



Greater Cleveland Food Bank

Financial Statements

Years Ended September 30, 2019 and 2018

The report accompanying these financial statements was issued by

BDO USA, LLP, a Delaware limited liability partnership and the U.S. member of
BDO International Limited, a UK company limited by guarantee.



Greater Cleveland Food Bank

Financial Statements
Years Ended September 30, 2019 and 2018

Greater Cleveland Food Bank

Contents

Independent Auditor's Report 3-4

Financial Statements

Statements of Financial Position 6-7

Statements of Activities 8-11

Statements of Functional Expenses 12-13

Statements of Cash Flows 14-15

Notes to Financial Statements 16-34



Independent Auditor's Report

Board of Directors
Greater Cleveland Food Bank
Cleveland, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Greater Cleveland Food Bank (a nonprofit organization), which comprise the statements of financial position as of September 30, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Greater Cleveland Food Bank as of September 30, 2019 and 2018, 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.

BDO USA, LLP

Cleveland, Ohio
December 17, 2019

Financial Statements

Greater Cleveland Food Bank

Statements of Financial Position

<i>September 30,</i>	2019	2018
Assets		
Current Assets		
Cash and cash equivalents	\$ 480,248	\$ 496,747
Custodial assets	179,019	-
Investments, at fair value	5,203,439	5,039,903
Accounts receivable		
Agency receivables, net	384,512	369,981
Government administrative fees/reimbursements	1,278,497	891,157
Operating pledges - current portion, net	1,212,345	457,158
Other receivables	41,693	2,970
	2,917,047	1,721,266
Inventory		
Contributed (510,874 and 540,334 pounds, respectively)	827,618	907,761
Purchased Food Program (667,389 and 749,668 pounds, respectively)	447,328	475,260
U.S. Department of Agriculture (2,018,495 and 583,841 pounds, respectively)	3,068,112	916,630
Ohio Food Purchase Program (476,584 and 465,628 pounds, respectively)	724,408	731,036
Greater Cleveland Food Bank Kitchen Purchased Food (110,648 and 115,417 pounds, respectively)	137,940	152,409
	5,205,406	3,183,096
Prepaid expenses and other deposits	729,099	710,243
	14,714,258	11,151,255
Total Current Assets	14,714,258	11,151,255
Property and Equipment, Net	8,668,457	9,042,049
Noncurrent Assets		
Investments - endowment	2,167,881	2,178,294
Operating pledges - non-current	10,000	40,000
Software, net	105,730	164,991
Deposits	1,816	1,816
	2,285,427	2,385,101
Total Assets	\$ 25,668,142	\$ 22,578,405

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Statements of Financial Position

<i>September 30,</i>	2019	2018
Liabilities		
Current Liabilities		
Accounts payable	\$ 1,018,847	\$ 872,173
Accrued expenses	1,420,877	982,380
Custodial liabilities	179,019	-
Lines of credit	300,000	997,686
Harvest for Hunger credits	1,413,160	1,312,384
Agency grant commitments	845,329	797,014
Deferred revenue	38,447	-
Total Current Liabilities	5,215,679	4,961,637
Net Assets		
Without Donor Restrictions		
Available for Operations	8,538,363	5,328,869
Net investment in property, equipment and software	8,774,187	9,207,040
Undesignated	17,312,550	14,535,909
Board designated for endowment	2,051,579	2,059,189
Total without donor restrictions	19,364,129	16,595,098
With Donor Restrictions		
State of Ohio - joint use grant	-	32,862
Time restricted pledges	939,297	780,831
Food stamp outreach	-	75,633
Other	32,735	13,239
Endowment	116,302	119,105
Total with donor restrictions	1,088,334	1,021,670
Total Net Assets	20,452,463	17,616,768
Total Liabilities and Net Assets	\$ 25,668,142	\$ 22,578,405

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Statement of Activities

<i>For the Year Ended September 30, 2019, with Summarized Comparative Information for 2018</i>	Board		Total		2019	2018
	Without Donor Restrictions	Designated Endowment	Without Donor Restrictions	With Donor Restrictions	Total	Total
Food Programs Revenue						
Value of food received						
Value of food donated (22,032,603 and 21,922,000 pounds, respectively)	\$ 35,692,817	\$ -	\$ 35,692,817	\$ -	\$ 35,692,817	\$ 36,828,960
Value of USDA and OFPP food received (22,285,344 and 19,310,380 pounds, respectively)	33,873,723	-	33,873,723	-	33,873,723	30,317,297
	69,566,540	-	69,566,540	-	69,566,540	67,146,257
Food distribution revenue						
Purchased Food Program (3,711,349 and 4,339,763 pounds, respectively)	2,751,891	-	2,751,891	-	2,751,891	2,879,250
Total food programs revenue	72,318,431	-	72,318,431	-	72,318,431	70,025,507
Operating Revenue						
Greater Cleveland Food Bank Kitchen fees	3,199,902	-	3,199,902	-	3,199,902	2,628,431
Member agency handling fees	1,036,777	-	1,036,777	-	1,036,777	917,248
Federal, state, county government reimbursement and administrative fees	4,523,413	-	4,523,413	-	4,523,413	4,090,515
Contributions and grants	12,198,015	41,831	12,239,846	753,225	12,993,071	11,946,956
Other	113,908	-	113,908	-	113,908	117,591
Net assets released from restrictions	777,409	(93,651)	683,758	(683,758)	-	-
Total	21,849,424	(51,820)	21,797,604	69,467	21,867,071	19,700,741
Total Revenue from Food Programs and operations	94,167,855	(51,820)	94,116,035	69,467	94,185,502	89,726,248
Food Programs Expense						
Value of food distributed						
Value of donated food distributed, including scrap (22,062,063 and 22,497,706 pounds, respectively)	35,772,806	-	35,772,806	-	35,772,806	37,852,104
Value of USDA and OFPP food distributed, including scrap (20,839,735 and 19,599,083 pounds, respectively)	31,728,869	-	31,728,869	-	31,728,869	30,822,366
	67,501,675	-	67,501,675	-	67,501,675	68,674,470
Food cost of goods sold						
Purchased Food Program, including scrap (3,793,628 and 4,366,461 pounds, respectively)	2,360,653	-	2,360,653	-	2,360,653	2,591,294
Harvest for Hunger food purchases and grants	1,400,004	-	1,400,004	-	1,400,004	1,400,004
Total food programs expenses	71,262,332	-	71,262,332	-	71,262,332	72,665,768

Greater Cleveland Food Bank

Statement of Activities

<i>For the Year Ended September 30, 2019, with Summarized Comparative Information for 2018</i>	Without Donor Restrictions	Board Designated Endowment	Total Without Donor Restrictions	With Donor Restrictions	2019 Total	2018 Total
Operating Expenses						
Program expenses						
Operations	11,856,263	-	11,856,263	-	11,856,263	11,755,920
Greater Cleveland Food Bank Kitchen	3,451,765	-	3,451,765	-	3,451,765	2,704,957
Community and government programming	505,643	-	505,643	-	505,643	435,697
Total program expenses	15,813,671	-	15,813,671	-	15,813,671	14,896,574
Support services						
Fundraising	2,614,499	-	2,614,499	-	2,614,499	2,673,621
Volunteer Service & Product Resource Development	313,465	-	313,465	-	313,465	291,250
Administration	1,537,496	-	1,537,496	-	1,537,496	1,218,949
Total support services	4,465,460	-	4,465,460	-	4,465,460	4,183,820
Total operating expenses	20,279,131	-	20,279,131	-	20,279,131	19,080,394
Total Food Programs and Operating Expenses	91,541,463	-	91,541,463	-	91,541,463	91,746,162
Change in Net Assets from Operations	2,626,392	(51,820)	2,574,572	69,467	2,644,039	(2,019,914)
Other Revenue						
Investment return, net	150,249	44,210	194,459	(2,803)	191,656	508,814
Change in Net Assets	2,776,641	(7,610)	2,769,031	66,664	2,835,695	(1,511,100)
Net Assets, beginning of year	14,535,909	2,059,189	16,595,098	1,021,670	17,616,768	19,127,868
Net Assets, end of year	\$ 17,312,550	\$ 2,051,579	\$ 19,364,129	\$ 1,088,334	20,452,463	\$ 17,616,768

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Statement of Activities

<i>Year Ended September 30, 2018</i>	Without Donor Restrictions	Board Designated Endowment	Total Without Donor Restrictions	With Donor Restrictions	2018 Total
Food Programs Revenue					
Value of food received					
Value of food donated (21,922,000 pounds)	\$ 36,828,960	\$ -	\$ 36,828,960	\$ -	\$ 36,828,960
Value of USDA and OFPP food received (19,310,380 pounds)	30,317,297	-	30,317,297	-	30,317,297
	67,146,257	-	67,146,257	-	67,146,257
Food distribution revenue					
Purchased Food Program (4,339,763 pounds)	2,879,250	-	2,879,250	-	2,879,250
Total food programs revenue	70,025,507	-	70,025,507	-	70,025,507
Operating Revenue					
Greater Cleveland Food Bank Kitchen fees	2,628,431	-	2,628,431	-	2,628,431
Member agency handling fees	917,248	-	917,248	-	917,248
Federal, state, county government reimbursement and administrative fees	4,090,515	-	4,090,515	-	4,090,515
Contributions and grants	11,221,975	31,398	11,253,373	693,583	11,946,956
Other	117,591	-	117,591	-	117,591
Net assets released from restrictions	829,458	(79,979)	749,479	(749,479)	-
Total	19,805,218	(48,581)	19,756,637	(55,896)	19,700,741
Total Revenue from Food Programs and Operations	89,830,725	(48,581)	89,782,144	(55,896)	89,726,248
Food Programs Expenses					
Value of food distributed					
Value of donated food distributed, including scrap (22,271,814 pounds)	37,852,104	-	37,852,104	-	37,852,104
Value of USDA and OFPP food distributed, including scrap (19,727,928 pounds)	30,822,366	-	30,822,366	-	30,822,366
	68,674,470	-	68,674,470	-	68,674,470
Food cost of goods sold					
Purchased Food Program, including scrap (4,435,558 pounds)	2,591,294	-	2,591,294	-	2,591,294
Harvest for Hunger food purchases and grants	1,400,004	-	1,400,004	-	1,400,004
Total food programs expenses	72,665,768	-	72,665,768	-	72,665,768

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Statement of Activities

<i>Year Ended September 30, 2018</i>	Without Donor Restrictions	Board Designated Endowment	Total Without Donor Restrictions	With Donor Restrictions	2018 Total
Operating Expenses					
Program expenses					
Operations	11,755,920	-	11,755,920	-	11,755,920
Greater Cleveland Food Bank Kitchen	2,704,957	-	2,704,957	-	2,704,957
Community and government programming	435,697	-	435,697	-	435,697
Total program expenses	14,896,574	-	14,896,574	-	14,896,574
Support services					
Fundraising	2,673,621	-	2,673,621	-	2,673,621
Volunteer Service & Product Resource Development	291,250	-	291,250	-	291,250
Administration	1,218,949	-	1,218,949	-	1,218,949
Total support services	4,183,820	-	4,183,820	-	4,183,820
Total operating expenses	19,080,394	-	19,080,394	-	19,080,394
Total Food Programs and Operating Expenses	91,746,162	-	91,746,162	-	91,746,162
Change in Net Assets from Operations	(1,915,437)	(48,581)	(1,964,018)	(55,896)	(2,019,914)
Other Revenue					
Investment return, net	340,641	163,351	503,992	4,822	508,814
Change in Net Assets	(1,574,796)	114,770	(1,460,026)	(51,074)	(1,511,100)
Net Assets, beginning of year	16,110,705	1,944,419	18,055,124	1,072,744	19,127,868
Net Assets, end of year	\$ 14,535,909	\$ 2,059,189	\$ 16,595,098	\$ 1,021,670	\$ 17,616,768

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Statement of Functional Expenses

	Program Expenses			Supporting Services			2019 Total Expenses	2018 Total Expenses
	Operations	Greater Cleveland Food Bank Kitchen	Community and Government Programming	Fundraising	Volunteer Service & Product Resource Development	Administration		
<i>For the Year Ended September 30, 2019, with Summarized Comparative Information for 2018</i>								
Food Programs Expense								
Value of food distributed, including scrap								
Value of donated food distributed	\$ 35,772,806	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 35,772,806	\$ 37,852,104
Value of USDA and OFPP food distributed	31,728,869	-	-	-	-	-	31,728,869	30,822,366
Food cost of goods sold, including scrap								
Purchased food program	2,360,653	-	-	-	-	-	2,360,653	2,591,294
Harvest for Hunger food purchases and grants	1,400,004	-	-	-	-	-	1,400,004	1,400,004
Total food programs expense	\$ 71,262,332	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,262,332	\$ 72,665,768
Operating Expense								
Salaries and wages	\$ 4,976,095	441,180	376,466	1,062,870	227,232	906,615	\$ 7,990,458	\$ 7,660,247
Employee benefits	1,072,332	84,009	83,511	197,201	45,071	203,902	1,686,026	1,282,521
Total salaries and related expenses	6,048,427	525,189	459,977	1,260,071	272,303	1,110,517	9,676,484	8,942,768
Professional services	179,137	4,281	2,299	224,772	472	132,823	543,784	324,130
Office expense and services	316,390	15,360	19,145	146,399	18,380	66,248	581,922	540,421
Food and supplies - Greater Cleveland Food Bank Kitchen	87,787	2,691,965	-	-	-	-	2,779,752	2,493,617
Occupancy costs and warehouse maintenance	835,776	56,377	-	10,366	649	10,564	913,732	948,657
Fuel, fleet costs, inbound freight (net)	708,071	100,260	-	-	-	-	808,331	762,871
Direct mail fundraising and communications	3,395	-	12,797	764,245	8,000	2,504	790,941	879,875
Agency support	3,127,065	-	-	-	-	-	3,127,065	3,093,918
Miscellaneous	116,891	11,127	9,925	182,626	13,351	160,494	494,414	510,630
Total operating expenses before depreciation	11,422,939	3,404,559	504,143	2,588,479	313,155	1,483,150	19,716,425	18,496,887
Depreciation and amortization	433,324	47,206	1,500	26,020	310	54,346	562,706	583,507
Total operating expenses	11,856,263	3,451,765	505,643	2,614,499	313,465	1,537,496	20,279,131	19,080,394
Total Functional Expenses	\$ 83,118,595	\$ 3,451,765	\$ 505,643	\$ 2,614,499	\$ 313,465	\$ 1,537,496	\$ 91,541,463	\$ 91,746,162

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Statement of Functional Expenses

Year Ended September 30, 2018	Program Expenses			Supporting Services			2018 Total Expenses
	Operations	Greater Cleveland Food Bank Kitchen	Community and Government Programming	Fundraising	Volunteer Service & Product Resource Development	Administration	
Food Programs Expense							
Value of food distributed, including scrap							
Value of donated food distributed	\$ 37,852,104	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 37,852,104
Value of USDA and OFPP food distributed	30,822,366	-	-	-	-	-	30,822,366
Food cost of goods sold, including scrap							
Purchased food program	2,591,294	-	-	-	-	-	2,591,294
Harvest for Hunger food purchases and grants	1,400,004	-	-	-	-	-	1,400,004
Total food programs expense	\$ 72,665,768	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 72,665,768
Operating Expense							
Salaries and wages	\$ 5,139,486	\$ 89,213	\$ 333,332	\$ 1,143,963	\$ 212,984	\$ 741,269	\$ 7,660,247
Employee benefits	840,274	41,999	42,364	180,689	38,564	138,631	1,282,521
Total salaries and related expenses	5,979,760	131,212	375,696	1,324,652	251,548	879,900	8,942,768
Professional services	103,761	450	2,100	112,015	-	105,804	324,130
Office expense and services	332,067	22,142	20,855	147,113	16,548	1,696	540,421
Food and supplies - Greater Cleveland Food Bank Kitchen	74,042	2,419,575	-	-	-	-	2,493,617
Occupancy costs and warehouse maintenance	914,912	24,111	30	214	500	8,890	948,657
Fuel, fleet costs, inbound freight (net)	707,791	55,080	-	-	-	-	762,871
Direct mail fundraising and communications	1,376	-	14,895	854,489	8,133	982	879,875
Agency support	3,093,787	131	-	-	-	-	3,093,918
Miscellaneous	117,130	7,678	15,221	209,548	14,211	146,842	510,630
Total operating expenses before depreciation	11,324,626	2,660,379	428,797	2,648,031	290,940	1,144,114	18,496,887
Depreciation	431,294	44,578	6,900	25,590	310	74,835	583,507
Total operating expenses	11,755,920	2,704,957	435,697	2,673,621	291,250	1,218,949	19,080,394
Total Functional Expenses	\$ 84,421,688	\$ 2,704,957	\$ 435,697	\$ 2,673,621	\$ 291,250	\$ 1,218,949	\$ 91,746,162

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Statements of Cash Flows

Years Ended September 30,	2019	2018
Cash Flows from Operating Activities		
Increase (Decrease) in net assets	\$ 2,835,695	\$ (1,511,100)
Adjustments to reconcile increase in net assets to net cash provided by operating activities		
Depreciation and amortization	562,706	583,507
Realized and unrealized gain on investments	(24,446)	(207,633)
Uncollectible agency receivables and pledge write offs	22,498	15,526
Change in contributed and government inventory	(2,064,711)	1,528,059
(Increase) decrease in:		
Agency receivables	(37,029)	(105,966)
Government administration fees/reimbursements	(387,340)	(86,144)
Operating pledges	(725,187)	645,275
Other receivables	(38,723)	9,969
Purchased food program inventory	42,401	(96,808)
Prepaid expenses and other deposits	(18,856)	(40,136)
Increase (decrease) in:		
Accounts payable - operating	146,674	(115,278)
Accrued expenses	438,497	(52,558)
Harvest for Hunger credits	100,776	97,198
Agency grant commitments	86,762	(11,426)
Net Cash and Cash Equivalents From Operating Activities	939,717	652,485
Cash Flows from Investing Activities		
Purchase of property and equipment	(95,173)	(76,303)
Capitalized software costs	(34,680)	(120,743)
Proceeds from sale of investments	93,651	79,979
Purchase of investments	(222,328)	(331,477)
Net Cash and Cash Equivalents For Investing Activities	(258,530)	(448,544)

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Statements of Cash Flows

<i>Years Ended September 30,</i>	2019	2018
Cash Flows from Financing Activities		
Net borrowings on lines of credit	\$ (697,686)	\$ 90,000
Net Cash and Cash Equivalents (For) From Financing Activities	(697,686)	90,000
Net (Decrease) Increase in Cash and Cash Equivalents	(16,499)	293,941
Cash and Cash Equivalents, at beginning of year	496,747	202,806
Cash and Cash Equivalents, at end of year	\$ 480,248	\$ 496,747
Supplemental Disclosure of Cash Flow Information:		
Cash paid during the year for interest	\$ 25,533	\$ 35,947

See accompanying notes to financial statements.

Greater Cleveland Food Bank

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Nature of organization

The Greater Cleveland Food Bank (the Food Bank) is incorporated under the laws of the State of Ohio as a not-for-profit corporation. The function of the Food Bank is to collect, warehouse, and distribute food and grocery products to social service agencies that feed the needy in the Northeast Ohio area. The Food Bank provides food to child care centers, group homes, and programs for the elderly. The Food Bank uses the state system Ohio Benefit software to help low income clients apply for the public benefits they are eligible for including Supplemental Nutrition Assistance Program (SNAP). Clients can call the Food Bank's Help Center for assistance or meet with our outreach workers in the community. The Food Bank also connects clients to community partners focused on employment, housing and healthcare. The Food Bank's major sources of revenues are food donations, contributions, foundation grants, fee income and government contracts.

Basis of presentation

The financial statements are prepared on an accrual basis in conformity with accounting principles generally accepted in the United States of America (GAAP).

Net Assets

The Food Bank records unconditional promises to give (pledges) as receivables and contributions and distinguished for each net asset category in accordance with donor-imposed restrictions. Further, the resources of the Food Bank are classified into net asset categories according to donor-imposed restrictions. A description of these categories are as follows:

Net Assets without Donor Restrictions: Include the net assets that are free of donor-imposed restrictions.

Board Designated Funds include Net Assets without Donor Restrictions voluntarily segregated by the Board of Directors for specific purposes.

Net Investment in Property, Equipment and Software relate to property, equipment and software used in general operations.

Net Asset with Donor Restrictions: Include the net assets from grants, contributions or other inflows where the use is limited by donor-imposed restrictions that either expire by the passage of time or can be fulfilled and removed by actions of the Food Bank. 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. Net assets with donor restrictions also includes net assets from contributions or other inflows where the donor does not allow original principal to be expended, but the earnings are available for use under a spending policy.

Greater Cleveland Food Bank

Notes to Financial Statements

Cash and cash equivalents

Highly liquid investments with initial maturities of three months or less are considered to be cash equivalents.

Custodial Funds

The Food Bank entered into a Fiscal Agency Agreement effective April 1, 2019 with the City of Cleveland, a political subdivision described in Internal Revenue Code Section 70c(1), to serve as the fiscal agent for the Mayor's Food Basket Program. The city operates this program, exclusively for the public benefit, to collect contributions and use those contributions to purchase, assemble, and distribute food baskets to residents of the City of Cleveland in need. The Food Bank is the custodian of the funds and is responsible for the deposit and disbursement of the funds as directed by the City. As of September 30, 2019, the undistributed balance of \$179,019 was included in the custodial funds with a corresponding liability in the accompanying statement of financial position.

Investments

Investments are reported at their fair values in the statement of financial position. The components of investment income includes interest and dividends, realized gains and losses, unrealized appreciation (depreciation) and net of investment expense. Such income is reported as other revenue in the statement of activities in the period in which the income is recognized that such income is not used in operations of the Food Bank. See Note 4 for discussion of fair value measurements.

Agency receivables

The Food Bank reports agency receivables at net fair value. Management determines the allowance for doubtful accounts based on historical losses and current economic conditions. On a continuing basis, management analyzes delinquent receivables and, once these receivables are determined to be uncollectible, they are written off through a charge against an existing allowance account as bad debt expense. Agency receivable balances are shown on the statements of financial position net of the following allowances for doubtful accounts:

<i>September 30,</i>	2019	2018
Agency receivables	\$ 415,894	\$ 392,697
Less allowance for doubtful accounts	(31,382)	(22,716)
	\$ 384,512	\$ 369,981

Greater Cleveland Food Bank

Notes to Financial Statements

Inventory

Contributed inventories represent inventory items donated to the Food Bank for distribution, in accordance with Feeding America's Product Valuation Survey. The average wholesale value of contributed items was \$1.62 per pound as of September 30, 2019 and \$1.68 per pound as of September 30, 2018. Items are distributed on a FIFO basis.

USDA inventories represent commodities (bulk food products) received under federal government programs for distribution. In accordance with the USDA Food Distribution Policy FD-104 and revised on December 2, 2016, food items are valued at the average wholesale value of food items only and exclude non-food items. In accordance with the Feeding America Product Valuation Survey, the average wholesale value of food only was \$1.52 per pound as of September 30, 2019 and \$1.57 per pound as of September 30, 2018. Items are distributed on a FIFO basis.

Ohio Food Purchase Program inventories represent commodities (bulk food products) received under the state government programs for distribution. Ohio Food inventories are valued at the average wholesale value of food items only and exclude non-food items. In accordance with the Feeding America Product Valuation Survey, the average wholesale value of food only was \$1.52 per pound as of September 30, 2019 and \$1.57 per pound as of September 30, 2018. Items are distributed on a FIFO basis.

Purchased Food Program inventories represent food purchased and are stated at the lower of cost or market on a FIFO basis.

Greater Cleveland Food Bank Kitchen (the Kitchen) inventory represents food purchased for use by the Kitchen for prepared meals for distribution and is stated at the lower of cost or market on a FIFO basis.

Property and equipment

Property and equipment is recorded at cost at the date of acquisition or fair value at the date of donation. There was no donated property and equipment for years ended September 30, 2019 and 2018. The Food Bank capitalizes all expenditures for property and equipment equal to or greater than \$2,500. Depreciation is computed on a straight-line method over the estimated useful lives of the respective assets, which range from three to forty years. Routine expenditures for repairs and maintenance are expensed as incurred.

Harvest for Hunger credits

Harvest for Hunger credits represent money set aside from the funds raised during the annual Harvest for Hunger campaign to apply as grants to member agencies based on their annual service statistics, to purchase product made available to agencies at reduced prices, and to purchase produce at no charge for the agencies. Agencies can apply any of their Food Bank purchases to the grants. The related expense is shown as Harvest for Hunger food purchases and grants on the statements of activities.

Greater Cleveland Food Bank

Notes to Financial Statements

Contributions

Contributions received, including unconditional promises, are recognized as revenue when the donor's commitment is received. Unconditional promises are recognized at the estimated present value of the future cash flows, net of allowances (fair value). Promises made that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions support. However, if a restriction is fulfilled in the same period in which the contribution is received, the Food Bank reports the support as net assets without donor restrictions.

Pass-through funds received from the Harvest for Hunger campaign and other Cause Related Marketing activities are treated as a reduction in contributions. As of September 30, 2019 and 2018 the amount of such pass-through funds amounted to \$737,434 and \$728,122, respectively.

In-kind donations

During the years ended September 30, 2019 and 2018, the value of contributed goods and services meeting the requirements for recognition in the financial statements was \$86,143 and \$51,359, respectively. In-kind donations included promotional material and goods and legal services. The value of these contributions is included in fundraising and administration in the statement of activities.

In addition, many individuals volunteer their time and perform a variety of tasks that assist the Food Bank, but these services do not meet the criteria for recognition as contributed services. The Food Bank benefited from more than 92,400 and 85,200 volunteer hours in the years ended September 30, 2019 and 2018, representing a dollar value of approximately \$2,349,732 and \$2,056,728 in volunteer services for the respective fiscal years based on the 2018 and 2017 *Bureau of Labor Statistics Dollar Value of a Volunteer Hour*.

Revenue recognition on contributed products

The Food Bank recognizes revenue on contributed food and products at the time the contribution is received, at a value based on Feeding America's Product Valuation Survey as discussed above. The related cost is recognized at the time the products are distributed to agencies and clients in the community, also based on these values. Contributed food was recorded as revenue at \$1.62 per pound, while USDA and Ohio food was recorded as revenue at \$1.52 per pound as of September 30, 2019. Contributed food and Ohio food were recorded as revenue at \$1.68 per pound, while USDA food was recorded as revenue at \$1.57 per pound as of September 30, 2018 as discussed above. The difference between the revenue and cost recognized is reflective of the change in contributed inventory and is incorporated in the change in net assets.

Income tax status

The Food Bank is organized as a not-for-profit organization exempt from income tax under 501(c)(3) of the Internal Revenue Code. Income taxes on unrelated business income, if any, are provided at the applicable rates on income for financial reporting purposes.

Greater Cleveland Food Bank

Notes to Financial Statements

Accounting principles generally accepted in the United States of America require the Food Bank's management to evaluate tax positions taken by the Food Bank and recognize a tax liability (or asset) if the Food Bank has taken a position that is uncertain. An uncertain position is defined as one in which there is a 50% or greater likelihood that the position will not be sustained upon examination by a taxing authority. Management has analyzed the tax positions taken by the Food Bank and has concluded that, as of September 30, 2019, there are no uncertain tax positions taken or expect to be taken. The Food Bank's income tax filings are subject to audit by various taxing authorities. In evaluating the Food Bank's activities, management believes its position of tax-exempt status is appropriate based on current facts and circumstances. Management has assessed that there are no activities unrelated to the charitable purpose of the Food Bank and therefore no tax is to be recognized.

It is the policy of the Food Bank to include in operating expenses penalties and interest assessed by income taxing authorities. There are no penalties or interest from taxing authorities included in operating expenses for the years ended September 30, 2019 and 2018.

Functional expense

Expenses are charged to functional areas based on specific identification and functional area of the Food Bank. Expenses directly attributable to a specific functional area of the Food Bank are reported as expenses of those functional areas. The Food Bank does allocate a portion of the Administrative cost across to other functional area. The President & CEO payroll costs are allocated to other functional areas based on time and effort. Certain Information Technology payroll costs are allocated to other functional areas as support based on the number of users of our various systems. Employee related expenses (403b plan expenses, software licenses for payroll system and payroll processing costs) are allocated to other functional areas based on the number of employees.

Concentrations of credit risk

Financial instruments that potentially subject the Food Bank to credit risk at September 30, 2019 and 2018, consist primarily of cash and cash equivalents, investments, and receivables. The Food Bank maintains its cash and cash equivalents with several of the country's largest banks and at times invested amounts exceed FDIC insured limits. The investments are exposed to various risks such as interest rate, market volatility and credit. Due to the level of risk associated with certain investments, it is possible that a change in the value of these investments could occur in the near term and that such a change could be material. The Food Bank believes it has placed these temporary cash investments with high credit quality financial institution and does not believe it is exposed to any significant credit risk on its cash and cash equivalents. As of September 30, 2019, 47% of outstanding operating pledges were attributable to one foundation and one company. The Food Bank receives government funding which amounted to 41% and 38% of the Food Bank's total revenue and support for the years ended September 30, 2019 and 2018, respectively.

Use of estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported on the financial statements and those disclosed in the footnotes. Accordingly, actual results could differ from those estimates.

Greater Cleveland Food Bank

Notes to Financial Statements

Reclassifications

Certain amounts in the 2018 presentation have been reclassified to conform to the 2019 presentation. See *Recently Adopted Accounting Pronouncements* below.

Accounting Pronouncements Adopted

Presentation of Financial Statements of Not-for-Profit Entities

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities, (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities. The objective of this statement is to improve the current net asset classification requirements and information presented in financial statements and notes about an entity's liquidity, financial performance and cash flows. The major changes include: (a) requiring the presentation of only two classes of net assets now entitled "net assets without donor restrictions" and "net assets with donor restrictions", (b) requiring that all nonprofits present an analysis of expenses by function and nature in either the statement of activities, a separate statement, or in the notes and disclose a summary of the allocation methods used to allocate costs, (c) requiring the disclosure of quantitative and qualitative information regarding liquidity and availability of resources, (d) presenting investment return net of external and direct expenses, and (e) modifying other financial statement reporting requirements and disclosures intended to increase the usefulness of nonprofit financial statements.

The Food Bank has adopted the ASU as of and for the year ended September 30, 2019 with retrospective application for the 2018 financial statements.

Accounting Pronouncements

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09, Revenue from Contracts with Customers (Topic 606), which is a comprehensive new revenue recognition standard that will supersede existing revenue recognition guidance. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The FASB issued ASU 2015-14 that deferred the effective date for the Food Bank until annual periods beginning after December 15, 2018 (the Food Bank's fiscal year ending September 30, 2020). Earlier adoption is permitted subject to certain limitations. The amendments in this update are required to be applied retrospectively to each prior reporting period presented or with the cumulative effect being recognized at the date of initial application. Management is currently evaluating the impact of this ASU on its financial statements.

Greater Cleveland Food Bank

Notes to Financial Statements

Not-for-Profit Entities (topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made

In June 2018, the FASB issued ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. This ASU was issued to standardize how grants and other contracts received and made are classified across the sector, as either an exchange transaction or a contribution. The standard provides guidance to assist in the determination of whether a transaction is a contribution or an exchange transaction. If the transaction is deemed to be a contribution the guidance provides factors to consider with regard to whether the contribution is conditional or unconditional. For contributions received, if determined to be an unconditional contribution, the determination will then need to be made as to whether the contribution is restricted. The ASU will assist in the determination of the nature of the transaction which will then govern the revenue and expense recognition methodology and timing of the transaction. The ASU is effective for transactions in which the Food Bank serves as the resource recipient to annual periods beginning after December 15, 2018 (the Food Bank's fiscal year ending September 30, 2020). Management is currently evaluating the impact of this ASU on its financial statements.

Leases

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)* (ASU 2016-02). The objective of ASU 2016-02 is to recognize lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. ASU 2016-02 is effective for fiscal years beginning after December 15, 2020, and interim periods within fiscal years beginning after December 15, 2021 (the Food Bank's fiscal year ending September 30, 2022). Early adoption of ASU 2016-02 is permitted. The Food Bank will be evaluating the potential impact of adopting this guidance on our financial statements.

Evaluation of subsequent events

The Food Bank has evaluated subsequent events through December 17, 2019, which is the date the financial statements were available to be issued, and has determined that there were no subsequent events that have occurred through that date to recognize or disclose in these financial statements.

Greater Cleveland Food Bank

Notes to Financial Statements

2. Government Administrative Fees & Reimbursement Receivable

The Food Bank reports government fees and reimbursements at their net realizable value. The fees and reimbursements represent payments from federal, state and county contracts. The fees and reimbursements are recorded as revenue at the time the service is complete and the monthly billing is submitted to the appropriate government agency. The Ohio Association of Foodbanks is a pass through entity to the Food Bank for the State Food Program Administrative fees and food. Government Administrative fees & Reimbursements shown on the statements of financial position are as follows:

<i>September 30,</i>	2019	2018
U.S. Department of Agriculture Administrative fee	\$ 575,482	\$ 163,689
Child and Adult Care Food Program Reimbursement	266,697	286,905
Food and Nutrition Service Reimbursement	128,360	166,612
State Food Program Administrative Fee	78,549	76,006
County Reimbursement	211,241	189,420
Commodity Supplemental Food Program Reimbursement	18,168	8,525
	\$ 1,278,497	\$ 891,157

3. Operating Pledges Receivable

Operating pledges receivable represent promises to give that have been made by donors, but have not been received by the Food Bank. Unconditional promises to give are recognized as revenue when the donor's commitment is received. Operating pledges were as follows:

<i>September 30,</i>	2019	2018
Receivable in less than one year	\$ 1,212,345	\$ 457,158
Receivable in one to five year	10,000	40,000
	\$ 1,222,345	\$ 497,158

As of September 30, 2019 and 2018 allowances for uncollectible pledges were \$11,122 and \$7,500, respectively.

Greater Cleveland Food Bank

Notes to Financial Statements

4. Fair Value Measurements

GAAP establishes a hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable input be used when available. Observable inputs are those that market participants would use in measuring investments at fair value based on market data obtained from sources independent of the Food Bank. Unobservable inputs reflect the Food Bank's assumptions about the inputs market participants would use in measuring investments at fair value based on the best information available in the circumstances. Investments are measured and disclosed in one of three levels based on the reliability of inputs:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Food Bank has the ability to access.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3: Inputs to the valuation methodology are unobservable and significant for the fair value measurements. The Food Bank holds no level 3 assets at September 30, 2019 and 2018.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2019 and 2018.

Cash equivalents

Cash equivalents, comprised of overnight money market accounts, are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices.

Common Stocks

Common stocks are valued at the closing price reported on the active market on which the individual securities are traded.

Greater Cleveland Food Bank

Notes to Financial Statements

Mutual Funds

Mutual funds are valued at the daily closing price as reported by the fund. Mutual funds held by the Food Bank are open-end mutual funds that are registered with the Securities and Exchange Commission. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Food Bank are deemed to be actively traded.

Cleveland Foundation Pooled Funds

The fair value of the Cleveland Foundation Pooled Funds (the Pool) is based on the number of units held at year end as determined by a third party pricing service. The stated objective of the Pool is to provide nonprofit organizations access to money managers that traditionally require very high initial investment, and enable the individual funds of the Pool to achieve broader diversification and access to multiple managers with specific skill sets. The Pool is comprised of large cap, small cap, international, fixed income and absolute return equity investments. Although these investments include marketable securities and fixed income securities, they are pooled investments and have been classified within Level 2 as they are not traded in an active market and are subject to liquidity restrictions. The investment in the Pool is classified as a noncurrent asset due to the intent of management to hold the investment for endowed purposes.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Food Bank believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The remainder of this page intentionally left blank.

Greater Cleveland Food Bank

Notes to Financial Statements

The following table sets forth by level, within the fair value hierarchy, the Food Bank's assets at fair value as of September 30, 2019 and 2018:

<i>Year Ended September 30, 2019</i>	Level 1	Level 2	Total at September 30, 2019
Cash equivalents	\$ 644,113	\$ -	\$ 644,113
Common stocks	366,061	-	366,061
Mutual funds:			
Term bonds	1,136,751	-	1,136,751
Small cap	85,290	-	85,290
Growth	453,796	-	453,796
Mid cap	244,166	-	244,166
Foreign	443,514	-	443,514
Value	483,492	-	483,492
Emerging markets	199,586	-	199,586
Nontraditional bonds	176,182	-	176,182
Large blend	796,451	-	796,451
Infrastructure	174,037	-	174,037
Cleveland Foundation			
Investment Pool	-	2,167,881	2,167,881
Total Investments	\$ 5,203,439	\$ 2,167,881	\$ 7,371,320

The remainder of this page intentionally left blank.

Greater Cleveland Food Bank

Notes to Financial Statements

<i>Year Ended September 30, 2018</i>	Level 1	Level 2	Total at September 30, 2018
Cash equivalents	\$ 768,813	\$ -	\$ 768,813
Common stocks	417,626	-	417,626
Mutual funds:			
Term bonds	971,274	-	971,274
Inflation protection bonds	100,050	-	100,050
Small cap	96,281	-	96,281
Growth	499,522	-	499,522
Mid cap	241,904	-	241,904
Foreign	217,024	-	217,024
Value	467,197	-	467,197
Emerging markets	203,700	-	203,700
Nontraditional bonds	173,621	-	173,621
Large blend	784,411	-	784,411
Infrastructure	98,480	-	98,480
Cleveland Foundation			
Investment Pool	-	2,178,294	2,178,294
Total Investments	\$ 5,039,903	\$ 2,178,294	\$ 7,218,197

The income and gain from investments is comprised of the following:

<i>Years Ended September 30,</i>	2019	2018
Realized and unrealized gain on investments, net	\$ 24,446	\$ 207,633
Interest and dividends, net of fees	167,210	301,181
	\$ 191,656	\$ 508,814

Greater Cleveland Food Bank

Notes to Financial Statements

5. Property and Equipment

Property and equipment consisted of the following:

<i>September 30,</i>	2019	2018
Building and improvements	\$ 10,298,777	\$ 10,255,615
Office, computer equipment, and Artwork	1,458,122	1,427,580
Warehouse machinery and equipment	1,956,198	1,934,729
Vehicles	265,475	265,475
Land and land improvements	1,167,755	1,167,755
	15,146,327	15,051,154
Less accumulated depreciation	(6,477,870)	(6,009,105)
	\$ 8,668,457	\$ 9,042,049

Depreciation expense was \$468,765 and \$474,367 for the years ended September 30, 2019 and 2018, respectively.

6. Capitalized Software

Capitalized software costs consist of the following:

<i>September 30,</i>	2019	2018
Capitalized software	\$ 831,053	\$ 796,373
Less accumulated amortization	(725,323)	(631,382)
	\$ 105,730	\$ 164,991

Amortization expense was \$93,941 and \$109,142 for the years ended September 30, 2019 and 2018, respectively.

7. Credit Facilities

The Food Bank holds an unsecured line of credit agreement with PNC Bank with maximum borrowings of \$1,500,000 for working capital and general corporate purposes. The interest rate is a variable interest rate based on prime (4.50% as of September 30, 2019). The line of credit matures on March 31, 2020. There were no outstanding borrowings against the line of credit as of September 30, 2019.

The Food Bank has a revolving line of credit agreement with Bank of America with maximum borrowings of \$1,500,000 for working capital and general corporate purposes. The interest rate is a variable rate based on the LIBOR Daily Floating Rate plus 2.0% (4.04% as of September 30, 2019). The line of credit matures on June 1, 2020. There were \$300,000 outstanding borrowings against the line of credit as of September 30, 2019.

Interest expense related to the lines of credit was \$25,533 and \$35,947 for the years ended September 30, 2019 and 2018.

Greater Cleveland Food Bank

Notes to Financial Statements

8. Endowments

The Food Bank's endowment consists of individual funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Board to function as endowments. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Food Bank believes that absent explicit donor stipulations to the contrary, fiduciary standards require the preservation of the "historic dollar value" of donor-restricted endowment funds.

"Historic dollar value" as to any donor-restricted endowment fund means the aggregate fair value of (a) the original value of gifts donated to such fund, (b) the original value of subsequent gifts to the such fund, and (c) accumulations to such fund made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. Accordingly, the Food Bank classifies the historic dollar value of a donor-restricted endowment fund as net assets with donor restrictions (a time restriction in perpetuity). The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions (a time restriction in perpetuity) is classified as net assets with donor restriction (a purpose restriction) until those amounts are appropriated for expenditure by the Food Bank in a manner consistent with the standard of prudence prescribed in Ohio UPMIFA requirements.

Notwithstanding the foregoing accounting classifications, unless the gift instrument creating a donor-restricted endowment fund expressly provides otherwise, the Board may, as provided in Ohio UPMIFA, from time to time, appropriate for expenditure such portion of the net assets with donor restrictions as the Board determines is prudent, after application of the factors set forth below:

- The duration and preservation of the funds.
- The purposes of the Food Bank and the donor-restricted endowment fund.
- General economic conditions.
- The possible effect of inflation and deflation.
- The expected total return from income and the appreciation of investments.
- Other resources of the Food Bank.
- The investment policies of the Food Bank.

Return objectives, risk parameters, and strategies employed for achieving objectives

The Food Bank follows investment policies that attempt to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Food Bank must hold in perpetuity, including the earnings thereon, or for a donor-specified period, as well as unrestricted bequests which the Board has designated as endowment.

The endowment assets are invested in The Cleveland Foundation Investment Pool, the composition of which is described in Note 4.

Greater Cleveland Food Bank

Notes to Financial Statements

Under the Food Bank’s endowment policy, endowed assets without donor restrictions and the income thereon (interest, dividends, and capital appreciation) may be appropriated for expenditure once the fund balance reaches \$1,500,000. The Food Bank has a policy of appropriation for distribution each year 5% of the September 30 balance using a trailing average over the prior three years. During fiscal 2019, the fund balance exceeded the \$1,500,000 threshold and as such, \$93,651 was appropriated during the fiscal year ended September 30, 2019. During fiscal 2018, the fund balance exceeded the \$1,500,000 threshold and as such, \$79,979 was appropriated during the fiscal year ended September 30, 2018.

Endowment net asset composition by type of fund as:

<i>Year Ended September 30, 2019</i>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 116,302	\$ 116,302
Board designated funds	2,051,579	-	2,051,579
	\$2,051,579	\$ 116,302	\$ 2,167,881
<i>Year Ended September 30, 2018</i>	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	\$ -	\$ 119,105	\$ 119,105
Board designated funds	2,059,189	-	2,059,189
	\$ 2,059,189	\$ 119,105	\$ 2,178,294

The remainder of this page intentionally left blank.

Greater Cleveland Food Bank

Notes to Financial Statements

Change in endowment net assets for the fiscal year ended September 30, 2019 and 2018:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, September 30, 2017	\$ 1,944,419	\$ 114,283	\$ 2,058,702
Investment return, net	163,351	4,822	168,173
Contributions	31,398	-	31,398
Appropriations	(79,979)	-	(79,979)
Endowment net assets, September 30, 2018	2,059,189	119,105	2,178,294
Investment return, net	44,210	(2,803)	41,407
Contributions	41,831	-	41,831
Appropriations	(93,651)	-	(93,651)
Endowment net assets, September 30, 2019	\$ 2,051,579	\$ 116,302	\$ 2,167,881

9. Net Assets with Donor Restrictions

Net Assets with donor restrictions are available for the following purposes:

<i>September 30,</i>	2019	2018
Time restricted pledges	\$ 939,297	\$ 780,831
State of Ohio Joint Use Agreement	-	32,862
Agency grants	32,735	13,239
Food stamp outreach	-	75,633
Total subject to expenditure for specified purpose or period:	972,032	902,565
Endowments subject to the Food Bank's spending policy and appropriation:		
Endowment	92,800	92,800
Accumulated earnings on endowment	23,502	26,305
Total Endowment	116,302	119,105
Total net assets with donor restrictions	\$ 1,088,334	\$ 1,021,670

Greater Cleveland Food Bank

Notes to Financial Statements

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors as follows:

<i>September 30,</i>	2019	2018
State of Ohio Joint Use Agreement	\$ 32,862	\$ 32,867
Agency grants	951	55,764
Children's nutrition initiative	45,833	5,833
Food stamp initiative	75,000	75,000
Senior Initiative	214,143	104,200
Food as Medicine Initiative	187,847	95,250
General operating-strategic plan	-	350,000
Miscellaneous	127,122	30,565
	\$ 683,758	\$ 749,479

10. Liquidity and Availability of Resources

The Food Bank's financial assets available within one year of the statement of financial position date for general expenditure are as follows:

<i>September 30,</i>	2019	2018
Cash and Cash Equivalents	\$ 480,248	\$ 496,747
Investments	5,203,439	5,039,903
Endowment	2,167,881	2,178,294
Agency Receivables - net	384,512	369,981
Government fees Receivables	1,278,497	891,157
Contributions Receivable - net	1,222,345	497,158
Other Receivables	41,693	2,970
Total financial assets available within one year	10,778,615	9,476,210
Less:		
Amounts unavailable for general expenditures within one year, due to:		
Unconditional promises to give beyond one year	(10,000)	(40,000)
Restricted by donors with purpose restrictions	(972,032)	(902,565)
Restricted by donors in perpetuity	(116,302)	(119,105)
Total amounts unavailable for general expenditures within one year	(1,098,334)	(1,061,670)
Amounts unavailable to management without Board's approval:		
Board funds designated for endowment	(2,051,579)	(2,059,189)
Total financial assets available to management for general expenditure within one year	\$ 7,628,702	\$ 6,355,351

Greater Cleveland Food Bank

Notes to Financial Statements

Liquidity Management

The Food Bank maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. To help manage liquidity needs, the Food Bank has two Lines of Credit as detailed in Note 7 under Credit Facilities totaling \$3 million. Additionally, the Food Bank has Board Funds designated for endowment without donor restrictions that, while the Food Bank does not intend to spend these for purposes other than those identified, the amounts could be made available with Board approval for current operations, if necessary.

11. Retirement Plan

The Food Bank maintains a tax deferred annuity plan under Section 403(b) of the Internal Revenue Code, which covers substantially all of its employees. Discretionary employer contributions to the plan amounted to \$208,309 and \$209,057 for the years ended September 30, 2019 and 2018, respectively.

12. Miscellaneous Expenses

In the statement of functional expenses, miscellaneous expenses are comprised of the following:

<i>September 30,</i>	2019	2018
Bank fees	\$ 136,572	\$ 162,820
Dues and member fees	84,299	69,830
Travel, mileage, conference and meals	126,695	143,622
Advertising	36,875	61,175
Allowance for doubtful accounts/pledges	22,498	15,526
Other expense	87,475	57,657
	\$ 494,414	\$ 510,630

Greater Cleveland Food Bank

Notes to Financial Statements

13. Leases

As of September 30, 2019, the Food Bank leases various office equipment and seventeen trucks under operating leases. These leases expire at various times through 2023.

Future minimum lease payments for noncancellable operating leases having an initial term in excess of one year at September 30, 2019 are as follows:

<i>Year Ended September 30,</i>	
2020	\$ 367,503
2021	289,893
2022	213,265
2023	134,499
2024	54,679
	<hr/>
	\$ 1,059,839

Lease expense was \$554,802 and \$520,149 for the years ended September 30, 2019 and 2018, respectively.