County Food Bank, Inc. (the "Food Bank") was established in 2012. The Food Bank is committed to fighting hunger and improving food security in Palm Beach County by working in partnership with local organizations. The Food Bank collects, recovers, and distributes food to food pantries, soup kitchens, and other non-profit organizations in Palm Beach County at no cost. During the year ended June 30, 2019, it served over 170 organizations through 4 programs. It distributed almost 5 million pounds of food to over 120 agencies on the front-line of hunger relief from Tequesta to Boca Raton and from Belle Glade and Pahokee to the Coast. In addition, the Food Bank operates Food4OurKids which served weekend food packs to almost 3,100 children at 45 partner agencies throughout the year. The Benefits Outreach program helped almost 8,000 individuals receive over \$4 million of federal food benefit assistance, and graduated over 950 participants from Marjorie S. Fisher Nutrition Driven, a nutrition education program in partnership with the Palm Beach County Extension/University of Florida Institute for Food and Agriculture Sciences.

Financial Statements Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with the disclosure and display requirements of the Financial Accounting Standards Board (FASB) as set forth under FASB Accounting Standards Codification (FASB ASC) 958-205 *Not-for-Profit Entities, Presentation of Financial Statements*. Accordingly, the net assets of the Food Bank are reported in each of the following classes:

Net assets without donor restrictions: are those currently available for use in the current operations of the Food Bank under the direction of the Board of Directors.

Net assets with donor restrictions: are those 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. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Basis of Accounting

The accompanying financial statements of the Food Bank have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

Estimates

Management uses estimates and assumptions in preparing financial statements in conformity with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

For the Year Ended June 30, 2019

1. Business and Summary of Significant Accounting Policies, continued*Fair Value of Financial Instruments*

The Food Bank follows FASB ASC 820-10, *Fair Value Measurements and Disclosures*, which provides a common definition of fair value, establishes a framework to measure fair value within accounting principles generally accepted in the United States of America, and expands the disclosures about fair value measurements. The standard does not create any new fair value measurements. Instead, it applies under existing accounting pronouncements that require or permit fair value measurements.

For assets and liabilities measured at fair value on a recurring basis, entities should disclose information that allows financial statement users to assess (1) the inputs used to develop such measurements, such as Level 1 (i.e., quoted price in an active market for an identical asset or liability), Level 2 (i.e., quoted price for similar assets or liabilities in active markets), or Level 3 (i.e., unobservable inputs); and (2) the effect on changes in net assets of recurring measurements that use significant unobservable (Level 3) inputs. The Food Bank did not have financial instruments measured at fair value on a recurring basis.

The following methods and assumptions were used by the Food Bank in estimating fair value of financial instruments that are not disclosed under ASC 820-10.

Cash and Cash Equivalents: The carrying amount reported approximates fair value.

Grants, Contributions, and Pledges Receivable: The carrying amount approximates fair value due to the short term of the receivables.

Accounts Payable and Accrued Expenses: The carrying amount reported approximates fair value due to the short-term duration of the instruments.

Capital Lease: The carrying amount reported approximates fair value as the stated interest rates approximate market rates.

Cash and Cash Equivalents

For purposes of statement of cash flows, the Food Bank considers its cash and cash equivalents to include only cash on hand, cash in checking accounts, and certain savings accounts. Cash accounts at financial institutions are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

From time to time balances of these cash accounts exceed federally insured limits. The Food Bank has not experienced any loss on such accounts and management believes the Food Bank is not exposed to any significant credit risk arising from such balances. As of June 30, 2019, there was approximately \$667,000 in excess of the FDIC limit.

Grants, Contributions and Pledges Receivable

Grants receivable are recorded when services have been rendered and the granting authority has been billed. If events or changes in circumstances indicate that specific receivable balances may be disallowed by the granting authority, the receivable balances are written-off as an operating expense.

For the Year Ended June 30, 2019

1. Business and Summary of Significant Accounting Policies, continued*Grants, Contributions and Pledges Receivable, continued*

Unconditional promises to give are recognized as support in the period received. If outstanding contributions are expected to be collected in less than one year, they are recorded at the estimated amount to be ultimately realized. If outstanding contributions are to be paid to the Food Bank over a period of years, they are recorded at the present value of their estimated cash flows using an appropriate discount rate. There were \$42,500 in contributions receivable due beyond one year as of June 30, 2019.

Food Inventory

Food inventory consists of food and other grocery products that are valued at lower of cost or market or, if donated, at an estimated fair value. The estimated fair value used during the year was \$1.68 per pound, which is the average wholesale value as determined by a national network of food banks. As of June 30, 2019, food inventory consisted of approximately \$83,800 of purchased food (91,700 pounds) and \$705,000 of donated foods (419,600 pounds).

Property and Equipment

Acquisitions of property and equipment in excess of \$1,000 are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of the donation. Donations of property and equipment are recorded as support unless the donor has restricted the donated asset to a specific purpose. Absent donor stipulations regarding how long those donated assets must be maintained, the Food Bank reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Property and equipment are depreciated using the straight-line method over the estimated useful life of the assets, ranging from 3 to 10 years. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the useful lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Support and Revenues

In accordance with FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*, contributions received, including unconditional promises, are recognized as support when the donor's commitment is received. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or with restrictions by the donor for specific purposes are reported as support with donor restrictions that increase that net asset class. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the Statement of Activities as net assets released from restrictions. Program service fees are recognized as revenue in the period in which the related services commence.

For the Year Ended June 30, 2019

1. Business and Summary of Significant Accounting Policies, continued*Donated Goods and Services*

The Food Bank reports the fair value of contributed food inventory over which it has control (i.e., variance power) as public support without donor restrictions and, shortly thereafter, as expense when granted to member food banks. During the year ended June 30, 2019, Food Bank received approximately 4,851,000 pounds of donated goods from approximately 323 donors and their subsidiaries.

In addition, many volunteers provide services throughout the year that are not recognized as contributions in the financial statements, because the recognition criteria under FASB ASC 958-605, *Not-for-Profit Entities, Revenue Recognition*, were not met. It is impracticable to determine the fair market value of all donated services by the volunteers of the Food Bank beyond those required to be recognized as income. However, a substantial number of volunteers donate significant amounts of their time in the Food Bank's program services and fundraising campaigns.

Functional Allocation of Expenses

The statement of functional expenses presents expenses by function and natural classification. Expenses directly attributable to a specific functional area are reported as expense of those functional areas. Indirect costs that are not directly associated with providing specific services are allocated based upon the relative time spent by employees of the Food Bank providing those services.

Advertising

Advertising costs are expensed when incurred and are included within fundraising and public relations in the Statement of Functional Expenses. The Food Bank incurred \$1,263 advertising costs during the year ended June 30, 2019.

Income Taxes

The Food Bank is a not-for-profit corporation that is exempt from income taxes under the Internal Revenue Code Section 501(c)(3) and comparable state law as a charitable organization, whereby only unrelated business income, as defined by the Code Section 509(a)(1) is subject to federal income tax. The Food Bank currently has no unrelated business income and, accordingly, no provision for income taxes has been recorded.

The Food Bank follows FASB ASC 740-10, *Accounting for Uncertainty in Income Taxes*. This pronouncement seeks to reduce the diversity in practice associated with certain aspects of measurement and recognition in accounting for income taxes. It prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position that an entity takes or expects to take in a tax return. An entity may only recognize or continue to recognize tax positions that meet a more-likely-than-not threshold. The Food Bank assesses its income tax positions based on management's evaluation of the facts, circumstances and information available at the reporting date. The Food Bank uses the prescribed more-likely-than-not threshold when making its assessment. There are currently no open federal or state income tax years under audit.

For the Year Ended June 30, 2019

1. Business and Summary of Significant Accounting Policies, continued*Prior Year Summarized Information*

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with Food Bank's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

Recent Accounting Pronouncements

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, *Revenues from Contracts with Customers* (Topic 606) and has modified the standard thereafter. This standard replaces existing revenue recognition rules with a comprehensive revenue measurement and recognition standard and expanded disclosure requirements. ASU No. 2014-09 is effective for annual reporting periods in fiscal years that begin after December 15, 2018. Management is currently evaluating the standard and does not anticipate it will have a material impact on the Food Bank's financial statements.

In February 2016, the FASB issued ASU No. 2016-02, *Leases* (Topic 842). ASU 2016-02 replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU 2016-02 will require lessees to recognize most leases on their statement of financial position as liabilities, with corresponding "right-of-use" assets. The standard is effective for annual reporting periods in fiscal years that begin after December 15, 2019. Management is currently evaluating the magnitude and other potential impacts on the Food Banks's financial statements.

Recently Adopted Accounting Pronouncements

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements for Not-for-Profit Entities*, which changes the current guidance for net asset classification, Board designations, investment return, underwater endowment funds, expenses, liquidity and presentation of operating cash flows. The Food Bank has adjusted the presentation of its financial statements accordingly, applying the changes retrospectively. The new standards change the following aspects of the Food Bank's financial statements:

- The temporarily restricted net asset class has been renamed net assets with donor restrictions.
- The unrestricted net asset class has been renamed net assets without donor restrictions.
- The financial statements include a new disclosure about liquidity and availability of resources (Note 2).

For the Year Ended June 30, 2019

2. Liquidity and Availability of Resources

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

Cash and cash equivalents	\$ 417,812
Accounts receivables	<u>8,910</u>
Financial assets available to meet general expenditures over the next 12 months	<u>\$ 426,722</u>

The Food Bank is substantially supported by contributions without donor and with donor restrictions. Because a donor’s restriction requires resources to be used in a particular manner or in a future period, the Food Bank must maintain sufficient resources to meet those responsibilities to its donors.

Additionally, part of the Food Bank’s liquidity management plan is to invest cash in excess of the monthly requirements into short-term investments such as certificates deposit and money market funds.

3. Other Assets

Other current assets as of June 30, 2019 consisted of utilities, rent, lease and other deposits.

4. Property and Equipment

Property and equipment as of June 30, 2019 consisted of the following:

Furniture and equipment	\$ 37,605
Leasehold improvements	150,104
Motor vehicles	505,807
Motor vehicle under capital lease	114,595
Warehouse equipment	<u>128,697</u>
	936,808
Less accumulated depreciation	<u>715,704</u>
Total property and equipment	<u>\$ 221,104</u>

5. Accounts Payable and Accrued Expenses

Accounts payable and accrued expenses as of June 30, 2019, consist of vendor payments due for general expenses and accrued salaries and vacation time.

6. Refundable Advances

Refundable advances as of June 30, 2019, consist of unspent funds awarded to the Food Bank in a collaborative effort to increase cold storage capacity in Palm Beach County.

*For the Year Ended June 30, 2019***7. Net Assets with Donor Restrictions**

Unexpended net assets with donor restrictions as of June 30, 2019 were restricted for time and/or purpose as follows:

Capital campaign	\$ 588,712
Capital purchases	190,781
Development staff	173,077
Food purchase	88,589
Food4OurKids program	202,145
Nutrition Driven Education program	<u>84,081</u>
Total net assets with donor restrictions	<u>\$ 1,327,385</u>

8. Lease Obligations*Capital Lease*

The Food Bank leases a motor vehicle under a capital lease that expires in November 2023. The asset and liability under the capital lease were recorded at the lower of the present value of minimum lease payments or the fair value of the asset. The asset is amortized over the shorter of the lease term or the estimated useful lives of the asset. Amortization of motor vehicle under capital lease is included in depreciation expense in the accompanying financial statements. Depreciation of assets under capital leases charged to expense during the year ended June 30, 2019 was \$23,000.

Minimum future lease payments under capital lease as of June 30, 2019 for each of the next five years and in the aggregate are:

Year Ended <u>June 30,</u>	
2020	\$ 21,235
2021	21,235
2022	21,235
2023	21,235
2024	<u>12,390</u>
Total minimum lease payments	97,330
Less amount representing interest	<u>15,559</u>
Present value of future minimum lease payments	81,771
Less current portion	<u>15,470</u>
Non-current portion	<u>\$ 66,301</u>

For the Year Ended June 30, 2019

8. Lease Obligations, continued

Operating Lease

The Food Bank leases its office and warehouse space in Lantana, Florida, under a non-cancelable lease arrangement that extends through February 2020. The lease requires minimum rentals of \$10,813 per month.

The Food Bank also leases two additional warehouse spaces in Lantana, Florida, under separate non-cancelable lease arrangements that extend through May 2020 and February 2020. The leases require minimum rentals of \$4,085 and \$2,025 per month, respectively.

Rent expense for the year ended June 30, 2019 amounted to \$204,520, which is reported within occupancy expenses in the Statement of Functional Expenses. Future lease commitments in years subsequent to June 30, 2019 are as follows:

Year Ended <u>June 30,</u>	
2020	<u>\$ 158,209</u>

9. Capital Campaign

The Food Bank began a capital campaign during the year ended June 30, 2019 to raise funds for a move to a facility which will allow it to procure and distribute larger amounts of produce, meat, canned and dry goods and other nutritious foods. Capital campaign income is shown within various categories of support with donor restrictions in the Statement of Activities. The supplemental Schedule of Revenues and Expenses shows the capital campaign income and expenses separate from those of ongoing operations.

10. Subsequent Events

Management has evaluated subsequent events through October 24, 2019, the date on which the financial statements were available to be issued, and determined there were no further disclosures required to be presented in these financial statements.

SUPPLEMENTARY INFORMATION

PALM BEACH COUNTY FOOD BANK, INC.

**SCHEDULE OF REVENUES AND EXPENSES
- OPERATIONS AND CAPITAL CAMPAIGN**

For the Year Ended June 30, 2019

	Operations	Capital Campaign	Totals
Support and revenues:			
Governmental support	\$ 545,120	\$ 50,000	\$ 595,120
Foundation support	742,281	100,000	842,281
United Way allocation	240,290	-	240,290
Other contributions	1,193,758	463,601	1,657,359
Donated goods	8,150,248	-	8,150,248
Special events	307,466	-	307,466
Other income	992	-	992
	<u>11,180,155</u>	<u>613,601</u>	<u>11,793,756</u>
Total support and revenues			
Expenses:			
Salaries	1,052,098	-	1,052,098
Payroll taxes	77,410	-	77,410
Employee benefits	130,876	-	130,876
	<u>1,260,384</u>	<u>-</u>	<u>1,260,384</u>
Total salaries and related benefits			
Conference, meals and training	20,982	-	20,982
Contract services	51,032	-	51,032
Depreciation expense	105,289	-	105,289
Dues and subscriptions	6,585	-	6,585
Insurance	53,058	-	53,058
Interest expense	6,910	-	6,910
Fundraising and public relations	409,699	22,451	432,150
Occupancy expenses	277,296	-	277,296
Office expenses	38,834	-	38,834
Professional fees and contracts	129,984	2,438	132,422
Purchased food distributed	495,920	-	495,920
Technology expenses	34,898	-	34,898
Telephone, fax, and internet	16,049	-	16,049
Travel expenses	13,980	-	13,980
Truck, freight and fuel costs	91,532	-	91,532
Warehouse operating expenses	152,852	-	152,852
	<u>3,165,284</u>	<u>24,889</u>	<u>3,190,173</u>
Total			
Excess of revenues over expenses before loss on sale of asset and donated goods distributions	8,014,871	588,712	8,603,583
Loss on sale of asset	(3,932)	-	(3,932)
Donated goods distributed	(7,892,365)	-	(7,892,365)
	<u>(7,892,365)</u>	<u>-</u>	<u>(7,892,365)</u>
Excess of revenues over expenses	<u>\$ 118,574</u>	<u>\$ 588,712</u>	<u>\$ 707,286</u>

See independent auditor's report.