

**MISSOULA FOOD BANK &
COMMUNITY CENTER**

**AUDITED CONSOLIDATED FINANCIAL
STATEMENTS**

June 30, 2019 and 2018



MISSOULA FOOD BANK & COMMUNITY CENTER

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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Missoula Food Bank & Community Center
Missoula, Montana

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

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated financial statements.

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

Board of Directors and Management
Missoula Food Bank & Community Center

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Missoula Food Bank & Community Center as of June 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information on pages 25 - 28 is presented for purposes of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Junkermier, Clark, Campanella, Stevens, P.C.

Missoula, Montana
October 4, 2019

MISSOULA FOOD BANK & COMMUNITY CENTER
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

	2019	2018
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 527,287	\$ 409,011
Pledges receivable - current	224,659	400,711
Other receivables	97,128	79,572
Inventory	226,898	189,352
Prepaid expenses	27,123	12,421
Total current assets	1,103,095	1,091,067
PROPERTY AND EQUIPMENT, at cost		
Less: accumulated depreciation	6,492,773	6,285,219
Net property and equipment	(565,094)	(323,526)
	5,927,679	5,961,693
INVESTMENTS		
Investments	1,435,014	1,346,792
Beneficial interest in assets held by the Montana Community Foundation (MCF)	1,000	1,000
Split-interest agreements invested	40,066	37,634
Total investments	1,476,080	1,385,426
OTHER ASSETS		
Pledges receivable - long term, net of discount	13,273	92,337
Note receivable	4,472,000	4,472,000
Total other assets	4,485,273	4,564,337
TOTAL ASSETS	\$ 12,992,127	\$ 13,002,523
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 125,679	\$ 88,691
Accrued liabilities	48,019	42,964
Total current liabilities	173,698	131,655
LONG-TERM LIABILITIES		
Split-interest agreements payable, net of discount	306	292
Notes payable	6,107,292	6,120,067
Total long-term liabilities	6,107,598	6,120,359
Total liabilities	6,281,296	6,252,014
NET ASSETS		
Net assets without donor restriction		
Net assets without donor restriction - other	4,653,449	4,793,492
Net assets without donor restriction - board designated	1,268,475	1,159,454
Total net assets without donor restriction	5,921,924	5,952,946
Net assets with donor restriction	788,907	797,563
Total net assets	6,710,831	6,750,509
TOTAL LIABILITIES AND NET ASSETS	\$ 12,992,127	\$ 13,002,523

The accompanying notes are an integral part of these financial statements.

MISSOULA FOOD BANK & COMMUNITY CENTER
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Donated food	\$ 3,739,348	\$ -	\$ 3,739,348
Holiday drive	261,009	-	261,009
Donations - cash	1,128,999	4,706	1,133,705
Donated services and supplies	66,546	-	66,546
United Way designated dollars	-	905	905
Combined federal campaign	1,421	1,025	2,446
Grants	242,914	91,398	334,312
Gain (loss) on investments, net	42,857	(300)	42,557
Dividends and interest	84,822	6,859	91,681
Gain on sale of property	30	-	30
Net assets released from restriction	113,249	(113,249)	-
Total revenue and other support	<u>5,681,195</u>	<u>(8,656)</u>	<u>5,672,539</u>
EXPENSES			
Program service	5,247,605	-	5,247,605
Management and general	274,560	-	274,560
Fundraising	190,052	-	190,052
Total expenses	<u>5,712,217</u>	<u>-</u>	<u>5,712,217</u>
CHANGE IN NET ASSETS	(31,022)	(8,656)	(39,678)
NET ASSETS - beginning of year	<u>5,952,946</u>	<u>797,563</u>	<u>6,750,509</u>
NET ASSETS - end of year	<u>\$ 5,921,924</u>	<u>\$ 788,907</u>	<u>\$ 6,710,831</u>

The accompanying notes are an integral part of these financial statements.

MISSOULA FOOD BANK & COMMUNITY CENTER
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	Without Donor <u>Restriction</u>	With Donor <u>Restriction</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Donated food	\$ 3,064,676	\$ -	\$ 3,064,676
Holiday drive	222,910	-	222,910
Donations - cash	875,700	52,364	928,064
Donated services and supplies	14,415	-	14,415
United Way designated dollars	-	16,525	16,525
Combined federal campaign	4,679	-	4,679
Grants	232,385	30,865	263,250
Gain on investments, net	8,444	587	9,031
Dividends and interest	89,376	3,057	92,433
Gain on sale of property	16,456	-	16,456
Net assets released from restriction	<u>1,393,743</u>	<u>(1,393,743)</u>	<u>-</u>
Total revenue and other support	<u>5,922,784</u>	<u>(1,290,345)</u>	<u>4,632,439</u>
EXPENSES			
Program service	4,483,896	-	4,483,896
Management and general	231,245	-	231,245
Fundraising	<u>154,906</u>	<u>-</u>	<u>154,906</u>
Total expenses	<u>4,870,047</u>	<u>-</u>	<u>4,870,047</u>
CHANGE IN NET ASSETS	1,052,737	(1,290,345)	(237,608)
NET ASSETS - beginning of year	<u>4,900,209</u>	<u>2,087,908</u>	<u>6,988,117</u>
NET ASSETS - end of year	<u>\$ 5,952,946</u>	<u>\$ 797,563</u>	<u>\$ 6,750,509</u>

The accompanying notes are an integral part of these financial statements.

MISSOULA FOOD BANK & COMMUNITY CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Service	Management and General	Fund- Raising	Total
EXPENSES				
Donated food given away	\$ 3,701,801	\$ -	\$ -	\$ 3,701,801
Salaries and wages	424,437	113,331	79,451	617,219
Donated services expensed	6,556	1,841	12,566	20,963
Purchased food	556,961	-	2,861	559,822
Employee benefits	67,523	18,155	12,808	98,486
Insurance	2,426	16,059	871	19,356
Payroll taxes	39,980	9,759	7,586	57,325
Depreciation	217,416	24,157	-	241,573
Legal and professional	35,703	45,778	34	81,515
Travel	2,347	2,328	271	4,946
Postage	448	306	6,973	7,727
Utilities	36,606	1,381	-	37,987
Fund-raising expenses	972	-	13,551	14,523
Supplies	37,794	4,474	1,741	44,009
Printing	1,593	6,335	19,414	27,342
Phone and fax	664	3,762	-	4,426
Equipment expense	5,455	344	951	6,750
Volunteer and public relations	9,181	182	76	9,439
Dues and memberships	255	1,263	25	1,543
Conferences and training	54	724	3,349	4,127
Bank and investment fees	58	18,501	48	18,607
Miscellaneous	1,307	2,987	325	4,619
Vehicle expense	6,576	-	5	6,581
Advertising	4,508	15	14,439	18,962
Repairs and maintenance	29,848	344	-	30,192
Taxes city/county	-	1,066	-	1,066
Rent	-	1,468	12,707	14,175
Interest	57,136	-	-	57,136
Total expenses	<u>\$ 5,247,605</u>	<u>\$ 274,560</u>	<u>\$ 190,052</u>	<u>\$ 5,712,217</u>

The accompanying notes are an integral part of these financial statements.

MISSOULA FOOD BANK & COMMUNITY CENTER
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	Program Service	Management and General	Fund- Raising	Total
EXPENSES				
Donated food given away	\$ 2,993,928	\$ -	\$ -	\$ 2,993,928
Salaries and wages	414,394	86,944	56,164	557,502
Donated services expensed	5,463	778	8,174	14,415
Purchased food	520,023	-	-	520,023
Employee benefits	39,551	13,380	8,959	61,890
Insurance	555	12,652	3,000	16,207
Payroll taxes	41,485	10,415	5,830	57,730
Depreciation	206,431	22,937	-	229,368
Legal and professional	44,946	38,666	-	83,612
Travel	4,866	5,080	328	10,274
Postage	83	261	10,422	10,766
Utilities	35,866	802	-	36,668
Fund-raising expenses	-	-	15,636	15,636
Supplies	39,859	7,709	396	47,964
Printing	2,293	-	28,784	31,077
Phone and fax	-	3,707	-	3,707
Equipment expense	9,216	2,345	830	12,391
Volunteer and public relations	5,505	250	88	5,843
Dues and memberships	300	1,906	30	2,236
Conferences and training	510	2,633	115	3,258
Bank and investment fees	516	15,870	48	16,434
Miscellaneous	1,065	2,623	642	4,330
Vehicle expense	5,280	-	-	5,280
Advertising	7,531	-	13,813	21,344
Repairs and maintenance	28,879	589	-	29,468
Taxes city/county	894	694	-	1,588
Rent	206	1,004	1,147	2,357
Charitable contributions	-	-	500	500
Interest	74,251	-	-	74,251
Total expenses	<u>\$ 4,483,896</u>	<u>\$ 231,245</u>	<u>\$ 154,906</u>	<u>\$ 4,870,047</u>

The accompanying notes are an integral part of these financial statements.

MISSOULA FOOD BANK & COMMUNITY CENTER
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (39,678)	\$ (237,608)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	241,573	229,368
Amortization of discounts	(3,087)	(2,066)
Donated securities received	(16,148)	(21,737)
Donated services received	(66,546)	(16,097)
Donated services expensed	35,563	16,097
Gain on investments, net	(42,557)	(9,031)
Gain on sale of property	-	(16,456)
Assets with donor restriction contributions	(4,706)	-
Changes in operating assets and liabilities:		
Pledges receivable	258,217	384,323
Other receivables	(17,556)	539,080
Inventory	(37,546)	(70,749)
Prepaid expenses	(14,702)	1,849
Accounts payable and accrued liabilities	44,187	(128,102)
Net cash from operating activities	<u>337,014</u>	<u>668,871</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(178,720)	(350,824)
Proceeds from sale of asset	-	17,414
Transfer to investments from cash	-	(26,860)
Net purchases, sales, and reinvestments	<u>(31,949)</u>	<u>(34,502)</u>
Net cash from investing activities	<u>(210,669)</u>	<u>(394,772)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Loan proceeds	32,500	32,500
Payments on long term debt	(45,275)	(956,054)
Assets with donor restriction contribution	4,706	-
Net cash from financing activities	<u>(8,069)</u>	<u>(923,554)</u>
NET CHANGE IN CASH	118,276	(649,455)
Cash and cash equivalents - beginning of year	<u>409,011</u>	<u>1,058,466</u>
Cash and cash equivalents - end of year	<u>\$ 527,287</u>	<u>\$ 409,011</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES		
In-kind donation of fixed assets (solar array)	\$ 30,983	\$ -
Payoff of note payable through transfer of land	-	200,000
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest paid with cash	\$ 57,136	\$ 74,251

The accompanying notes are an integral part of these financial statements.

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Activities

Missoula Food Bank & Community Center (the Organization) is a nonprofit organization whose mission is to gather and distribute food to those in need in the Missoula, Montana area. Support for the Organization comes primarily from individual and corporate donors' contributions and various government grants. During the year ended June 30, 2018, the Organization changed its name from the Missoula Food Bank, Inc. to the Missoula Food Bank & Community Center.

Missoula Food Bank QALICB (the QALICB) is a nonprofit public benefit corporation incorporated under the laws of the State of Montana in July 2016, for the exclusive benefit of Missoula Food Bank & Community Center. The QALICB's purpose is to hold title to property, complete construction of the Missoula Food Bank & Community Center location at 1720 Wyoming Street in Missoula, Montana, and lease said property back to Missoula Food Bank & Community Center. The property is operated in such a way that it qualifies as a Qualified Active Low-Income Community Business under the definition of the New Markets Tax Credit (NMTTC) Program under Internal Revenue Code (IRC) Section 45(d). The QALICB's board consists of five members; two of which are current members of the Missoula Food Bank & Community Center board of directors. The activities of the QALICB are solely related to leasing property to Missoula Food Bank & Community Center.

Basis of Consolidation

The accompanying financial statements are presented on a consolidated basis. The financial statements have been consolidated pursuant to the guidance outlined in Financial Accounting Standards Board Accounting Standards Codification (FASB ASC) 958-810-25-8. In accordance with ASC 958-810-25-8, substantially all of the activities of the QALICB involve assets that are to be leased to a single lessee, Missoula Food Bank & Community Center. In addition, the expected substantive residual risks and substantially all of the residual rewards of the leased assets and the obligation imposed by the underlying debt of the QALICB reside directly or indirectly with Missoula Food Bank & Community Center. Finally, the owners of record of the QALICB have not made an initial substantive residual equity capital investment that is at risk during the entire lease term. All significant inter-entity accounts and balances are eliminated upon consolidation.

Classification of Net Assets

The financial statement presentation follows the recommendations of FASB ASC 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Organization is required to report information regarding its financial position and activities according to two classes of net assets:

Net assets without donor restrictions represent resources which the Organization has unlimited discretionary control over to carry out its activities. Grants and donor-restricted contributions received in a fiscal year whose restrictions were met in the same fiscal year are reported as net assets without donor restriction.

Net assets with donor restrictions represent resources restricted by a donor for a specific purpose, a specific time period, or resources whose use is limited to donor-imposed stipulations that neither can be fulfilled or otherwise removed by actions of the Organization.

Net assets with donor restrictions are primarily comprised of pledges receivable, endowment assets, and cash with donor-imposed restrictions. The Organization had \$789,603 and \$797,563 assets with donor restrictions as of December 31, 2019 and 2018.

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Adoption of ASU 2016-14

During the year ended June 30, 2019, the Organization adopted FASB Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. Accordingly, the accounting change has been retrospectively applied to prior periods presented as if the policy had always been used. The effects of ASU 2016-14 require the reclassification of the classes of net assets reflected in the financial statements for the year ended June 30, 2018. There was no effect on total net assets or changes in net assets for the year ended June 30, 2018 as a result.

Income Taxes

The Missoula Food Bank & Community Center and Missoula Food Bank QALICB are exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for federal or state income taxes is required.

Inventory

Inventory consists of donated and purchased food. Purchased food is stated at cost, and donated food is stated at the approximate wholesale value using Feeding America's national rate, which is estimated at \$1.62 and \$1.68 per pound of donated food for 2019 and 2018, respectively.

Land, Building, and Equipment

Land, building, and equipment are carried at cost if purchased or fair value if donated. The cost of property and equipment in excess of \$1,000 with a useful life of more than one year is capitalized. Maintenance, repairs, and minor improvements are expensed as incurred. The Organization calculates depreciation of building and equipment on the straight-line basis over the estimated useful lives of the individual assets (5 - 40 years).

Compensated Absences

Employees are entitled to paid vacation depending on the length of service and other factors. Accrued vacation at June 30, 2019 and 2018 was \$16,074 and \$11,334, respectively.

Public Support and Revenue

All contributions are considered available for the Organization's general programs unless specifically restricted by the donor. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless explicit donor stipulation or law restricts their use. Expiration of net assets with donor restrictions are reported as reclassifications between applicable classes of net assets spanning more than one fiscal year. The receipt of revenue with donor restrictions where the restriction is met in the same fiscal year is reported as an increase in net assets without donor restrictions.

Contributions, including unconditional pledges, are recognized in the period received. Conditional pledges are not recognized until the conditions on which they depend are substantially met. Contributions of assets other than cash are recorded at estimated fair value.

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Concentration Risk

The Organization has a concentration of risk with respect to pledges receivable due to those pledges originating from donors in Missoula, Montana and the surrounding community.

Donated Food and Grocery Products

The Organization reports gifts of donated food and grocery products over which it has control as public support without donor restrictions and as expense when distributed. The approximate average wholesale value of one pound of donated food was determined to be \$1.62 and \$1.68 for 2019 and 2018, respectively, based upon the estimated wholesale value determined by Feeding America.

Donated Services

Numerous volunteers have donated significant amounts of time to the Organization's operation of the store by stocking shelves, sorting food, interviewing clients, delivering food, and other activities which are critical to the Organization's operations and missions. During the years ended June 30, 2019 and 2018, Missoula Food Bank & Community Center received 54,057 and 41,635 hours of volunteer time. Based on the nature of the service and the amount of time donated, management estimated the value of volunteer services to be approximately \$459,485 and \$353,898 during the years ended June 30, 2019 and 2018, respectively. In accordance with FASB ASC 958-605-25-16, the value of these services is not reflected in the financial statements.

During the years ended June 30, 2019 and 2018, the Organization received \$35,563 and \$14,415 in donated goods and services that were recognized in the financial statements.

Method of Accounting

The Organization maintains its records on the accrual basis of accounting with revenues recorded when earned and expenses recorded when the obligation is incurred or the benefits are received.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates.

Advertising Costs

Advertising costs are generally charged to operations in the year incurred. Advertising costs for the years ended June 30, 2019 and 2018 were \$18,917 and \$21,344, respectively.

Management of Liquid Resources

Missoula Food Bank is substantially supported by both individual donors and granting agencies. For donations and grants received with restrictions, the Organization must maintain adequate resources to meet those responsibilities to donors. Thus, some of the Organization's financial assets may not be available for general expenditure within one year of the date of the statement of financial position. The Food bank manages its liquidity to make financial assets without donor restrictions available for general expenditures, liabilities, and other obligations as they come due. In addition, the Organization has funds that can be drawn upon at the discretion of the board of directors.

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional Allocation of Expenses

The costs of providing various programs and activities are summarized on a functional basis in the statement of activities. Certain administrative and other costs have been allocated based on specific identification or based on estimates of the expenses incurred. The primary activity groups and their related purposes are summarized as follows:

Program Service - Expenses which are associated with food recovery, storage, and distribution.

Management and General - Expenses which allow the Organization to operate and provide services to clients but are not directly attributable to client services.

Fund-raising - Provides for time and materials related to direct mail fundraising, and appeals to donors.

The financial statements of the Organization report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include:

Expense	Method of Allocation
Salaries and wages	Time and effort
Depreciation	Location and purpose
Legal and professional	Time and effort
Travel	Time and effort
Printing	Purpose
Equipment expense	Purpose
Conferences and training	Purpose
Advertising	Time and effort
Repairs and maintenance	Location and Purpose
Rent	Location and purpose

NOTE B - CASH AND CASH EQUIVALENTS

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents. The Organization maintains cash balances at various financial institutions. At times, balances may be in excess of the FDIC insured limits.

The composition of cash is as follows at June 30:

	<u>2019</u>	<u>2018</u>
Checking accounts - banks	\$ 456,967	\$ 340,040
Savings accounts - banks and credit unions	<u>70,320</u>	<u>68,971</u>
Total	<u>\$ 527,287</u>	<u>\$ 409,011</u>

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE C - RECEIVABLES

Missoula Food Bank & Community Center considers accounts receivable to be fully collectible. Accordingly, management has estimated the allowance for doubtful accounts to be zero at June 30, 2019 and 2018, respectively. Uncollectible receivables will be charged to operations when that determination is made. At June 30, 2019 all accounts receivable are expected to be collected in less than one year.

The composition of accounts receivable is as follows at June 30:

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ 4,706	\$ 9,293
Grants receivable	<u>92,422</u>	<u>70,279</u>
Total	<u>\$ 97,128</u>	<u>\$ 79,572</u>

NOTE D - PLEDGES RECEIVABLE

Pledges receivable consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Pledges receivable	\$ 239,759	\$ 497,976
Less discount on long-term pledges	<u>(1,827)</u>	<u>(4,928)</u>
Net pledges receivable	<u>\$ 237,932</u>	<u>\$ 493,048</u>

Pledges receivable consisted of the following as of June 30:

	<u>2019</u>	<u>2018</u>
Receivable in less than one year	\$ 224,659	\$ 400,711
Receivable in one to five years	<u>15,100</u>	<u>97,265</u>
Total pledges receivable	239,759	497,976
Less discount on long-term pledges	<u>(1,827)</u>	<u>(4,928)</u>
Net pledges receivable	<u>\$ 237,932</u>	<u>\$ 493,048</u>

The discount on pledges receivable was \$1,827 and \$4,928 at June 30, 2019 and 2018, respectively. Pledges were discounted to their present value based on the term of the underlying pledge. The discount rate was 0.72% and 0.84% for the years ended June 30, 2019 and 2018, respectively.

During the year ended June 30, 2016, the Organization was named a partial beneficiary of an estate that is in the process of liquidating the underlying assets. The value of those future gifts is dependent on the liquidation of the underlying assets in the estate. The value of the Organization's beneficial interest is based on estimates provided by the trustee and has been discounted consistent with all pledges.

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE E - NOTES RECEIVABLE

During the year ended June 30, 2017, Missoula Food Bank & Community Center entered into a note agreement in the amount of \$4,472,000 with MFB Investment Fund, LLC. The note is receivable on demand if requested, but will remain on the repayment schedule described herein if no demand is made. The note bears interest at 1.046% with quarterly interest payments due until March 2024. Afterwards, quarterly principal and interest payments are due sufficient to pay the loan in full by December 2040. See Note O for more information.

NOTE F - PROPERTY AND EQUIPMENT

During the year ended June, 30 2018, the Organization transferred land to pay off the balance of a group of related notes payable. The notes are more fully described in Note M. The composition of property and equipment is as follows at June 30:

	<u>2019</u>	<u>2018</u>
Vehicles	\$ 86,939	\$ 84,717
Equipment	297,192	293,353
Website and software	6,950	6,950
Building and Building Improvements	5,763,552	5,562,059
Land	<u>338,140</u>	<u>338,140</u>
Property and equipment, at cost	6,492,773	6,285,219
Less: accumulated depreciation	<u>(565,094)</u>	<u>(323,526)</u>
Net property and equipment	<u><u>\$ 5,927,679</u></u>	<u><u>\$ 5,961,693</u></u>

NOTE G - INVESTMENTS

The board of directors has designated the investment accounts for use as operating reserves and as a capital preservation fund. Since the amount resulted from an internal designation and is not donor-restricted, it is classified and reported as net assets without donor restrictions. For the years ended June 30, 2019 and 2018, the operating reserve was \$250,580 and \$247,965 and the capital preservation fund was \$1,017,895 and \$911,489, respectively.

It is the Organization's intent to maintain at least six months of budgeted operating expenses, including depreciation, plus six months of debt service in operating reserves at any point in time. The capital preservation fund is intended to be available for capital expenditures as they arise. These designated funds are intended to be utilized only when budgeted expenditures cannot otherwise be funded by donations or grants, and use of the reserve must be reviewed and recommended by the finance committee and approved by the board of directors.

To achieve the objectives above, the Organization has adopted an investment policy that attempts to provide for safety of principle, a reasonable current rate of return, and long-term growth through a balanced and diversified portfolio of fixed income, equities, and other investments including common stocks, bonds, mutual funds, and cash equivalents.

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE G - INVESTMENTS - (continued)

The Organization has determined that investments shall be made only into socially responsible funds or equities. Long-term asset allocation targets for the portfolio are determined by the board of directors to facilitate achievement of the long-term investment goals within the established risk parameters measured on a prospective basis. Risk levels are managed to be at or below the volatility level of the market and peer benchmarks as defined by the Organization's investment policy. Investments, at times, may exceed SIPC insured limits.

Investments consist of the following at June 30:

<u>2019</u>	Cost	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	\$ 18,634	\$ 18,634	\$ -
Certificates of deposit	77,236	77,236	-
Bonds	675,773	680,742	4,969
Equities	575,632	698,468	122,836
Other - MCF	1,000	1,000	-
	<u>\$ 1,348,275</u>	<u>\$ 1,476,080</u>	<u>\$ 127,805</u>

<u>2018</u>	Cost	Fair Value	Unrealized Gain (Loss)
Cash and cash equivalents	\$ 352,884	\$ 352,884	\$ -
Certificates of deposit	77,014	77,014	-
Bonds	398,128	387,281	(10,847)
Equities	461,348	567,247	105,899
Other - MCF	1,000	1,000	-
	<u>\$ 1,290,374</u>	<u>\$ 1,385,426</u>	<u>\$ 95,052</u>

The following schedule summarizes investment earnings for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Dividends and interest	\$ 91,681	\$ 92,433
Net realized and unrealized gains and (losses)	42,557	9,031
Investment management fees	<u>(8,850)</u>	<u>(11,416)</u>
Investment income, net	<u>\$ 125,388</u>	<u>\$ 90,048</u>

NOTE H - FAIR VALUE MEASUREMENTS

The Organization has determined the fair value of investments through the application of FASB ASC 820, which provides a framework for measuring fair value. FASB ASC 820 defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date.

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE H - FAIR VALUE MEASUREMENTS (continued)

FASB ASC 820 requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs. FASB ASC 820-10 also establishes a fair value hierarchy, which prioritizes the valuation inputs into three broad levels. The three levels are defined as follows:

Level 1 - Observable inputs that are based upon quoted market prices for identical assets or liabilities within active markets.

Level 2 - Observable inputs other than Level 1 that are based upon quoted market prices for similar assets or liabilities, based upon quoted prices within inactive markets, or inputs other than quoted market prices that are observable through market data for substantially the full term of the asset or liability.

Level 3 - Inputs that are unobservable for the particular asset or liability due to little or no market activity and are significant to the fair value of the asset or liability. These inputs reflect assumptions that market participants would use when valuing the particular asset or liability.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets at the measurement date. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. There were no changes in the valuation techniques during the current year.

	Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
June 30, 2019				
Cash and equivalents	\$ 18,634	\$ 18,634	\$ -	\$ -
Certificates of deposit	77,236	77,236	-	-
Bonds	680,742	680,742	-	-
Equities	698,468	698,468	-	-
Other - MCF	1,000	-	1,000	-
	<u>\$ 1,476,080</u>	<u>\$ 1,475,080</u>	<u>\$ 1,000</u>	<u>\$ -</u>
June 30, 2018				
Cash and equivalents	\$ 352,884	\$ 352,884	\$ -	\$ -
Certificates of deposit	77,014	77,014	-	-
Bonds	387,281	387,281	-	-
Equities	567,247	567,247	-	-
Other - MCF	1,000	-	1,000	-
	<u>\$ 1,385,426</u>	<u>\$ 1,384,426</u>	<u>\$ 1,000</u>	<u>\$ -</u>

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE I - BENEFICIAL INTEREST IN ASSETS HELD AT MCF

The Organization is the designated beneficiary for two endowment funds held at the Montana Community Foundation (MCF). The donors granted the variance power to the MCF, except for \$1,000 of the account, therefore, in accordance with FASB ASC 958-605-25-25, only \$1,000 is included in the Organization's statements of financial position. Variance power gives the MCF complete control and ownership of the asset. The earnings on the endowment fund held at the MCF are paid to the beneficiary, namely the Organization, at the discretion of the MCF's board of directors. Earnings distributed by the MCF to the Organization are recorded as contributions in the year of receipt. The total amount of the endowment account that is not included in the Organization's statement of financial position is \$43,914 and \$44,280 at June 30, 2019 and 2018, respectively.

NOTE J - SPLIT-INTEREST AGREEMENTS

Charitable gift annuities require periodic payment of a fixed sum to designated beneficiaries and terminates upon the death of the designated beneficiaries. Since the Organization is the administrator, a liability for each gift annuity is established and calculated as the present value of future payments to be made to the designated beneficiaries. Upon termination, the remaining assets of the annuity are then available for use by the Organization in accordance with the donors' intent. The Organization has two split-interest agreements outstanding during the years ended June 30, 2019 and 2018, summarized as follows:

Fiscal Year Gift Annuity Was Signed	Total Gift Annuity	Annual Annuity Payment	Annuity Payment Start Date	Limited Durable Power of Attorney Effective Date
June 30, 2014	\$ 2,500	\$ 125	December 31, 2045	Not Applicable
June 30, 2014	\$ 30,000	\$ 750	January 1, 2021	January 9, 2019

The Organization uses actuarial assumptions defined by IRS Publication 1457 and the applicable federal rate (AFR) at the time of donation to determine both the contribution and liability amounts to be recognized. The AFR discount rate was 5% for the Organization's two charitable gift annuities held at June 30, 2019 and 2018, respectively. The asset values for the charitable gift annuities are included in the value of investments on the statement of financial position. At June 30, 2019 and 2018 the fair value and cost basis of the charitable gift annuity investments are shown in Note H.

Liability obligations to beneficiaries under charitable gift annuity agreements at June 30, 2019 and 2018 are all considered long-term obligations as the first contractual payment is due December 31, 2045. Total long-term planned giving liabilities at June 30, 2019 and 2018 were \$750 and \$750, net of a discount of \$444 and \$458, respectively.

NOTE K - ENDOWED FUNDS

Endowed funds held by the Organization are related to the split-interest agreements held at year end, which are more fully described at Note J. The underlying gift from the split-interest agreements are perpetually restricted by the donors. As required by accounting principles generally accepted in the United States of America, net assets associated with endowed funds are classified and reported based on the existence or absence of donor-imposed restrictions.

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE K - ENDOWED FUNDS - (continued)

Interpretation of Relevant Law

The Board of Directors has interpreted the Uniform Prudent Management of Institutional Funds Act (“UPMIFA”) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowed funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) any accumulations made to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowed fund that is not classified in net assets with a perpetual restriction is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

Funds with Deficiencies

From time to time, the fair value of assets associated with individual donor-restricted endowed funds may fall below the level required by the donor or UPMIFA to be retained as a fund of perpetual duration. In accordance with accounting principles generally accepted in the United States of America, deficiencies of this nature are reported within net assets with donor restrictions. The Organization did not have any such deficiencies at June 30, 2019 and 2018, respectively.

Changes in endowment net assets are as follows for the years ended June 30, 2019 and 2018:

	Without Donor Restriction	With Donor Restriction	Total
Endowed net assets, June 30, 2017	\$ -	\$ 85,667	\$ 85,667
Investment return			
Investment income	-	3,057	3,057
Net appreciation	-	1,459	1,459
Total investment return	-	4,516	4,516
Contributions	-	26,860	26,860
Amortization of discount on split-interest agreements	-	(14)	(14)
Fees and other expenses	-	(858)	(858)
Endowed net assets, June 30, 2018	-	116,171	116,171
Investment return			
Investment income	-	6,859	6,859
Net appreciation	-	579	579
Total investment return	-	7,438	7,438
Amortization of discount on split-interest agreements	-	(14)	(14)
Fees and other expenses	-	(865)	(865)
Endowed net assets, June 30, 2019	<u>\$ -</u>	<u>\$ 122,730</u>	<u>\$ 122,730</u>

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE L - RETIREMENT PLAN

The Organization is the sponsor of a Simplified Employee Pension (SEP) plan for employees meeting certain eligibility requirements, which include attaining the age of 21 and completing two years of service. Contributions are determined on an annual basis by the board of directors as a specified percentage of participating employees' compensation. The Organization's contributions for the years ended June 30, 2019 and 2018, were \$21,000 and \$23,229, respectively.

NOTE M - NOTES PAYABLE

A summary of the Organization's loans outstanding are as follows at June 30:

	2019	2018
Loan with fixed interest at 3.50%, secured by pledges receivable and real property. Monthly interest only payments for 60 months until September 2021 upon which accrued interest and remaining principal are due.	-	45,275
Loan with fixed interest at 0.935%, secured by real property. Quarterly interest only payments until June 2024. Afterwards, quarterly interest and principal payments sufficient to pay off principal and interest based on a 273 month amortization schedule.	1,635,292	1,602,792
Loan from MFB SUB CDE, LLC with interest at 1.036% and collateralized in first lien position on the QALICB's leasehold interest in the building at 1720 Wyoming Street in Missoula, Montana. Quarterly interest only payments until June 2024 and quarterly interest and principal payments thereafter sufficient to pay off principal and interest by December 2040.	4,472,000	4,472,000
Total notes payable	\$ 6,107,292	\$ 6,120,067

A schedule of future minimum loan payments is as follows as of June 30:

2020	\$	-	
2021		-	
2022		-	
2023		-	
2024		253,555	
Thereafter		5,853,737	
Total		\$ 6,107,292	

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE N - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2019</u>	<u>2018</u>
Cash on-hand; restricted by purpose	\$ 331,117	\$ 108,772
Pledges and funds receivable; restricted by time	335,060	572,620
Endowment earnings; restricted by time	12,492	5,933
Endowment contributions; perpetual restriction	<u>110,238</u>	<u>110,238</u>
Net assets with donor restrictions	<u>\$ 788,907</u>	<u>\$ 797,563</u>

NOTE O - RELATED PARTY TRANSACTIONS

During the year ended June 30, 2017, Missoula Food Bank & Community Center and Missoula Food Bank QALICB entered into transactions to finance and develop the construction of a new facility at 1720 Wyoming Street in Missoula, Montana (the Project). The Project was partially financed through the use of the New Markets Tax Credit Program under IRC Section 45(d) and involved offsetting transactions with MFB SUB CDE, LLC and MFB Investment Fund, LLC. The note receivable between Missoula Food Bank & Community Center and MFB Investment Fund, LLC is more fully described at Note E. The note payable between the Missoula Food Bank QALICB and MFB SUB CDE, LLC is more fully described at Note M.

The Managing Member of the MFB SUB CDE, LLC, with a 0.01% ownership interest, is MoFi (formerly Montana Idaho Community Development Corporation). The Investor Member of the MFB SUB CDE, LLC, with a 99.99% ownership interest, is MFB Investment Fund, LLC. The QALICB received its initial loan funding from MFB SUB CDE, LLC, whose funding was received through transactions involving Missoula Food Bank & Community Center and MFB Investment Fund, LLC, whose sole member is First Security Bank, a Division of Glacier Bank. All of these entities are considered related parties for the purposes of facilitating the financing and development of the Project.

All rental property owned by the QALICB is leased to Missoula Food Bank & Community Center under an operating lease that expires in February 2042. Rental revenue for the years ended June 30, 2019 and 2018 amounted to \$14,500 and \$60,000, respectively. The following is a summary of minimum future rents to be received:

Year ending June 30:	
2020	\$ 60,000
2021	60,000
2022	60,000
2023	60,000
2024	155,250
Thereafter	<u>5,777,250</u>
Total	<u>\$ 6,172,500</u>

MISSOULA FOOD BANK & COMMUNITY CENTER
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
June 30, 2019 and 2018

NOTE P - GUARANTEES

As part of the financing arrangements, Missoula Food Bank & Community Center and the Missoula Food Bank QALICB have provided certain guarantees to MFB SUB CDE, LLC and MFB Investment Fund, LLC. The guarantees are as follows:

Tax Credit Delivery and Recapture Guarantees

Pursuant to the Unconditional Guaranty Agreement, the Missoula Food Bank QALICB and Missoula Food Bank & Community Center have agreed to guarantee against loss or recapture of NMTC arising from failure to comply with IRC and treasury regulations related to the NMTC program. This guarantee will be up to the full amount of any recapture and/or lost credits, including interest and penalties thereon.

Completion Guarantee

Pursuant to the Guaranty Agreement, Missoula Food Bank & Community Center agreed to guarantee lien-free completion of the construction of the Missoula Food Bank & Community Center building at 1720 Wyoming Street in Missoula, Montana.

NOTE Q - FINANCIAL ASSETS

The following table reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor imposed restrictions within one year of the statement of financial position date:

	2019	2018
Financial assets as of June 30,		
Cash	\$ 527,287	\$ 409,011
Receivables, current	321,787	480,283
Investments	<u>1,476,080</u>	<u>1,385,426</u>
Total Financial Assets as of June 30,	2,325,154	2,274,720
Less financial assets unavailable for general expenditures within one year:		
Restricted cash	(331,117)	(108,772)
Endowment funds	(123,036)	(116,463)
Board designated operating reserve and capital preservation fund	<u>(1,268,475)</u>	<u>(1,159,454)</u>
Total Financial assets unavailable for general expenditure within on year:	<u>(1,722,628)</u>	<u>(1,384,689)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 602,526</u>	<u>\$ 552,092</u>

NOTE R - SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 4, 2019, the date on which the financial statements were available to be issued. As of this date there is no subsequent events relevant to these financial statements noted.

SUPPLEMENTARY INFORMATION

MISSOULA FOOD BANK & COMMUNITY CENTER
MISSOULA FOOD BANK QALICB
SCHEDULE 1 - CONSOLIDATING STATEMENTS OF ASSETS AND LIABILITIES
JUNE 30, 2019

	<u>MFB</u>	<u>QALICB</u>	<u>ELIMINATING ENTRIES</u>	<u>TOTAL</u>
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 494,242	\$ 33,045	\$ -	\$ 527,287
Pledges receivable - current	224,659	-	-	224,659
Other receivables	97,128	-	-	97,128
Inventory	226,898	-	-	226,898
Prepaid expenses	27,123	-	-	27,123
Total current assets	<u>1,070,050</u>	<u>33,045</u>	<u>-</u>	<u>1,103,095</u>
PROPERTY AND EQUIPMENT, at cost	294,080	6,198,693	-	6,492,773
Less: accumulated depreciation	<u>(98,400)</u>	<u>(466,694)</u>	<u>-</u>	<u>(565,094)</u>
Net property and equipment	<u>195,680</u>	<u>5,731,999</u>	<u>-</u>	<u>5,927,679</u>
INVESTMENTS				
Investments	1,435,014	-	-	1,435,014
Beneficial interest in assets held by the Montana Community Foundation (MCF)	1,000	-	-	1,000
Split-interest agreements invested	<u>40,066</u>	<u>-</u>	<u>-</u>	<u>40,066</u>
Total investments	<u>1,476,080</u>	<u>-</u>	<u>-</u>	<u>1,476,080</u>
OTHER ASSETS				
Pledges receivable - long term, net of discount	13,273	-	-	13,273
Investment in QALICB	290,971	-	(290,971)	-
Note receivable	<u>4,472,000</u>	<u>-</u>	<u>-</u>	<u>4,472,000</u>
Total other assets	<u>4,776,244</u>	<u>-</u>	<u>(290,971)</u>	<u>4,485,273</u>
TOTAL ASSETS	<u>\$ 7,518,054</u>	<u>\$ 5,765,044</u>	<u>\$ (290,971)</u>	<u>\$ 12,992,127</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 113,187	\$ 12,492	\$ -	\$ 125,679
Accrued liabilities	<u>48,019</u>	<u>-</u>	<u>-</u>	<u>48,019</u>
Total current liabilities	<u>161,206</u>	<u>12,492</u>	<u>-</u>	<u>173,698</u>
LONG-TERM LIABILITIES				
Split-interest agreements payable, net of discount	306	-	-	306
Notes payable, net of current portion	<u>-</u>	<u>6,107,292</u>	<u>-</u>	<u>6,107,292</u>
Total long-term liabilities	<u>306</u>	<u>6,107,292</u>	<u>-</u>	<u>6,107,598</u>
Total liabilities	<u>161,512</u>	<u>6,119,784</u>	<u>-</u>	<u>6,281,296</u>
NET ASSETS				
Without donor restriction				
Without donor restriction - other	5,324,189	(379,769)	(290,971)	4,653,449
Without donor restriction - board designated	<u>1,268,475</u>	<u>-</u>	<u>-</u>	<u>1,268,475</u>
Total without donor restriction	<u>6,592,664</u>	<u>(379,769)</u>	<u>(290,971)</u>	<u>5,921,924</u>
With donor restriction	<u>763,878</u>	<u>25,029</u>	<u>-</u>	<u>788,907</u>
Total net assets	<u>7,356,542</u>	<u>(354,740)</u>	<u>(290,971)</u>	<u>6,710,831</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,518,054</u>	<u>\$ 5,765,044</u>	<u>\$ (290,971)</u>	<u>\$ 12,992,127</u>

MISSOULA FOOD BANK & COMMUNITY CENTER
MISSOULA FOOD BANK QALICB
SCHEDULE 2 - CONSOLIDATING STATEMENTS OF ASSETS AND LIABILITIES
JUNE 30, 2018

	MFB	QALICB	ELIMINATING ENTRIES	TOTAL
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	\$ 273,026	\$ 135,985	\$ -	\$ 409,011
Pledges receivable - current	400,711	-	-	400,711
Other receivables	79,572	-	-	79,572
Inventory	189,352	-	-	189,352
Prepaid expenses	12,421	-	-	12,421
Total current assets	<u>955,082</u>	<u>135,985</u>	<u>-</u>	<u>1,091,067</u>
PROPERTY AND EQUIPMENT, at cost	185,539	6,099,680	-	6,285,219
Less: accumulated depreciation	<u>(77,382)</u>	<u>(246,144)</u>	<u>-</u>	<u>(323,526)</u>
Net property and equipment	<u>108,157</u>	<u>5,853,536</u>	<u>-</u>	<u>5,961,693</u>
INVESTMENTS				
Investments	1,346,792	-	-	1,346,792
Beneficial interest in assets held by the Montana Community Foundation (MCF)	1,000	-	-	1,000
Split-interest agreements invested	<u>37,634</u>	<u>-</u>	<u>-</u>	<u>37,634</u>
Total investments	<u>1,385,426</u>	<u>-</u>	<u>-</u>	<u>1,385,426</u>
OTHER ASSETS				
Pledges receivable - long term, net of discount	92,337	-	-	92,337
Investment in QALICB	290,971	-	(290,971)	-
Note receivable	<u>4,472,000</u>	<u>-</u>	<u>-</u>	<u>4,472,000</u>
Total other assets	<u>4,855,308</u>	<u>-</u>	<u>(290,971)</u>	<u>4,564,337</u>
TOTAL ASSETS	<u>\$ 7,303,973</u>	<u>\$ 5,989,521</u>	<u>\$ (290,971)</u>	<u>\$ 13,002,523</u>
LIABILITIES AND NET ASSETS				
CURRENT LIABILITIES				
Accounts payable	\$ 83,732	\$ 4,959	\$ -	\$ 88,691
Accrued liabilities	<u>42,964</u>	<u>-</u>	<u>-</u>	<u>42,964</u>
Total current liabilities	<u>126,696</u>	<u>4,959</u>	<u>-</u>	<u>131,655</u>
LONG-TERM LIABILITIES				
Split-interest agreements payable, net of discount	292	-	-	292
Notes payable, net of current portion	45,275	6,074,792	-	6,120,067
Total long-term liabilities	<u>45,567</u>	<u>6,074,792</u>	<u>-</u>	<u>6,120,359</u>
Total liabilities	<u>172,263</u>	<u>6,079,751</u>	<u>-</u>	<u>6,252,014</u>
NET ASSETS				
Without donor restriction				
Without donor restriction - other	5,199,710	(115,247)	(290,971)	4,793,492
Without donor restriction - board designated	<u>1,159,454</u>	<u>-</u>	<u>-</u>	<u>1,159,454</u>
Total without donor restriction	<u>6,359,164</u>	<u>(115,247)</u>	<u>(290,971)</u>	<u>5,952,946</u>
With donor restriction	<u>772,546</u>	<u>25,017</u>	<u>-</u>	<u>797,563</u>
Total net assets	<u>7,131,710</u>	<u>(90,230)</u>	<u>(290,971)</u>	<u>6,750,509</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 7,303,973</u>	<u>\$ 5,989,521</u>	<u>\$ (290,971)</u>	<u>\$ 13,002,523</u>

MISSOULA FOOD BANK & COMMUNITY CENTER
MISSOULA FOOD BANK QALICB
SCHEDULE 3 - CONSOLIDATING STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>MFB</u>	<u>QALICB</u>	<u>ELIMINATING ENTRIES</u>	<u>TOTAL</u>
REVENUE AND OTHER SUPPORT				
Donated food	\$ 3,739,348	\$ -	\$ -	\$ 3,739,348
Holiday drive	261,009	-	-	261,009
Donations - cash	1,133,705	-	-	1,133,705
Rental income	-	14,500	(14,500)	-
Donated services and supplies	81,063	30,983	(45,500)	66,546
United Way designated dollars	905	-	-	905
Combined federal campaign	2,446	-	-	2,446
Grants	334,312	-	-	334,312
Gain on investments, net	42,557	-	-	42,557
Dividends and interest	91,668	13	-	91,681
Gain on sale of property	30	-	-	30
Total revenue and other support	<u>5,687,043</u>	<u>45,496</u>	<u>(60,000)</u>	<u>5,672,539</u>
EXPENSES				
Program service	5,050,638	256,967	(60,000)	5,247,605
Management and general	252,504	22,056	-	274,560
Fundraising	190,052	-	-	190,052
Total expenses	<u>5,493,194</u>	<u>279,023</u>	<u>(60,000)</u>	<u>5,712,217</u>
CHANGE IN NET ASSETS	<u>\$ 193,849</u>	<u>\$ (233,527)</u>	<u>\$ -</u>	<u>\$ (39,678)</u>

MISSOULA FOOD BANK & COMMUNITY CENTER
MISSOULA FOOD BANK QALICB
SCHEDULE 4 - CONSOLIDATING STATEMENTS OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

	<u>MFB</u>	<u>QALICB</u>	<u>ELIMINATING ENTRIES</u>	<u>TOTAL</u>
REVENUE AND OTHER SUPPORT				
Donated food	\$ 3,064,676	\$ -	\$ -	\$ 3,064,676
Holiday drive	222,910	-	-	222,910
Donations - cash	928,064	-	-	928,064
Rental income	-	60,000	(60,000)	-
Donated services and supplies	58,166	-	(43,751)	14,415
United Way designated dollars	16,525	-	-	16,525
Combined federal campaign	4,679	-	-	4,679
Grants	263,250	-	-	263,250
Gain on investments, net	9,031	-	-	9,031
Dividends and interest	92,421	12	-	92,433
Gain on sale of property	16,420	36	-	16,456
Total revenue and other support	<u>4,676,142</u>	<u>60,048</u>	<u>(103,751)</u>	<u>4,632,439</u>
EXPENSES				
Program service	4,253,601	334,046	(103,751)	4,483,896
Management and general	209,996	21,249	-	231,245
Fundraising	154,906	-	-	154,906
Total expenses	<u>4,618,503</u>	<u>355,295</u>	<u>(103,751)</u>	<u>4,870,047</u>
CHANGE IN NET ASSETS	<u>\$ 57,639</u>	<u>\$ (295,247)</u>	<u>\$ -</u>	<u>\$ (237,608)</u>