

**The Food Group**  
New Hope, Minnesota

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Financial Statements  
Auditor's Report  
For the Years Ended  
September 30, 2019 and 2018



**CERTIFIED PUBLIC ACCOUNTANTS**

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### Independent Auditor's Report

Board of Directors  
The Food Group  
New Hope, Minnesota

We have audited the accompanying financial statements of The Food Group as of September 30, 2019 and 2018, which comprise the statements of financial position and the related statements of activities and changes in net assets, functional expense, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Food Group as of September 30, 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.

*Carpenter Evert and Associates, LTD.*  
Certified Public Accountants

Minneapolis, Minnesota  
January 22, 2020

EXHIBIT A

THE FOOD GROUP  
 STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
 FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

	2019			2018		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue:						
Contributions	\$ 1,796,968	\$ 10,000	\$ 1,806,968	\$ 1,708,871	\$ 207,700	\$ 1,916,571
In-Kind Contributions	4,807,578	-	4,807,578	3,604,659	-	3,604,659
United Way	99,847	-	99,847	110,974	-	110,974
Government Grants	1,546,252	-	1,546,252	1,034,608	-	1,034,608
Sales Revenue	3,412,832	-	3,412,832	3,757,308	-	3,757,308
Special Event Revenue	184,085	-	184,085	192,514	-	192,514
Less: Costs of Direct Benefits to Donors	(64,765)	-	(64,765)	(61,738)	-	(61,738)
Net Revenues from Special Events	119,320	-	119,320	130,776	-	130,776
Investment Income	736	-	736	1,067	-	1,067
Miscellaneous	13,678	-	13,678	13,168	-	13,168
Net Assets Released from Restrictions:						
Satisfaction of Time Restrictions	154,245	(154,245)	-	30,000	(30,000)	-
Satisfaction of Capital Restrictions	-	-	-	146,070	(146,070)	-
Satisfaction of Program Restrictions	52,750	(52,750)	-	16,950	(16,950)	-
Total Support and Revenue	12,004,206	(196,995)	11,807,211	10,554,451	14,680	10,569,131
Expense:						
Program Services	10,297,874	-	10,297,874	9,727,656	-	9,727,656
Support Services:						
Management and General	530,516	-	530,516	420,029	-	420,029
Fundraising	378,341	-	378,341	489,318	-	489,318
Total Support Services	908,857	-	908,857	909,347	-	909,347
Total Expense	11,206,731	-	11,206,731	10,637,003	-	10,637,003
Change in Net Assets from Operations	797,475	(196,995)	600,480	(82,552)	14,680	(67,872)
Change in Value of Unemployment Service Trust	101,515	-	101,515	-	-	-
Change in Net Assets	898,990	(196,995)	701,995	(82,552)	14,680	(67,872)
Net Assets - Beginning of Year	3,414,438	206,995	3,621,433	3,496,990	192,315	3,689,305
Net Assets - End of Year	\$ 4,313,428	\$ 10,000	\$ 4,323,428	\$ 3,414,438	\$ 206,995	\$ 3,621,433

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

THE FOOD GROUP  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED SEPTEMBER 30, 2019 WITH COMPARATIVE TOTALS FOR 2018

	2019				2018	
	Program Services	Management & General	Fund-raising	Total Support Services	Total All Services	Total All Services
Salaries	\$ 1,487,715	\$ 157,932	\$ 186,360	\$ 344,292	\$ 1,832,007	\$ 1,894,620
Employee Benefits	189,765	20,145	23,771	43,916	233,681	269,129
Payroll Taxes	121,985	12,950	15,280	28,230	150,215	171,929
Total Personnel Costs	1,799,465	191,027	225,411	416,438	2,215,903	2,335,678
In-Kind Food	4,572,815	-	-	-	4,572,815	3,609,657
Food Costs	2,801,874	64,723	260	64,983	2,866,857	3,261,945
Professional Fees	197,425	173,210	10,541	183,751	381,176	413,630
Occupancy	281,360	23,806	28,092	51,898	333,258	307,374
Travel, Transportation and Shipping	211,323	4,983	1,404	6,387	217,710	222,029
Office Expenses	100,100	29,318	72,585	101,903	202,003	153,523
Non-food In-kind Expenses	115,513	-	-	-	115,513	53,337
Miscellaneous	34,400	13,307	19,280	32,587	66,987	62,174
Program Supplies	66,264	-	-	-	66,264	62,245
Staff and Volunteer	13,507	8,078	3,958	12,036	25,543	20,254
Fundraising Expense	-	-	-	-	-	500
Depreciation and Amortization	103,828	22,064	16,810	38,874	142,702	134,657
Total Expense	\$ 10,297,874	\$ 530,516	\$ 378,341	\$ 908,857	\$ 11,206,731	\$ 10,637,003

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

THE FOOD GROUP  
STATEMENT OF FUNCTIONAL EXPENSE  
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Support Services				
	Program Services	Management & General	Fund- raising	Total Support Services	Total All Services
Salaries	\$ 1,495,752	\$ 137,111	\$ 261,757	\$ 398,868	\$ 1,894,620
Employee Benefits	212,469	19,477	37,183	56,660	269,129
Payroll Taxes	135,733	12,442	23,754	36,196	171,929
Total Personnel Costs	1,843,954	169,030	322,694	491,724	2,335,678
In-Kind Food	3,609,657	-	-	-	3,609,657
Food Costs	3,261,945	-	-	-	3,261,945
Professional Fees	202,741	199,754	11,135	210,889	413,630
Occupancy	253,765	18,428	35,181	53,609	307,374
Travel, Transportation and Shipping	217,138	3,709	1,182	4,891	222,029
Office Expenses	69,139	14,345	70,039	84,384	153,523
Non-food In-kind Expenses	53,337	-	-	-	53,337
Program Supplies	62,245	-	-	-	62,245
Miscellaneous	41,987	5,802	14,385	20,187	62,174
Staff and Volunteer	3,101	1,387	15,766	17,153	20,254
Fundraising Expense	500	-	-	-	500
Depreciation and Amortization	108,147	7,574	18,936	26,510	134,657
Total Expense	\$ 9,727,656	\$ 420,029	\$ 489,318	\$ 909,347	\$ 10,637,003

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

THE FOOD GROUP  
STATEMENTS OF FINANCIAL POSITION  
SEPTEMBER 30, 2019 AND 2018

<u>ASSETS</u>	<u>2019</u>	<u>2018</u>
Current Assets:		
Cash	\$ 908,443	\$ 541,029
Investments	775	1,958
Accounts Receivable	193,462	219,900
Grants Receivable	160,420	385,562
Prepaid Expense	159,322	40,073
Inventory	755,447	708,149
Total Current Assets	<u>2,177,869</u>	<u>1,896,671</u>
Property and Equipment - Net	<u>3,618,490</u>	<u>3,479,884</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 5,796,359</u></b>	<b><u>\$ 5,376,555</u></b>
 <u>LIABILITIES AND NET ASSETS</u>  		
Current Liabilities:		
Notes Payable - Current	\$ 134,148	\$ 129,525
Capital Lease - Current	104,481	100,755
Accounts Payable	102,457	109,300
Accrued Salaries and Vacation	124,494	172,101
Accrued Expenses	10,373	22,490
Funds Held for Others	13,000	-
Deferred Revenue	13,561	12,340
Total Current Liabilities	<u>502,514</u>	<u>546,511</u>
Long-Term Liabilities:		
Capital Lease - Non Current	280,667	385,147
Notes Payable - Non Current	689,750	823,464
Total Liabilities	<u>1,472,931</u>	<u>1,755,122</u>
Net Assets:		
Without Donor Restrictions	4,313,428	3,414,438
With Donor Restrictions	10,000	206,995
Total Net Assets	<u>4,323,428</u>	<u>3,621,433</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 5,796,359</u></b>	<b><u>\$ 5,376,555</u></b>

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

THE FOOD GROUP  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED SEPTEMBER 30, 2019 AND 2018

<u>Increase (Decrease) in Cash</u>	<u>2019</u>	<u>2018</u>
<b>Cash Flows from Operating Activities:</b>		
Change in Net Assets	\$ 701,995	\$ (67,872)
Total Adjustments	<u>263,895</u>	<u>190,009</u>
Net Cash Provided by Operating Activities	965,890	122,137
<b>Cash Flows from Investing Activities:</b>		
Purchases of Property and Equipment	(398,415)	(237,929)
Purchases of Investments	14,468	(7,728)
Proceeds from Sale of Contributed Investments	<u>15,316</u>	<u>20,857</u>
Net Cash (Used) by Investing Activities	(368,631)	(224,800)
<b>Cash Flows from Financing Activities:</b>		
Principal Payments on Notes Payable	(129,091)	(124,594)
Principal Payments on Capital Lease	<u>(100,754)</u>	<u>(91,931)</u>
Net Cash (Used) by Financing Activities	(229,845)	(216,525)
Net Increase (Decrease) in Cash	367,414	(319,188)
Cash - Beginning of Year	<u>541,029</u>	<u>860,217</u>
Cash - End of Year	<u>\$ 908,443</u>	<u>\$ 541,029</u>
<u>Supplemental Disclosure of Cash Flow Information</u>		
<b>Cash Paid for:</b>		
Interest	<u>\$ 32,020</u>	<u>\$ 52,453</u>
<b>Non-Cash Investing Activities</b>		
Addition of Property and Equipment	<u>\$ -</u>	<u>\$ (36,370)</u>
<b>Non-Cash Financing Activities</b>		
Addition of Capital Lease	<u>\$ -</u>	<u>\$ 36,370</u>

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



THE FOOD GROUP  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

1. Summary of Significant Accounting Policies

Organizational Purpose

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

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

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

Food Shelf Support

We partner with 170 food shelves and meal programs to offer distribution of donated food, fresh produce, bulk purchasing of staple items, TEFAP food distribution, nutrition education, capacity building, and culturally specific food and resources. Food shelf support strengthens our community by ensuring everyone has the nutritious food they need to thrive.

Fare For All

We operate a traveling nutritious grocery store, which makes monthly stops at 37 distribution sites across the Twin Cities and greater MN to offer fresh produce and quality meats. We break down barriers for families seeking to stretch their food purchasing power and achieve self-sufficiency by offering discounts up to 40 percent off retail prices. Fare For All strengthens our community by ensuring everyone can eat healthy and affordable food.

Big River Farms

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

THE FOOD GROUP  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued):

Fund Accounting

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

Net Assets Without Donor Restrictions – Net assets which are not subject to donor-imposed stipulations. These net assets include both board designated and undesignated amounts. Property and equipment is reported as net assets without donor restrictions.

Net Assets With Donor Restrictions – The part of net assets of The Food Group and its resulting from contributions and other inflows of assets whose use is limited by donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions pursuant to those stipulations

Investments

The Food Group carries its investments at fair value.

Accounts Receivable and Doubtful Accounts

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

Inventory

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

Property and Equipment

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

THE FOOD GROUP  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued):

Deferred Revenue

The Food Group defers recognition of revenue when it has received a payment for services, but has not fulfilled its contract commitments.

Contributions

Contributions are recorded when received and recognized as support in the period received. If donor-imposed restrictions accompany the contribution, the amount is recorded as net assets with donor restrictions until the donor-imposed restrictions expire or are fulfilled. Net assets with donor restrictions are reclassified to net assets without donor restrictions in the period donor-imposed restrictions expire or are fulfilled, and are reported in the Statements of Activities under the Support and Revenue Category – Net Assets Released from Restrictions except when the receipt and expiration occur in the same period in which case the contribution is shown as net assets without donor restrictions.

Contributions other than cash are recorded at their estimated market value.

Promises-To-Give (Pledges Receivable)

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

Functional Allocation of Expense

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

Income Tax

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

THE FOOD GROUP  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

1. Summary of Significant Accounting Policies (continued):

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

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

New Accounting Pronouncement

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Food Group has adjusted the presentation of these statements accordingly. The ASU has been applied retrospectively for the periods ended September 30, 2019 and 2018, as required.

Subsequent Events

The Food Group has evaluated the effect that subsequent events would have on the financial statements through January 22, 2020, which is the date financial statements were available to be issued.

2. Significant Concentrations of Credit Risk

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

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

At September 30, 2019 and 2018, The Food Group held funds at a local financial institution in excess of federally insured limits.

THE FOOD GROUP  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

3. Investments

The Food Group held the following investments as of:

	September 30,			
	2019		2018	
	Cost	Fair Value	Cost	Fair Value
Money Market	\$ 775	\$ 775	\$ 1,958	\$ 1,958

The Food Group had realized gains and (losses) of \$335 and (\$301) and interest income of \$401 and \$1,368 for the years ending September 30, 2019 and 2018, respectively.

4. Fair Value

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

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

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

September 30, 2019:				
	Level 1	Level 2	Level 3	Total
Money Market	\$ 775	\$ -	\$ -	\$ 775
September 30, 2018:				
	Level 1	Level 2	Level 3	Total
Money Market	\$ 1,958	\$ -	\$ -	\$ 1,958

THE FOOD GROUP  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

5. Grants Receivable

The outstanding balance of grants receivable at September 30, 2019 is expected to be collected over the following fiscal years:

<u>Due in the Year Ending September 30,</u>	
2020	<u>\$ 160,420</u>

6. Property and Equipment

The Food Group owned the following as of:

	<u>September 30,</u>		<u>Estimated</u>
	<u>2019</u>	<u>2018</u>	<u>Useful Lives</u>
Land	\$ 1,124,028	\$ 1,115,960	
Buildings and Building Improvements	3,007,205	2,648,031	5-39 years
Furniture and Equipment	720,702	703,327	5 years
Capital Lease – Trucks	672,241	672,241	7 years
Capital Lease – Equipment	36,370	36,370	5 years
Vehicles	<u>349,404</u>	<u>349,404</u>	5 years
	5,909,950	5,525,333	
Less Accumulated Depreciation	<u>2,291,460</u>	<u>2,045,449</u>	
	<u>\$ 3,618,490</u>	<u>\$ 3,479,884</u>	

Depreciation expense of \$246,011 and \$231,904 was recorded for the years ended September 30, 2019 and 2018, respectively. For the year ended September 30, 2018 \$96,035 of depreciation is included in Travel, Transportation and Shipping expense and \$7,274 is included in the Office Expenses due to it being depreciation on capital leases for vehicles and office equipment.

7. Line of Credit

The Food Group maintains a \$200,000 line-of-credit with MidWestOne Bank, maturing April 25, 2020. The interest rate at September 30, 2019 was 4.75%. Line-of-credit was not used and had no balance for both years ended September 30, 2019 and 2018. Secured by land and building.

THE FOOD GROUP  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

8. Capital Leases

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

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

	<u>September 30,</u>		Estimated Useful Lives
	<u>2019</u>	<u>2018</u>	
Trucks	\$ 672,241	\$ 672,241	7 years
Equipment	36,370	36,370	5 years
Less Accumulated Depreciation	<u>344,607</u>	<u>241,298</u>	
Net Book Value	<u>\$ 364,004</u>	<u>\$ 467,313</u>	

Payments required under the lease together with their present value.

Due in the Year Ending September 30,

2020	\$ 118,584
2021	118,584
2022	118,584
2023	<u>62,036</u>
Total Minimum Lease Payments	417,788
Less Amount Representing Interest	<u>32,641</u>
Present Value of Minimum Lease Payments	<u>\$ 385,147</u>

9. Liquidity and Availability

The following represents The Food Group's financial assets at September 30, 2019:

Financial Assets:	
Cash	\$ 908,443
Investments	775
Accounts Receivable	193,462
Grants Receivable	<u>160,420</u>
Total Financial Assets	1,263,100
Less assets not available to be used within one year:	
Net Assets with Donor Restrictions	10,000
Net Assets with Restrictions to be met within a year	<u>(10,000)</u>
Total assets not available for general expenditures Within one year:	<u>-</u>
Financial assets available for general expenditures within one year:	<u>\$ 1,263,100</u>

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

THE FOOD GROUP  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

10. Notes Payable

The breakdown of notes payable is as follows:

	September 30,	
	2019	2018
3.45% mortgage payable to Central Bank. Payable in monthly amounts of \$10,111 including interest with the last payment due October 2025. Secured by land and building.	\$ 664,655	\$ 760,787
3.45% mortgage payable on demand to Central Bank. If no demand is made, mortgage is payable in monthly amounts of \$1,942 including interest with the last payment due October 2025. Secured by land and building.	128,395	146,830
4% note payable to St. Paul Port Authority. Payable in monthly amounts of \$1,340 including interest with the last payment due October 1, 2021. Secured by purchased equipment.	<u>30,848</u>	<u>45,372</u>
	<u>823,898</u>	<u>952,989</u>
Less Portion Due Within One (1) Year	<u>134,148</u>	<u>129,525</u>
Long-term Portion	<u>\$ 689,750</u>	<u>\$ 823,464</u>

Principal payments required are as follows:

<u>Due in the Year Ending September 30,</u>	
2020	\$ 134,148
2021	138,936
2022	127,522
2023	131,992
2024 and thereafter	<u>291,300</u>
Total	<u>\$ 823,898</u>

11. In-kind Contributions

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

	September 30,	
	2019	2018
Foods	\$ 4,692,065	\$ 3,551,322
Non-Food Items	<u>115,513</u>	<u>53,337</u>
	<u>\$ 4,807,578</u>	<u>\$ 3,604,659</u>



THE FOOD GROUP  
NOTES TO FINANCIAL STATEMENTS  
SEPTEMBER 30, 2019 AND 2018

12. Net Assets With Donor Restrictions

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

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Time Restrictons:		
General Operations	\$ -	\$ 154,245
Program Restrictions		
Nourishing Local Youth Experiencing	10,000	-
Equity Program	-	30,000
MFP Program	-	20,000
Employee Engagement	-	2,750
	<u>\$ 10,000</u>	<u>\$ 206,995</u>

13. Pension Plan

The Food group contributes up to three percent of an eligible employee's annual compensation to a 401(k) plan. Contributions of \$0 and \$18,398 were made in the years ended September 30, 2019 and 2018, respectively.

14. Cash Flow Operating Adjustments

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

	<u>September 30,</u>	
	<u>2019</u>	<u>2018</u>
Depreciation and Amortization	\$ 246,011	\$ 231,904
Contributed Securities	(14,468)	(7,728)
Realized (Gain) Loss on Investment	(335)	301
Increases (Decreases) in Current Liabilities:		
Accounts Payable	(6,843)	41,519
Accrued Salaries and Vacations	(47,607)	46,419
Accrued Expenses	(12,117)	1,850
Funds Held for Other	13,000	-
Deferred Revenue	1,221	3,681
Decreases (Increases) in Current Assets:		
Accounts Receivable	26,438	(75,055)
Grants Receivable	225,142	(39,496)
Prepaid Expense	(119,249)	(4,744)
Inventory	(47,298)	(8,642)
Total Adjustments	<u>\$ 263,895</u>	<u>\$ 190,009</u>