Feeding South Florida, Inc.

Financial Statements and
Additional Information
For the Year Ended June 30, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Feeding South Florida, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Feeding South Florida, Inc., (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 the Organization as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2019, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Keefe McCullough

KEEFE McCULLOUGH

Fort Lauderdale, Florida
November 1, 2019

FINANCIAL STATEMENTS

Feeding South Florida, Inc.
Statement of Financial Position
June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Assets:			
Current Assets:			
Cash and cash equivalents	$ 3,057,772	$ 341,973	$ 3,399,745
Grant receivables	1,535,015	-	1,535,015
Shared maintenance receivable	76,416	-	76,416
Prepaids	141,169	-	141,169
Food inventory	2,332,421	-	2,332,421
Total current assets	7,142,793	341,973	7,484,766
Noncurrent Assets:			
Long-term investments	108,868	880,986	989,854
Property and equipment, net	4,232,971	-	4,232,971
Deposits	77,349	-	77,349
Total assets	$ 11,561,981	$ 1,222,959	$ 12,784,940
Liabilities:			
Current Liabilities:			
Accounts payable	$ 57,444	$ -	$ 57,444
Accrued expenses	310,090	-	310,090
Current portion of debt	86,643	-	86,643
Agency deposits and deferred revenue	179,699	-	179,699
Total current liabilities	633,876	-	633,876
Long-Term Liabilities:			
Long-term debt	2,094,109	-	2,094,109
Total liabilities	2,727,985	-	2,727,985
Net Assets:			
Without donor restrictions:			
Undesignated	8,833,996	-	8,833,996
With donor restrictions:			
Purpose and time restrictions	-	1,222,959	1,222,959
Total net assets	8,833,996	1,222,959	10,056,955
Total liabilities and net assets	$ 11,561,981	$ 1,222,959	$ 12,784,940

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

Feeding South Florida, Inc.
Statement of Activities
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Change in Net Assets:			
Public Support:			
Contributed food	$ 74,692,869	$ -	$ 74,692,869
Contributions	4,126,162	341,973	4,468,135
Grants:			
Federal government grants	17,594,261	-	17,594,261
Other local agencies	349,372	-	349,372
Total public support	96,762,664	341,973	97,104,637
Revenues:			
Shared maintenance and other program revenue	567,942	-	567,942
Gain (loss) on disposal of property and equipment	1,350	-	1,350
Investment income, net	59,846	-	59,846
Other income	300,469	-	300,469
Total revenue	929,607	-	929,607
Net assets released from restrictions	896,098	(896,098)	-
Total public support, revenue and net assets released from restrictions	98,588,369	(554,125)	98,034,244
Operating Expenses:			
Program services:			
Food distribution	95,591,612	-	95,591,612
Supporting services:			
Administrative	784,667	-	784,667
Development	456,692	-	456,692
Total supporting services	1,241,359	-	1,241,359
Total expenses	96,832,971	-	96,832,971
Change in net assets	1,755,398	(554,125)	1,201,273
Net Assets, July 1, 2018	7,078,598	1,777,084	8,855,682
Net Assets, June 30, 2019	$ 8,833,996	$ 1,222,959	$ 10,056,955

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

Feeding South Florida, Inc.
Statement of Functional Expenses
For the Year Ended June 30, 2019

	Program Services	Supporting Services			
	Food Distribution	Administrative	Development	Total Supporting	Total Expenses
Personnel Costs:					
Salaries	$ 2,074,742	$ 453,742	$ 120,080	$ 573,822	$ 2,648,564
Payroll taxes and employee benefits	377,215	75,727	16,738	92,465	469,680
Total personnel costs	2,451,957	529,469	136,818	666,287	3,118,244
Other Expenses:					
Contributed food activity	89,427,003	-	-	-	89,427,003
Rent	620,387	79,533	9,945	89,478	709,865
Auto and truck expense	623,968	-	-	-	623,968
Professional fees, including $ 108,685 of in-kind contributions	399,928	54,890	73,046	127,936	527,864
Temporary labor	388,941	-	-	-	388,941
Insurance	242,533	33,287	14,266	47,553	290,086
Gas and oil	260,848	-	-	-	260,848
Fundraising	-	-	185,120	185,120	185,120
Transportation and storage	146,687	-	-	-	146,687
Utilities	117,655	16,148	6,921	23,069	140,724
Warehouse expense	132,851	-	-	-	132,851
Repairs and maintenance	127,679	-	-	-	127,679
Interest expense and bank fees	98,939	13,579	5,820	19,399	118,338
Purchased food activity	107,864	-	-	-	107,864
Employee recruiting and other	50,949	6,993	2,997	9,990	60,939
Dues, including Feeding America	49,279	6,764	2,899	9,663	58,942
Telephone	46,734	6,414	2,749	9,163	55,897
Equipment rental	23,520	-	-	-	23,520
Taxes	19,195	2,634	1,129	3,763	22,958
Travel	11,818	1,622	695	2,317	14,135
Supplies	9,648	1,324	568	1,892	11,540
Total expenses before provision for depreciation	95,358,383	752,657	442,973	1,195,630	96,554,013
Provision for depreciation	233,229	32,010	13,719	45,729	278,958
Total expenses	$ 95,591,612	$ 784,667	$ 456,692	$ 1,241,359	$ 96,832,971

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

Feeding South Florida, Inc.
Statement of Cash Flows
For the Year Ended June 30, 2019

Cash Flows from Operating Activities:	
Change in net assets	$ 1,201,273
Adjustments to reconcile change in net assets to net cash used in operating activities:	
Provision for depreciation	278,958
Net realized/unrealized gain on investments	(52,696)
Loss on sale of property and equipment	(1,350)
Donated stock	(32,044)
Changes in assets and liabilities:	
(Increase) decrease in assets:	
Shared maintenance receivable	(21,448)
Grant receivables	(1,128,955)
Prepaids	70,209
Food inventory	(433,580)
Deposits	8,000
Increase (decrease) in liabilities:	
Accounts payable	(230,326)
Accrued expenses	98,289
Agency deposits and deferred revenue	124,814
Net cash used in operating activities	(118,856)
Cash Flows From Investing Activities:	
Sale of investments	597,900
Proceeds from sale of property and equipment	1,350
Purchases of property and equipment	(179,390)
Purchase of investments	(460,050)
Net cash used in investing activities	(40,190)
Cash Flows from Financing Activities:	
Payments on debt	(82,865)
Net cash used in financing activities	(82,865)
Net decrease in cash and cash equivalents	(241,911)
Cash and Cash Equivalents, July 1, 2018	3,641,656
Cash and Cash Equivalents, June 30, 2019	$ 3,399,745

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

Note 1 - Organization and Operations

Feeding South Florida, Inc. (the "Organization") is a not-for-profit organization whose mission is to end hunger in South Florida by providing immediate access to nutritious food, leading hunger and poverty advocacy efforts, and transforming lives through innovative programming and education. As a regional food bank, the Organization rescues and distributes surplus food that would otherwise go to waste. All food is distributed to either end users directly or to charitable organizations that qualify for tax exempt status under the regulations of the Internal Revenue Code. In addition to food rescue and distribution, the Organization also provides innovative programming designed to break the cycle of hunger and poverty.

Note 2 - Summary of Significant Accounting Policies

Basis of presentation: The financial statement presentation follows the recommendation of the Financial Accounting Standards Board in its Accounting Standards Update (FASB ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements for Not-for-Profit Entities*. Under FASB ASU 2016-14, 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 and net assets with donor restrictions.

Net assets: Net assets and revenues are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

- *Net Assets without Donor Restrictions* - Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

- *Net Assets with Donor Restrictions* - Net assets subject to donor (or certain grantor) imposed restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other restrictions are perpetual in nature, where the donor or grantor stipulates that resources be maintained in perpetuity.

Generally, contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a 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. Non-cash contributions are recorded at their estimated fair value on the date received.

All contributions are considered available for general use, unless specifically restricted by the donor or subject to other legal restrictions.

Note 2 - Summary of Significant Accounting Policies (continued)

Cash and cash equivalents: The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. The balance in cash and cash equivalents at June 30, 2019 includes:

Bank accounts and cash	$	859,621
Money market account		2,540,124
	$	3,399,745

Investments: Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment income is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment expenses.

Shared maintenance, grant and other receivables: In the normal course of business, the Organization charges fees (Note 11) to its shared maintenance customers. Grant receivables consist principally of amounts due from federal, state and local governmental agencies and other not-for-profit organizations under contractual agreements. Based on management's assessment, the Organization provides for estimated uncollectible amounts through a charge to expense and a credit to a valuation allowance. For the year ended June 30, 2019, balances in the allowance for doubtful accounts was $ 22,649 for its shared maintenance customers.

Promises to give: Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. The Organization had no unconditional or conditional promises to give as of June 30, 2019.

Contributed food on hand: Contributed food is recorded as public support based on the estimated wholesale value of the distributable food received by the Organization. Management has based this estimate on the results of a product valuation survey calculating the average wholesale value per pound of food contributed nationally to Feeding America, the nation's largest charitable hunger relief association. The survey computed an average value of $ 1.62 per pound of product donated through regular operations. Contributed food on hand as of June 30, 2019 is recorded as an asset and valued at $ 1.62 per pound. Contributed food is for distribution to qualified organizations only, and is not available for resale. The Organization also received food commodities under a federal government grant. These food commodities are recorded at the value provided by the granting agency.

Property and equipment: Purchased property and equipment, including leasehold improvement, are recorded at cost. It is the Organization's policy to capitalize all such fixed assets purchased or received by donation that cost $ 2,500 or more individually. Property and equipment is depreciated using the straight-line method over the following estimated useful lives:

Furniture and equipment	5-7 years
Warehouses and improvements	5-39 years
Automotive equipment	5 years

Note 2 - Summary of Significant Accounting Policies (continued)

Donated property and equipment are reported, at estimated fair value, as an increase in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as an increase in net assets with donor restrictions. Without donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated assets are placed in service, reclassifying net assets with donor restrictions to net assets without donor restrictions at that time. The Organization did not receive any donated property and equipment for the year ending June 30, 2019.

Maintenance and repairs to property and equipment are charged to expense when incurred.

Revenue recognition: Shared maintenance, produce handling and purchased food program revenue is recognized when the related food is distributed.

The Organization receives various grants from governmental and local agencies for program and supporting service expenses. These grants are generally on a cost reimbursement basis, including recoverable overhead. Revenues from grants are deemed earned and recognized in the statement of activities when expenditures are incurred for the purposes specified.

Functional expenses: The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by functions. Expenses that can be directly identified with a program or supporting service are charged accordingly. The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses, including personnel costs, professional fees, rent and others, are allocated on the basis of estimates of time and effort and square footage as determined by management.

Fundraising activities: The Organization's financial statements follow the guidelines prescribed by Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 958-720-20, *Costs of Joint Activities*. This ASC establishes criteria for accounting and reporting of joint costs for certain entities that solicit contributions.

Operating leases: Rental expense is recognized on a straight-line basis.

Use of estimates: The presentation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Concentrations of credit risk: Financial instruments, which potentially subject the Organization to concentrations of credit risk, consist primarily of cash and cash equivalents maintained in financial institutions in excess of the FDIC insured limit of $ 250,000. Although cash balances may at times exceed federally insured limits during the year, the Organization has not experienced any losses and does not believe it is exposed to significant risk associated with its cash and cash equivalents. At June 30, 2019, the Organization had $ 2,906,837 held in excess of the FDIC limits. Cash is maintained, with what management believes to be high quality financial institutions, to limit its risk.

Note 2 - Summary of Significant Accounting Policies (continued)

Credit risk with respect to accounts receivable is limited due to the number and credit worthiness of the entities and individuals who comprise the contributor/customer base. Accounts receivable are stated at the amount management expects to collect from outstanding balances. The Organization establishes an allowance for doubtful accounts based upon factors surrounding the credit risk of specific donors/customers, historical trends and other information.

Date of management review: Subsequent events have been evaluated through November 1, 2019, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Financial Assets

Financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date ending June 30, 2019, comprise the following:

Financial Assets:		
Cash and cash equivalents	$	3,399,745
Grant receivables		1,535,015
Shared maintenance receivable		76,416
Investments		989,854
Financial Assets, at year-end		6,001,030
Less: those unavilable for general expenditures within one year, due to:		
Restriction by donor with purpose restrictions		(341,973)
Perpetual restrictions by donor		(880,986)
		(1,222,959)
Financial assets available to meet cash needs for general expenditures within one year	$	4,778,071

As part of its liquidity plan, the Organization invests cash in excess of daily requirements in money market funds.

Note 4 - Investments

The Organization's investments at June 30, 2019 are comprised of the following:

Equities	$	545,693
United States treasury bills, bonds and notes		197,429
Corporate bonds		167,149
Money market funds		64,736
United States agency obligations		14,847
	$	989,854

Note 4 - Investments (continued)

Investment income in the statement of activities for the year ended June 30, 2019 consists of the following:

Net realized and unrealized gains	$	52,696
Interest and dividend income		23,558
Investment fees		(16,408)
	$	59,846

Note 5 - Fair Value Measurement

In accordance with the Financial Accounting Standards Board in its Accounting Standards Codification (ASC) No. 820, *Fair Value Measurements and Disclosures*, the Organization defined and established a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical investments that the Organization has the ability to access at the measurement date.

- Level 2 inputs are inputs other than quoted prices included with Level 1 that are observable for the investments, either directly or indirectly. (e.g. quoted prices in active markets for similar securities, securities valuations based on commonly quoted benchmarks, interest rates and yield curves, and/or securities indices.)

- Level 3 inputs are unobservable inputs for the investments. (e.g. information about assumptions, including risk, market participants would use in pricing a security.)

The level in the fair value hierarchy within which a fair measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety. The inputs or methodology used for valuing securities are not necessarily an indication of the risk associated with investing in those securities. The equity securities are classified within Level 1 because they have readily determinable fair values based on daily redemption values. The United States Treasury bills, bonds and notes, United States agency obligations and corporate bonds are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates and market-rate assumptions, and are classified within Level 2.

Note 5 - Fair Value Measurement (continued)

The following table represents the investments as held by the Organization at June 30, 2019:

		Fair Value Measurements Using:		
Investment Type	Fair Value at June 30, 2019	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equities	$ 545,693	$ 545,693	$ -	$ -
United States treasury bills,				-
bonds and notes	197,429	-	197,429	-
Corporate bonds	167,149	-	167,149	-
United States agency obligations	14,847	-	14,847	-
	925,118	$ 545,693	$ 379,425	$ -
Investments measured at amortized cost:				
Money market funds	64,736			
Total	$ 989,854			

Note 6 - Endowments

The Organization has endowed funds established for the support of the Organizational mission. As required by generally accepted accounting principles (GAAP), net assets associated with endowment funds, including funds designated to function as endowments are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law: The Board of Directors interprets the State of Florida's Uniform Prudent Management of Institutional Funds Act (FUPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as retains in perpetuity (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund.

Investment policies: The goal of the investment program for the endowment is to provide an annual level of support for the current programs of the Organization consistent with the preservation of purchasing power over time. Assets held shall be diversified to control the risk of loss resulting from the over-concentration of funds in a specific maturity, issue or type-class of securities.

Spending policies: The Organization's policy is to only spend the income generated from the endowed funds.

Endowments as of June 30, 2019 consist of $ 989,854 for the Bachelor Endowment Fund. The principal amount of the Endowment Fund is held in perpetuity, with the income earned on those investments available for general operations.

Note 6 - Endowments (continued)

Changes in endowment net assets for the fiscal year ended June 30, 2019 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, at beginning of year	$ 161,978	$ 880,986	$ 1,042,964
Investment income, net of fees	7,150	-	7,150
Net appreciation (realized and unrealized)	52,696	-	52,696
Contributions	32,044	-	32,044
Transfer to operating account	(145,000)	-	(145,000)
Endowment net assets, at end of year	$ 108,868	$ 880,986	$ 989,854

Note 7 - Debt

Debt at June 30, 2019 is as follows:

Mortgage note payable to a bank, due in monthly installments of $ 15,915 including interest at a fixed rate of 4.79% through January 2026, with a balloon payment of approximately $ 1,525,000 due February 2026. This obligation has been guaranteed by the Organization and is collateralized by all property and equipment currently owned and subsequently acquired.	$ 2,180,752
Less current portion	86,643
	$ 2,094,109

Estimated future debt principal payments in the aggregate are approximately as follows:

Year Ending June 30,	
2020	$ 86,600
2021	91,200
2022	95,800
2023	100,500
2024	105,300
Thereafter	1,701,400
	$ 2,180,800

The mortgage note payable contains certain restrictive covenants, including, but not limited to, a minimum deb coverage ratio of no less than 1.15 to 1.00. At June 30, 2019, the Organization was in compliance with the minimum debt coverage ratio.

Note 8 - Property and Equipment

The following is a schedule of property and equipment at June 30, 2019:

Warehouse and improvements	$	3,517,136
Furniture and equipment		281,812
Automotive equipment		434,237
		4,233,185
Less accumulated depreciation		751,154
		3,482,031
Construction in progress		290,940
Land		460,000
Total	$	4,232,971

Note 9 - Net Assets with Donor Restrictions

As of June 30, 2019, net assets with donor restrictions consisted of:

Subject to expenditure for specified purpose:		
Other program support	$	243,101
School pantry program		40,000
Capacity building		33,872
Weekend backpack program		25,000
		341,973
Endowments:		
Required to be held in perpetuity by donor for specified purpose:		
General operations		880,986
Total	$	1,222,959

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended June 30, 2019:

Satisfaction of purpose restrictions:		
Capacity building	$	366,357
Other program support		255,783
School pantry program		238,163
Weekend backpack program		35,795
Total	$	896,098

Note 10 - Donated Goods, Services and Facilities

The Organization receives donated goods and services, paying for most services requiring specific expertise. A number of volunteers have donated substantial amounts of their time in certain of the Organization's program service areas. Because of the difficulty in determining the number of hours for such services, those items are not disclosed in the accompanying financial statements. However, when the value of donated services requires specific expertise, they are reflected in the financial statements as revenue and expenses at estimated fair value. Donated goods are also recorded at their estimated fair value. For the year ended June 30, 2019, the Organization recorded $ 74,692,869 in donated goods, consisting principally of food which is included in inventory or contributed food activity expense. For the year ended June 30, 2019, the Organization recorded $ 108,685 in donated professional services, which consisted of legal and architectural services, and are included in professional fees expense on the accompanying statement of functional expenses.

Note 11 - Shared Maintenance

A shared maintenance fee of no more than $ 0.19 per pound, may be assessed on certain items that helps offset the costs of solicitation, transportation, warehousing and distribution of food. This fee is not a charge for food and it is not paid by the end user. No person in need of assistance pays for food. The Organization does not charge fees on USDA, produce, or bakery items. Total shared maintenance for the year ended June 30, 2019 was $ 567,942.

Note 12 - Grants and Contracts

Funding agreements for services to be provided are entered into on an annual basis. The release of funds is subject to monies being made available by various federal, state, local and other grantor agencies. Certain agreements may be terminated by either party with thirty days written notice. Changes in governmental appropriations could have a material adverse effect on the Organization’s ability to continue to provide its services at the same level.

Program expenditures made by the Organization are subject to additional audit by grantor agencies. As a result of such audits, the grantor may require that amounts be returned. In certain instances, the grantor may increase its grant of funds to the Organization to offset amounts which would otherwise be repayable based on audits. As of June 30, 2019, no amounts were owed back to grantor agencies.

Note 13 - Leases

The Organization previously entered into a facility lease for warehouse and office space in Pembroke Park, Florida. The term of this lease agreement commenced in May 2013 and was renewed in April 2018, extending the lease through May 2023. Under the terms of the renewal agreement, monthly rent payments ranging from approximately $ 40,000 to $ 46,400 are due. The Organization is also responsible for its pro-rata share of certain operating expenses. In addition, the agreement also provides for one additional optional five-year renewal term.

Rent expense is recognized on a straight line basis. The difference between the base rent payments made and the amount of rent expense recognized is included in accrued expenses and totaled, in the aggregate, $ 79,709 at June 30, 2019. Rent expense, including its pro-rata share of operating expenses, in connection with this agreement totaled $ 709,865 for the year ended June 30, 2019.

Note 13 - Leases (continued)

The Organization leases several vehicles that expire at various times through January 2026. The agreements contain monthly base payments of approximately $ 36,600 through August 2021 and at a lesser amount through January 2026. The Organization is also responsible for mileage fees at rates ranging from $ .025 to $ .085 per mile. During the year ended June 30, 2019, the total expense associated with these leases was $ 367,237.

The Organization also leases various pieces of warehouse and office equipment with a total monthly payment aggregating approximately $ 4,570 through April 2020 and at a lesser value thereafter until January 2024. During the year ended June 30, 2019, the total equipment rental expense associated with these leases and other equipment leases was $ 34,955.

The following is a schedule of approximate future minimum lease payments, excluding common area maintenance and mileage charges:

Year Ending June 30,		
2020	$	989,900
2021		997,200
2022		966,500
2023		914,200
2024		370,700
Thereafter		313,300

Note 14 - Income Taxes

The Organization is a non-profit corporation, qualified under Section 501(c)(3) of the Internal Revenue Code and is therefore exempt from corporate income taxation on income related to its exempt function. No provision for income taxes has been made in the accompanying financial statements.

Note 15 - Employee Benefit Plan

The Organization offers its employees a 401(k) profit-sharing plan (the "Plan") that covers all eligible employees. Employees may contribute to the Plan, pursuant to a salary reduction agreement, a percentage of their annual compensation subject to certain limitations. The Plan provides for employer matching contributions of 50% of each participant's contribution up to 2% of their gross salary, and an additional match of 25% of each participant's contribution that exceed 2% but not more than 10% of their gross salary. The Organization contributed $ 17,404 for the year ended June 30, 2019.

Note 16 - Supplemental Cash Flow Information

Supplemental Disclosure of Cash Flow Information:

Cash received during the year for -		
Interest and dividend income	$	63,960
Cash paid during the year for -		
Interest expense	$	112,179

Noncash investing and financing activities:

Noncash investing and financing activities:		
Donated stock	$	32,044
Acqusition of property and equipment -		
Cost of property and equipment	$	329,290
Less:		
Prepaid assets		149,900
Cash paid for property and equipment	$	179,390