

**COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.**

**FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT**

**DECEMBER 31, 2021 AND 2020**

# COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.

DECEMBER 31, 2021 AND 2020

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Community Food Bank of Citrus County, Inc.  
Homosassa, Florida

### ***Opinion***

We have audited the accompanying financial statements of Community Food Bank of Citrus County, Inc. (a nonprofit entity), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Food Bank of Citrus County, Inc. as of December 31, 2021, 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.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Community Food Bank of Citrus County, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Other Matter***

The financial statements of Community Food Bank of Citrus County, Inc. as of and for the year ended December 31, 2020 were audited by other auditors, whose report dated March 22, 2022 expressed an unmodified opinion on those statements.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Food Bank of Citrus County, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Community Food Bank of Citrus County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Food Bank of Citrus County, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

*affinity CPA P.A.*

Tampa, Florida  
January 10, 2023

**COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**DECEMBER 31, 2021 AND 2020**

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Current assets		
Cash and cash equivalents	\$ 731,646	\$ 814,525
Investments	104,227	100,382
Accounts receivable	-	1,014
Contributions receivable	19,555	12,334
Inventory	47,959	11,885
Prepaid expenses	28,400	24,001
Other assets	1,381	9,849
	<hr/>	<hr/>
Total current assets	933,168	973,990
Property and equipment, net	<hr/> 401,926	<hr/> 291,130
Total assets	<hr/> <b>\$ 1,335,094</b>	<hr/> <b>\$ 1,265,120</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued expenses	\$ 43,494	\$ 25,204
Performance obligations	32,857	22,602
Notes payable	-	50,742
Paycheck protection program loan	-	46,415
	<hr/>	<hr/>
Total liabilities	76,351	144,963
Net assets		
Without donor restrictions	<hr/> 1,258,743	<hr/> 1,120,157
Total liabilities and net assets	<hr/> <b>\$ 1,335,094</b>	<hr/> <b>\$ 1,265,120</b>

*See independent auditor's report and accompanying notes to the financial statements.*

**COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.  
STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<u>December 31,</u>	
	<u>2021</u>	<u>2020</u>
<b>PUBLIC SUPPORT AND OTHER REVENUES</b>		
Public support		
Contributions from organizations and individuals	\$ 663,380	\$ 771,018
Donated goods and services	10,371	39,761
	<u>673,751</u>	<u>810,779</u>
Other revenues		
Shared maintenance fees	708,447	569,195
Investment return	3,316	2,007
	<u>711,763</u>	<u>571,202</u>
Total public support and other revenues	<u>1,385,514</u>	<u>1,381,981</u>
 <b>EXPENSES</b>		
Program services		
Food distribution program	1,002,215	928,937
Supporting services		
General administration	178,660	90,601
Fundraising	66,053	55,365
	<u>244,713</u>	<u>145,966</u>
Total expenses	<u>1,246,928</u>	<u>1,074,903</u>
<b>Change in net assets</b>	138,586	307,078
Net assets, beginning of year	<u>1,120,157</u>	<u>813,079</u>
<b>Net assets, end of year</b>	<u>\$ 1,258,743</u>	<u>\$ 1,120,157</u>

*See independent auditor's report and accompanying notes to the financial statements.*

**COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Supporting Services				Total Expenses	
	Program Services	General Administration		Total Supporting Services	December 31,	
		Fundraising	-	-	2021	2020
Personnel expenses	\$ 208,119	\$ 136,076	\$ -	\$ 136,076	\$ 344,195	\$ 288,480
Other expenses						
Food purchases	614,470	-	-	-	614,470	475,962
Fundraising expenses	-	-	56,841	56,841	56,841	7,712
Transportation costs	30,826	-	-	-	30,826	30,326
Vehicle lease	27,467	-	-	-	27,467	28,688
Insurance	19,980	1,554	666	2,220	22,200	17,864
Repair and maintenance	18,537	-	-	-	18,537	15,082
Utilities	15,581	-	-	-	15,581	18,170
Accounting fees	-	12,735	-	12,735	12,735	18,166
Vehicle maintenance	9,912	-	-	-	9,912	7,593
Consulting	7,979	357	-	357	8,336	10,906
Advertising	-	-	8,151	8,151	8,151	8,705
Warehouse supplies	6,684	-	-	-	6,684	6,541
Office expense	-	6,642	-	6,642	6,642	5,734
Executive director expenses	-	4,014	-	4,014	4,014	2,628
Dues and subscriptions	-	2,811	-	2,811	2,811	933
Payroll fees	1,660	1,107	-	1,107	2,767	3,954
Bank fees	-	2,701	-	2,701	2,701	985
Internet/cable	-	2,225	-	2,225	2,225	2,154
Pest control	1,642	-	-	-	1,642	567
Rent	-	1,622	-	1,622	1,622	41,199
Licenses and taxes	-	1,453	-	1,453	1,453	1,287
Volunteer appreciation	-	1,098	-	1,098	1,098	2,068
Telephone	1,056	-	-	-	1,056	1,380
Interest	-	1,014	-	1,014	1,014	2,364
Website	-	565	-	565	565	880
PayPal fees	-	-	395	395	395	1,732
Postage	-	352	-	352	352	1,003
Community relations	182	-	-	-	182	786
Alarm expense	-	-	-	-	-	260
<b>Total expenses before other non-cash items</b>	<b>964,095</b>	<b>176,326</b>	<b>66,053</b>	<b>242,379</b>	<b>1,206,474</b>	<b>1,004,109</b>
Depreciation	38,120	-	-	-	38,120	34,260
Bad debt	-	2,334	-	2,334	2,334	-
Loss on disposition of fixed assets	-	-	-	-	-	36,534
<b>Total expenses</b>	<b>\$ 1,002,215</b>	<b>\$ 178,660</b>	<b>\$ 66,053</b>	<b>\$ 244,713</b>	<b>\$ 1,246,928</b>	<b>\$ 1,074,903</b>

*See independent auditor's report and accompanying notes to the financial statements.*

**COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Program Services	Supporting Services			Total
		General Administration	Fundraising	Total Supporting Services	
Personnel expenses	\$ 211,991	\$ 48,570	\$ 27,919	\$ 76,489	\$ 288,480
Other expenses					
Food purchases	475,962	-	-	-	475,962
Rent	33,339	7,860	-	7,860	41,199
Transportation costs	30,326	-	-	-	30,326
Vehicle lease	28,688	-	-	-	28,688
Utilities	14,960	3,210	-	3,210	18,170
Accounting fees	-	18,166	-	18,166	18,166
Insurance	15,880	1,297	687	1,984	17,864
Repair and maintenance	15,082	-	-	-	15,082
Consulting	-	340	10,566	10,906	10,906
Advertising	5,939	-	2,766	2,766	8,705
Fundraising expenses	-	-	7,712	7,712	7,712
Vehicle maintenance	7,593	-	-	-	7,593
Warehouse supplies	6,541	-	-	-	6,541
Office expense	-	5,734	-	5,734	5,734
Payroll fees	2,926	672	356	1,028	3,954
Executive director expenses	1,051	526	1,051	1,577	2,628
Interest	2,364	-	-	-	2,364
Internet/cable	1,594	366	194	560	2,154
Volunteer appreciation	-	2,068	-	2,068	2,068
PayPal fees	-	-	1,732	1,732	1,732
Telephone	1,380	-	-	-	1,380
Licenses and taxes	1,027	60	200	260	1,287
Postage	-	-	1,003	1,003	1,003
Bank fees	-	985	-	985	985
Dues and subscriptions	-	634	299	933	933
Website	-	-	880	880	880
Community relations	786	-	-	-	786
Pest control	454	113	-	113	567
Alarm expense	260	-	-	-	260
Total expenses before other non-cash items	858,143	90,601	55,365	145,966	1,004,109
Loss on disposition of fixed assets	36,534	-	-	-	36,534
Depreciation	34,260	-	-	-	34,260
Total expenses	\$ 928,937	\$ 90,601	\$ 55,365	\$ 145,966	\$ 1,074,903

*See independent auditor's report and accompanying notes to the financial statements.*



**COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2021 AND 2020**

	<b>December 31,</b>	
	<b>2021</b>	<b>2020</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 138,586	\$ 307,078
Adjustments to reconcile change in net assets to net cash flows provided by operating activities:		
Depreciation	38,120	34,260
Loss on disposal of assets	-	36,534
Forgiveness of PPP loan	(46,415)	-
Gain on investments	(1,845)	-
(Increase) Decrease in assets:		
Contributions receivable	1,014	(9,627)
Accounts receivable	(7,221)	(1,014)
Inventory	(36,074)	11,619
Prepaid expenses	4,069	(2,365)
Increase (Decrease) in liabilities:		
Accounts payable and accrued expenses	18,290	(252)
Performance obligations - shared maintenance fees	(50,742)	7,186
Deferred revenue	10,255	-
Net cash provided by operating activities	68,037	383,419
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Purchase of property and equipment	(148,916)	(112,473)
Purchase of investment	(2,000)	(103,326)
Proceeds from sale of property and equipment	-	8,000
Proceeds from sale of investments	-	105,815
Net cash used in investing activities	(150,916)	(101,984)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Proceeds from long-term debt obtained	-	158,888
Payments on long-term debt	-	(61,731)
Net cash provided by financing activities	-	97,157
Net change in cash and cash equivalents	(82,879)	378,592
Cash and cash equivalents, beginning of year	814,525	435,933
Cash and cash equivalents, end of year	\$ 731,646	\$ 814,525
<b>SUPPLEMENTAL DISCLOSURE OF CASH PAID FOR INTEREST</b>	<b>\$ 1,014</b>	<b>\$ 2,364</b>

*See independent auditor's report and accompanying notes to the financial statements.*

**COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2021 AND 2020**

**NOTE 1 NATURE OF THE ORGANIZATION**

Community Food Bank of Citrus County, Inc. (the “Organization”) is a nonprofit Florida corporation operating a centralized food bank in Homosassa, Florida that serves food pantries, soup kitchens, and shelters in Citrus, Sumter, and Hernando County, Florida.

**NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting**

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (“GAAP”) and, accordingly, reflect all significant receivables, payables and other liabilities.

**Basis of Presentation**

Community Food Bank of Citrus County, Inc. has adopted the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (“ASC”) Topic 958, *Not-for-Profit Entities*. Under ASC 958, the Organization is required to provide financial statements which are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. As such, the Organization reports net asset information regarding its financial position and activities as follows: (1) net assets without donor restrictions, which include no donor-imposed restrictions and, therefore, are available for any purpose authorized by the Board of Directors (the “Board”); and (2) net assets with donor restrictions, which include donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire by the passage of time.

**Shared Maintenance Fees**

As a redistribution organization (RDO) and partner distribution organization (PDO) of Feeding America Tampa Bay, Inc., the Organization receives donated food from local grocery stores; in addition, the Organization acquires product at wholesale for redistribution to feeding agencies. The Organization charges a fee to feeding agencies receiving product in accordance with guidance provided by Feeding America Tampa Bay, Inc.

**Support and Revenue Recognition**

The Organization first determines if a transaction represents an exchange transaction and if so, accounts for the transaction in accordance with FASB ASC 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with a customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

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Shared maintenance fees are accounted for under FASB ASC 606, recognizing revenue when performance obligations under the terms of the contracts with customers are satisfied. The Organization is recognizing revenue at a point in time for its shared maintenance fees. As of December 31, 2021, and 2020, there was approximately \$33,000 and \$23,000, respectively, of performance obligations to be satisfied and recognized as revenue in the subsequent year.

Gifts and contributions are recorded at their fair market value on the date of receipt.

Contributions received that are designated for future periods or restricted by the donor for specific purposes are reported as increases in net assets with restrictions. When a restriction expires (that is, when the stipulated time restriction ends or purpose restriction is accomplished), net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the Statement of Activities. If the restriction expires in the same accounting period in which the revenue is recognized, the Organization reports the contribution as increases in net assets *without* donor restrictions.

Gifts and contributions are considered to be available for unrestricted use (unless specifically restricted by the donor) and are reported as increases in net assets without donor restrictions.

For the years ended December 31, 2021 and 2020, volunteers provided services to assist the Organization's program and management functions for which no amount has been recorded in the financial statements because the services did not meet the criteria for recognition under GAAP.

Support arising from donated, or in-kind, goods, and services is recognized in the financial statements at its fair value. GAAP requires recognition of in-kind services, if such services (1) create or enhance nonfinancial assets or (2) require specialized skills and are provided by individuals possessing those skills, who would typically charge a fee.

Inventory of donated food product is not recorded on the accompanying financial statements. Feeding America Tampa Bay, Inc. is the owner of the contracts with local grocery stores that provides for the donation of excess product. The contribution of donated product is recorded by Feeding America Tampa Bay, Inc., which allows the Organization to charge and collect a maintenance fee as part of the redistribution of donated items to local feeding agencies.

Conditional contributions are recorded as revenue when such amounts become unconditional which generally involves the meeting of a barrier to entitlement. This can include items like incurring specified allowable expenses in accordance with a framework of allowable costs, or other barriers.

**Use of Estimates**

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

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**Cash and Cash Equivalents**

The Organization considers all highly liquid instruments with maturities of three months or less when purchased to be cash equivalents.

**Investments**

The Organization reports marketable securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Realized and unrealized gains and losses are included in the accompanying Statement of Activities as investment income.

**Inventory**

Inventory is stated at cost and represents amounts purchased at wholesale for local feeding agencies for which a shared maintenance fee will be assessed upon delivery. Inventory as of December 31, 2021 and 2020 was approximately \$48,000 and \$12,000, respectively.

**Property and Equipment**

Property and equipment are recorded at cost or, if donated, the estimated fair value at the date of donation. The Organization has a policy of capitalizing expenditures for property and equipment with costs greater than \$1,000. Depreciation is computed over the estimated useful lives of assets which range from five to ten years using the straight-line method or accelerated depreciation method.

Leased equipment is included with property and equipment. The amortization of leased equipment, likewise, is included with depreciation expense.

**Impairment of Long-Lived Assets**

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amounts of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment loss to be recognized is measured by the amount by which the carrying amount of the asset exceeds its fair value.

**Advertising**

The Organization follows the policy of charging the costs of advertising to expense as incurred. Advertising expense was approximately \$7,000 and \$8,000 for the years ended December 31, 2021 and 2020, respectively.

**Fair Value Measurements**

In accordance with FASB ASC 820, *Fair Value Measurement*, the Organization measures fair value using a three-level hierarchy for fair value measurements based upon the transparency of inputs to the valuation of an asset or liability. Inputs may be observable or unobservable and refer broadly to the assumptions that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs reflect the reporting entity's own assumptions about the assumptions that market participants

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would use in pricing the asset or liability and are developed based on the best information available in the circumstances.

The objective of a fair value measurement is to determine the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (an exit price). Accordingly, the fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The organization may use valuation techniques consistent with the market income and cost approaches to measure fair value.

The inputs used to measure fair value are categorized into the following three categories:

- Level 1            Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.
  
- Level 2            Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets and quoted prices for identical or similar assets or liabilities in inactive markets. Inputs other than quoted prices that are observable for the asset or liability and inputs that are derived principally from or corroborated by observable market data are also included. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.
  
- Level 3            Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

**Concentration of Credit Risk**

Community Food Bank of Citrus County, Inc. maintains bank accounts with balances which, at times, may exceed federally insured limits. As of December 31, 2021, the Organization had approximately \$258,000 of uninsured cash. The Organization has not experienced any losses on such accounts, and by managing the deposit concentration risk by placing cash with creditworthy financial institutions, management believes it is not exposed to any significant risk on bank deposit accounts.

**Functional Allocation of Expenses**

The costs of providing the Organization's programs and supporting services have been summarized on a functional basis in the Statements of Functional Expenses. Natural expenses directly attributable to a specific functional area of the Organization are reported as direct expenses of those functional areas. Personnel expenses are indirect

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costs that benefit multiple functional areas and have been allocated among the functional areas based on time and effort spent by employees. Other expenses are allocated based on their actual use.

**Reclassification of Certain 2020 Information**

Certain 2020 amounts were reclassified to conform to the presentation in the current year. These reclassifications had no change on prior year reported changes in net assets or end of year net assets.

**Federal Income Tax**

Community Food Bank of Citrus County, Inc. is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code. Accordingly, no provision for income taxes has been included in the accompanying financial statements.

Management has evaluated the Organization's tax position and concluded that no uncertain tax positions have been taken that would require adjustment to the financial statements to comply with the provisions of the Income Tax Topic of the FASB ASC. With few exceptions, the Organization is subject to income tax examinations up to three years after tax returns are filed.

**Recent Accounting Pronouncements Not Yet Adopted**

1. In 2016, Accounting Standards Update No. 2016-02, *Leases* ("ASU 2016-02") was issued. The amendments in ASU 2016-02 affect any entity that enters into leasing contracts. This ASU supersedes the requirements in ASC 840, *Leases*, and most industry-specific guidance.

The core principle of the guidance is to increase transparency and comparability among organizations by recognizing rights and obligations of leasing activities as assets and lease liabilities on the balance sheet. Under this ASU, lease assets and lease liabilities should be recognized for those leases previously classified as operating leases. ASU 2016-02 is effective for annual reporting periods beginning after December 15, 2021. The Organization will adopt this new standard effective for the year ending December 31, 2022 and shall disclose qualitative and quantitative information. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

2. In 2020, ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, was issued. This ASU is intended to increase transparency on how contributed nonfinancial assets (also referred to as gifts-in-kind) received by nonprofits are to be used and how they are valued. The standard will be effective for the Organization for year ending December 31, 2022. The Organization is currently evaluating the full effect that the adoption of this standard will have on the financial statements.

**Going Concern Evaluation**

On an annual basis, as required by FASB ASC 205, *Presentation of Financial Statements*, the Organization performs an evaluation to determine whether there are conditions or events (known or reasonably knowable), considered in the aggregate, that raise substantial doubt about its ability to continue as a going concern within one year

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after the date that the financial statements are available to be issued. The Organization's assessment did not indicate that substantial doubt is raised about the ability to remain a going concern for one year from the date the financial statements were available for issuance.

**Subsequent Events**

In accordance with FASB ASC 855, *Subsequent Events*, the Organization evaluated subsequent events through January 10, 2023, the date the financial statements were available for issue.

**NOTE 3 LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The Organization's financial assets available within one year of the balance sheet date to meet cash needs for general expenditure as of December 31 were as follows:

	December 31,	
	2021	2020
Financial assets		
Cash and cash equivalents	\$ 731,646	\$ 814,525
Investments	104,227	100,382
Accounts receivable	-	1,014
Contributions receivable	19,555	12,334
	\$ 855,428	\$ 928,255
Financial assets available to meet cash needs for general expenditures within one year		

The Organization structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. The Organization has investments, as discussed in more detail in Note 4, *Investments*, of approximately \$104,000. Although the Organization does not intend to spend from its investments, they could be made available if necessary.

**NOTE 4 INVESTMENT**

Major categories of investments as of December 31 are summarized below:

	December 31,			
	2021		2020	
	Cost	Fair Value	Cost	Fair Value
Cash	\$ 2,885	\$ 2,885	\$ -	\$ -
Corporate bonds	50,000	51,974	50,000	52,354
Certificate of deposit	48,000	49,368	46,000	48,028
Total investments	\$ 100,885	\$ 104,227	\$ 96,000	\$ 100,382

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The Organization's investments measured at fair value on a recurring basis were as follows as of December 31, 2021:

	N/A	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ -	\$ 51,974	\$ -	\$ 51,974
Certificate of deposit	49,368	-	-	-	49,368
<b>Total investments</b>	<b>\$ 49,368</b>	<b>\$ -</b>	<b>\$ 51,974</b>	<b>\$ -</b>	<b>\$ 101,342</b>

The Organization's investments measured at fair value on a recurring basis were as follows as of December 31, 2020:

	N/A	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ -	\$ 52,354	\$ -	\$ 52,354
Certificate of deposit	48,028	-	-	-	48,028
<b>Total investments</b>	<b>\$ 48,028</b>	<b>\$ -</b>	<b>\$ 52,354</b>	<b>\$ -</b>	<b>\$ 100,382</b>

Income from investments is reported as an increase (decrease) in net assets without donor restriction. The following schedule details the investment income (expense) recognized in the Statement of Activities:

	December 31,	
	2021	2020
Investment income	\$ 1,471	\$ 4,129
Net realized gain on sale of investment	-	76
Net unrealized gain (loss) on investment	1,845	(2,198)
<b>Total</b>	<b>\$ 3,316</b>	<b>\$ 2,007</b>

**NOTE 5 PROPERTY AND EQUIPMENT**

Property and equipment consist of the following:

	Estimated Useful Life	December 31,	
		2021	2020
Leasehold improvements	10 years	\$ 4,703	\$ 4,703
Furnitures and equipment	5 - 10 years	222,358	199,188
Vehicles	5 - 15 years	373,193	247,447
		600,254	451,338
Less: accumulated depreciation		(198,328)	(160,208)
<b>Total property and equipment, net</b>		<b>\$ 401,926</b>	<b>\$ 291,130</b>

Depreciation expense for the years ended December 31, 2021 and 2020 were approximately \$38,000 and \$34,000, respectively.



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**NOTE 6 NOTES PAYABLE**

**Vehicle Note Payable**

The Organization issued a note payable in the amount of approximately \$113,000 on February 6, 2020 to a bank collateralized by a truck with a net book value of approximately \$106,000. The note was fully paid as of December 31, 2021.

**Paycheck Protection Program Loan**

In February 2021, the Organization received loan proceeds from financial institutions in the amounts of approximately \$46,000 under the Paycheck Protection Program (the "PPP"). This program was established under Division A, Title I of the Coronavirus Aid, Relief, and Economic Security Act (the "CARES Act"). In accordance with the PPP funding agreement, the Organization's loans would be forgiven and converted into grants once the Organization meets certain criteria related to its payroll, utility, and interest expenses over a specified measurement period.

The Organization met those conditions and the loan was fully forgiven in 2021. As a result of the loan forgiveness, the Organization recorded approximately \$46,000 of grant revenue during the year ended December 31, 2021, on the Statements of Activities.

**NOTE 7 AVAILABLE CREDIT**

The organization has a credit card through a local bank with a limit of \$40,000. As of December 31, 2021, and 2020, the Organization had approximately \$7,000 and \$12,000 outstanding balance on the credit card.

**NOTE 8 COMMITMENTS**

In an effort to further Community Food Bank of Citrus County, Inc's mission, the Organization entered into several contractual agreements, generally cancelable with 7 to 30 days written notice, with outside vendors and service providers.

**NOTE 9 NET ASSETS**

A summary of net assets without donor restrictions:

	December 31,	
	2021	2020
Undesignated	\$ 1,143,319	\$ 1,010,730
Board designated -equipment	40,000	40,000
Board designated - expansion	60,000	60,000
Board designated - employee benefits	14,236	9,427
Total	\$ 1,257,555	\$ 1,120,157

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**NOTE 10 LEASE COMMITMENT**

The Organization entered into a vehicle lease in October 2018 for use of a truck. The lease expires in October 2022. The lease calls for a base rent of \$2,130 per month, with an additional charge based on use of the truck's refrigeration unit. The Organization has the option to purchase the truck at the end of the lease for its depreciated value (defined in the agreement). The lease can be terminated on any anniversary of truck's delivery date provided either party gives a sixty-day notice.

For the years ended December 31, 2021 and 2020, vehicle lease expense was approximately \$27,000 and \$29,000, respectively.

The remaining future minimum lease payments for the vehicle lease, totaling approximately \$23,000 are expected to be made in 2022.

**NOTE 11 RELATED-PARTY TRANSACTIONS**

The Organization obtains accounting services from Wardlow & Cash, P.A., an accounting firm related to a Board member. The Organization paid \$-0- and approximately \$7,000 to the accounting firm for the years ended December 31, 2021 and 2020, respectively.

**NOTE 12 CONCENTRATION**

In 2021, the Organization received approximately \$373,000 of shared maintenance fees from two sources. This amount represents approximately 27% of total revenues for the year.

In 2020, the Organization received approximately \$165,000 of shared maintenance fees from a single source. This amount represents approximately 12% of total revenues for the year.

**NOTE 13 RISKS AND UNCERTAINTIES**

In March 2020, the World Health Organization declared COVID-10 a global pandemic and recommended containment and mitigation measures worldwide. These measures could negatively impact the Organization's operations, vendors, and donors. The Organization cannot reasonably estimate the length or severity of this pandemic, or the extent to which the disruption may materially impact the Organization's operations or cash flows.

The Organization may periodically be involved in legal actions and claims that arise as a result of events that occur in the normal course of operations.

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**NOTE 14 SUBSEQUENT EVENT**

In April 2022, the organization signed a five-year mortgage note for approximately \$452,000 for the purchase of property. The note has 59 monthly consecutive payments of \$2,323 each beginning May 2022, with an annual interest rate of 2.15%. A balloon payment of approximately \$359,000 will be due in April 2027.