

**Food Bank of Eastern Michigan**

**Financial Statements**

**September 30, 2023  
(With Summarized Comparative  
Information for 2022)**



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## Independent Auditors' Report

Management and the Board of Directors  
Food Bank of Eastern Michigan  
Flint, Michigan

### Opinion

We have audited the accompanying financial statements of Food Bank of Eastern Michigan (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, 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 Food Bank of Eastern Michigan as of September 30, 2023, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Food Bank of Eastern Michigan 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.

### 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 Food Bank of Eastern Michigan's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### Auditors' 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 auditors' 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 and *Government 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 and *Government 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 Food Bank of Eastern Michigan'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 Food Bank of Eastern Michigan'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.

### **Report on Summarized Comparative Information**

We have previously audited the Food Bank of Eastern Michigan's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 3, 2023. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 25, 2024, on our consideration of Food Bank of Eastern Michigan'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 Food Bank of Eastern Michigan'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 Food Bank of Eastern Michigan's internal control over financial reporting and compliance.

*Yeo & Yeo, P.C.*

Flint, Michigan  
April 25, 2024

**Food Bank of Eastern Michigan**  
**Statement of Financial Position**  
**September 30, 2023**  
**(With Summarized Comparative Information for 2022)**

	2023	2022
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 541,872	\$ 886,949
Investments	19,351,926	20,364,785
Shared maintenance fees receivable	228,455	149,741
Grants and contributions receivable	980,090	910,819
Inventory	3,207,719	2,736,976
Prepaid expenses	62,996	-
Total current assets	24,373,058	25,049,270
Property and equipment, net	11,888,817	10,946,389
<b>Total assets</b>	<b>\$ 36,261,875</b>	<b>\$ 35,995,659</b>
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 763,109	\$ 415,222
Accrued expenses	242,645	218,614
Refundable advance	2,679,788	1,927,253
Total liabilities	3,685,542	2,561,089
Net assets		
Without donor restrictions		
Undesignated	20,145,004	21,974,328
Invested in property of equipment, net of related debt	11,888,817	10,946,389
Total without donor restrictions	32,033,821	32,920,717
With donor restrictions		
Purpose restrictions	542,512	513,853
Total net assets	32,576,333	33,434,570
<b>Total liabilities and net assets</b>	<b>\$ 36,261,875</b>	<b>\$ 35,995,659</b>

See Accompanying Notes to the Financial Statements

**Food Bank of Eastern Michigan**  
**Statement of Activities**  
**For the Year Ended September, 30 2023**  
**(With Summarized Comparative Information for 2022)**

	Without Donor Restrictions	With Donor Restrictions	Total	
			2023	2022
<b>Revenue, support and gains (losses)</b>				
Contributions from the public	\$ 3,762,948	\$ -	\$ 3,762,948	\$ 3,353,090
United Way allocations	10,245	-	10,245	20,465
Grants and contracts from governmental agencies	-	3,367,005	3,367,005	3,840,607
Other grants	323,410	645,805	969,215	866,747
Contributions of nonfinancial assets	48,164,273	-	48,164,273	46,124,071
Net investment income	2,072,051	-	2,072,051	(3,035,417)
Shared maintenance	3,831,509	-	3,831,509	2,720,964
Miscellaneous income	331,350	-	331,350	408,244
Net assets released from restrictions	3,984,151	(3,984,151)	-	-
<b>Total revenue, support and gains (losses)</b>	<b>62,479,937</b>	<b>28,659</b>	<b>62,508,596</b>	<b>54,298,771</b>
<b>Expenses</b>				
Program services	61,801,556	-	61,801,556	58,646,749
Management and general	863,532	-	863,532	1,091,580
Fundraising	701,745	-	701,745	869,611
<b>Total expenses</b>	<b>63,366,833</b>	<b>-</b>	<b>63,366,833</b>	<b>60,607,940</b>
<b>Change in net assets</b>	<b>(886,896)</b>	<b>28,659</b>	<b>(858,237)</b>	<b>(6,309,169)</b>
Net assets - beginning of year	32,920,717	513,853	33,434,570	39,743,739
Net assets - end of year	\$ 32,033,821	\$ 542,512	\$ 32,576,333	\$ 33,434,570

See Accompanying Notes to the Financial Statements

**Food Bank of Eastern Michigan**  
**Statement of Functional Expenses**  
**For the Year Ended September, 30 2023**  
**(With Summarized Comparative Information for 2022)**

	Total Program Services	Management and General	Fundraising	Total	
				2023	2022
Salaries and related costs					
Salaries and wages	\$ 3,145,501	\$ 502,888	\$ 421,717	\$ 4,070,106	\$ 3,882,648
Payroll taxes	263,177	40,935	35,007	339,119	304,825
Employee benefits	304,649	47,240	40,488	392,377	337,914
Retirement	228,501	38,228	31,048	297,777	286,553
	<u>3,941,828</u>	<u>629,291</u>	<u>528,260</u>	<u>5,099,379</u>	<u>4,811,940</u>
Total salaries and related costs					
Bad debt	-	3,329	-	3,329	943
Conferences, conventions and meetings	2,171	238	264	2,673	1,845
Contract services	153,184	16,746	18,651	188,581	342,197
Depreciation	791,928	52,795	35,197	879,920	791,205
Dues	52,152	5,701	6,350	64,203	74,937
Employee expense	80,029	8,749	9,743	98,521	72,555
Food distribution	53,763,345	-	-	53,763,345	51,438,012
Insurance	112,612	12,310	13,711	138,633	152,357
Miscellaneous	118,397	12,943	14,415	145,755	133,759
Occupancy	320,533	35,040	39,026	394,599	370,470
Printing, postage and publications	91,857	10,042	11,183	113,082	128,847
Professional fees	-	53,951	-	53,951	65,446
Supplies	187,208	20,465	22,794	230,467	197,091
Support of other organizations	1,534,637	-	-	1,534,637	1,249,875
Telephone	17,671	1,932	2,151	21,754	28,136
Transportation	634,004	-	-	634,004	748,325
	<u>61,801,556</u>	<u>863,532</u>	<u>701,745</u>	<u>63,366,833</u>	<u>60,607,940</u>
Total expenses included in expenses section on the statement of activities					

**Food Bank of Eastern Michigan**  
**Statement of Cash Flows**  
**For the Year Ended September, 30 2023**  
**(With Summarized Comparative Information for 2022)**

	2023	2022
<b>Cash flows from operating activities</b>		
Change in net assets	\$ (858,237)	\$ (6,309,169)
Items not requiring cash		
Depreciation	879,920	791,205
Bad debt	3,329	943
Gain on disposal of equipment	(38,980)	-
Unrealized (gain) loss on investments	(1,713,819)	3,779,553
Realized loss on investments	229,343	17,891
Changes in operating assets and liabilities		
Short-term investments	2,497,335	3,970,454
Shared maintenance fees receivable	(78,714)	(39,343)
Grants and contributions receivable	(72,600)	62,078
Inventory	(470,743)	846,093
Prepaid expenses	(62,996)	4,000
Accounts payable	87,271	210,356
Accrued expenses	24,031	20,227
Refundable advance	752,535	(1,134,058)
Net cash provided by operating activities	<b>1,177,675</b>	<b>2,220,230</b>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(1,561,732)	(3,795,726)
Proceeds from sale of property and equipment	38,980	-
Net cash used by investing activities	<b>(1,522,752)</b>	<b>(3,795,726)</b>
Net change in cash and cash equivalents	<b>(345,077)</b>	<b>(1,575,496)</b>
Cash and cash equivalents - beginning of year	<b>886,949</b>	<b>2,462,445</b>
<b>Cash and cash equivalents - end of year</b>	<b>\$ 541,872</b>	<b>\$ 886,949</b>
<b>Supplementary information</b>		
Interest paid	\$ -	\$ 13
<b>Supplemental schedule of non-cash investing and financing activities</b>		
Equipment acquired through accounts payable	<b>\$ 260,616</b>	<b>\$ -</b>

See Accompanying Notes to the Financial Statements



**Food Bank of Eastern Michigan**  
**Notes to the Financial Statements**  
**September 30, 2023**  
**(With Summarized Comparative Information for 2022)**

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**Note 1 - Summary of Significant Accounting Policies**

**Nature of Activities**

Food Bank of Eastern Michigan (Food Bank) is a nonprofit charitable Food Bank whose purpose is to alleviate hunger and other needs by soliciting, storing and distributing goods to member charitable service agencies serving the needy, ill and infants. The Food Bank services the eastern half of the State of Michigan north of Livingston County.

**Basis of Accounting**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Basis of Presentation**

Net assets, revenues, gains, and losses 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 donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both. The Food Bank records donor restricted cash contributions that are received and expended in the same year as revenue with donor restrictions.

The Food Bank obtains donations under federal grants administered through state and local agencies.

- The USDA – TEFAP Program whereby the Food Bank provides temporary emergency food assistance to the participating agencies and is partially funded through the State of Michigan Department of Education, acting for the United States Department of Agriculture (USDA).
- The Federal Emergency Management Agency (FEMA) represents federal funds which have been distributed to the Food Bank through the United Way agencies for the benefit of Saginaw, Genesee, and Lapeer Counties. The funds are designated for the purchase of food for distribution to qualified agencies.

**Comparative Financial Information**

The financial information for the year ended September 30, 2022 is presented for comparative purposes is not intended to be a complete financial statement presentation.

**Food Bank of Eastern Michigan**  
**Notes to the Financial Statements**  
**September 30, 2023**  
**(With Summarized Comparative Information for 2022)**

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**Cash and Cash Equivalents**

For purposes of the statements of cash flows, the Food Bank considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents. As of September 30, 2023, \$945,767 of cash and cash equivalents was in excess of the amount insured by the FDIC.

**Shared Maintenance Fees, Grants, Contributions, Pledges, and Accounts Receivable**

The Food Bank charges a shared maintenance fee to the recipient agency, church or other charitable Food Bank which takes the donated food and commodities and redistributes to the poor, needy and hungry. The Food Bank also distributes donated food to its Feeding America affiliates. This fee offsets a portion of the handling and redistribution costs incurred by the Food Bank.

Contributions and pledges receivable are recognized when the donor makes a promise to give to the Food Bank that is, in substance, unconditional. These receivables are recognized as revenue in the statement of activities on the line items contributions from the public and grants.

Management considers all receivables to be fully collectible; accordingly, no allowance for uncollectible accounts is recorded. If amounts are determined to be uncollectible, they are charged to operations at that time. Uncollectible accounts are determined by management on a case by case basis. Uncollectible accounts written off and recorded as bad debt expense for the years ended September 30, 2023 and 2022 were \$3,329 and \$943, respectively.

**Inventories**

Federal commodity inventory donated to the Food Bank is capitalized as inventory and offset by deferred revenue. Upon distribution, the food is recorded as both a contribution and an expense, and the deferred revenue is relieved.

Other food donated to the Food Bank is capitalized as inventory and recorded as a contribution without donor restrictions. Upon distribution, the food is recorded as a decrease in net assets without donor restrictions and an expense under food.

**Investments**

Investments in marketable securities with readily determined fair values and all investments in debt securities are valued at the fair values in the statement of financial position. Unrealized gains and losses are included in the statement of activities.

**Property and Equipment**

Acquired assets are stated at cost and donated assets at fair market value. Expenditures for new acquisitions, renewals, and betterments, which increase productive capacity or prolong service lives of the property and equipment are capitalized. Maintenance and repairs which do not enhance the value or extend the useful life are charged to costs and expensed as incurred.

Depreciation for financial reporting is computed by the straight-line method using lives which range from five to forty years.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as support 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 support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, the Food Bank reports expirations of

**Food Bank of Eastern Michigan**  
**Notes to the Financial Statements**  
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donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Food Bank reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**Long-Lived Assets**

The Food Bank evaluates long-lived assets for impairment using a discounted cash flow method whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable in accordance with accounting principles generally accepted in the United States of America.

**Donated Services and Goods**

The Food Bank records the value of donated goods as contributions using estimated fair values at the date of receipt. The Food Bank's policy is to utilize, rather than monetize, donated services and goods.

Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills and would typically need to be purchased if not provided by donation are recorded at their fair values in the period received.

**Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees are deferred to the applicable period in which the performance obligations are met. Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Refundable Advances**

Amounts recorded as refundable advances for the years ended September 30, 2023 and 2022, represent advance payments on accounts received from the Food Bank partner agencies, certain payments received where the revenue recognition criteria has not yet been met, and federal commodity inventory.

**Functional Allocation of Expenses**

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses are allocated based on actual time spent in each functional classification and/or charged directly to functional classifications based on their nature for all expenses except depreciation, which is allocated based on square footage.

**Income Tax Status**

The Food Bank is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code. The Food Bank files informational returns in the U.S. federal and Michigan jurisdictions.

**Use of Estimates**

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

**Date of Management's Review**

Management has evaluated subsequent events through April 25, 2024, which is the date the financial statements were available to be issued.

**Food Bank of Eastern Michigan**  
**Notes to the Financial Statements**  
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**Note 2 - Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following at September 30, 2023 and 2022:

	2023	2022
Cash and cash equivalents	\$ 541,872	\$ 886,949
Shared maintenance receivable	228,455	149,741
Grants and contributions receivable	980,090	910,819
Investments	19,351,926	20,364,785
 Total financial assets - end of year	 21,102,343	 22,312,294
 Less: Financial assets unavailable for general expenditures within one year, due to:		
Restricted by donor with time or purpose restrictions	(542,512)	(513,853)
 Financial assets available to meet cash needs for general expenditures within one year	 \$ 20,559,831	 \$ 21,798,441

The Food Bank does not have a policy to maintain a particular amount of days of operating expenses as liquid assets. The Food Bank is substantially supported by grant revenues and other fees that renew annually, charged regularly, and/or are received on a frequent basis throughout the year. As such, the future cash needs of the Food Bank are substantially met by these receipts, which are received at approximately the same time as expenses are incurred. Additionally, the Food Bank has an available line of credit to help manage liquidity issues, should they arise.

**Note 3 - Inventory**

Activities of donated food inventory are summarized as follows:

	2023		2022	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	795,649	\$ 1,527,648	\$ 1,188,287	\$ 2,127,035
Pounds received	20,178,621	38,944,740	17,361,137	33,487,865
Pounds distributed	(20,070,321)	(38,735,719)	(17,766,635)	(34,111,941)
Net adjustments	91,054	172,140	341,804	656,261
Pounds destroyed	(292,589)	(553,151)	(328,944)	(631,572)
	702,414	\$ 1,355,658	\$ 795,649	\$ 1,527,648

**Food Bank of Eastern Michigan**  
**Notes to the Financial Statements**  
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In addition to general donated food, the Food Bank also maintains an inventory of USDA-specific donated food as follows:

	2023		2022	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	372,718	\$ 570,258	654,429	\$ 1,112,529
Pounds received	6,363,285	9,990,358	8,221,996	12,579,655
Pounds distributed	(5,872,314)	(9,219,532)	(8,359,926)	(12,901,940)
Net adjustments	(151,274)	(222,592)	(143,734)	(219,913)
Pounds destroyed	-	-	(47)	(73)
	<u>712,415</u>	<u>\$ 1,118,492</u>	<u>372,718</u>	<u>\$ 570,258</u>

The estimated value of USDA food for 2023 and 2022 was \$1.57 and \$1.53 per pound, respectively. The estimated value of other donated food for 2023 and 2022 was \$1.93 and \$1.92 per pound, respectively. USDA food includes all federal commodities.

In addition to donated and USDA food, the Food Bank also maintains an inventory for purchased food as follows:

	2023		2022	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	727,032	\$ 639,070	466,421	\$ 343,505
Pounds received	5,363,833	6,043,296	4,843,032	4,523,978
Pounds distributed	(5,989,824)	(6,588,806)	(4,964,603)	(4,606,006)
Net adjustments	569,056	641,141	384,973	380,350
Pounds destroyed	(1,029)	(1,132)	(2,791)	(2,757)
	<u>669,068</u>	<u>\$ 733,569</u>	<u>727,032</u>	<u>\$ 639,070</u>

Net adjustments in the tables above consist of various transactions that were not actual receipts or disbursements of product. These include item number changes, product transformation (bulk items received are transformed into many smaller items for distribution, adding packaging weight), and the change in price per pound of donated food from the prior year to the current year.

Purchased food is valued at purchase price.

**Food Bank of Eastern Michigan**  
**Notes to the Financial Statements**  
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**(With Summarized Comparative Information for 2022)**

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**Note 4 - Investments**

Investments are stated at fair value and are summarized as of September 30, 2023 and 2022 as follows:

	<u>2023</u>	<u>2022</u>
Available for sale		
Money market funds	\$ 1,963,237	\$ 463,622
Mutual funds	2,283,632	7,490,641
Exchange traded funds	3,640,337	2,420,744
Fixed income and equities	<u>11,464,720</u>	<u>9,989,778</u>
 Total available for sale	 <u>\$ 19,351,926</u>	 <u>\$ 20,364,785</u>

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Total appreciation above the cost of investments is detailed as follows for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Unrealized appreciation (depreciation)	<u>\$ (1,560,252)</u>	<u>\$ (3,051,941)</u>

Investment return is summarized as follows for the years ended September 30:

	<u>2023</u>	<u>2022</u>
Dividends and interest	\$ 668,329	\$ 846,955
Realized loss	(229,343)	(17,891)
Unrealized gain (loss)	1,713,819	(3,779,553)
Less: investment fees	<u>(80,754)</u>	<u>(84,928)</u>
 Total investment income	 <u>\$ 2,072,051</u>	 <u>\$ (3,035,417)</u>

**Food Bank of Eastern Michigan**  
**Notes to the Financial Statements**  
**September 30, 2023**  
**(With Summarized Comparative Information for 2022)**

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**Note 5 - Property and Equipment**

Major classes of assets and related accumulated depreciation thereon are summarized as follows as of September 30, 2023 and 2022:

	2023	2022
Land	\$ 213,893	\$ 182,207
Construction in process	1,233,669	-
Building	5,820,980	5,820,980
Building improvements	7,589,736	7,495,455
Furniture and equipment	1,923,536	1,876,181
Vehicles	3,569,184	3,257,577
	20,350,998	18,632,400
Accumulated depreciation	(8,462,181)	(7,686,011)
Property and equipment, net	\$ 11,888,817	\$ 10,946,389

**Note 6 - Line of Credit**

The Food Bank has a \$ 750,000 revolving line of credit that is due on demand and is collateralized by investments held at the same financial institution. The interest rate is variable at .5 points under the prime rate. The balance was \$ 0 for both years ended September 30, 2023, and 2022.

**Note 7 - Leases**

The Organization subleases space to various entities. These leases are operating lease agreements with terms of two years. Certain components of these lease agreements provide for variable rentals based on usage in excess of specified levels. The leases do not transfer ownership of the leased assets and do not provide an option for the lessees to purchase the assets. These agreements are cancelable with 90-days' notice.

The following table summarizes lease income for the years ended September 30, 2023 and 2022:

	2023	2022
Space	\$ 241,488	\$ 378,075
Billboard	600	600
Total lease income	\$ 242,088	\$ 378,675

**Food Bank of Eastern Michigan**  
**Notes to the Financial Statements**  
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**(With Summarized Comparative Information for 2022)**

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The following table summarizes the carrying amounts of the underlying assets related to operating leases:

	2023	2022
Buildings	\$ 2,736,869	\$ 2,736,869
Less : accumulated depreciation	(119,738)	(51,316)
Total cost, net	\$ 2,617,131	\$ 2,685,553

The following is an analysis of the maturity for the undiscounted operating lease payments:

2024	\$ 329,738
2025	126,225
Total lease payments	\$ 455,963

**Note 8 - Line of Credit**

The Food Bank has a \$750,000 revolving line of credit that is due on demand and is collateralized by investments held at the same financial institution. The interest rate as of year end is 8.00%. The balance was \$0 for both years ended September 30, 2023 and 2022, respectively.

**Note 9 - Compensated Absences**

Full time employees are eligible to earn and accumulate time off. During the first year of employment, a full time employee earns five days of paid time, after one year earns ten days of paid time, after two years earns 17 days of paid time, after five years earns 24 days of paid time, and after ten years the employee earns 25 days of paid time. A maximum of thirty days accumulated vacation time may be carried over to the next year. Employees are paid out for all accumulated time upon termination or retirement.

Accrued compensated absences recorded in accrued expenses on the statement of net position were \$138,482 and \$127,164 at September 30, 2023 and 2022, respectively.



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**Note 10 - Net Assets With Donor Restrictions**

Net assets with donor restrictions are restricted for the following purposes and periods at September 30, 2023 and 2022:

	2023	2022
Subject to expenditure for specified purpose:		
Education of children	\$ 470,000	\$ 470,000
General food and water distribution	72,512	43,853
Total net assets with donor restrictions	\$ 542,512	\$ 513,853

**Note 11 - Net Assets Released from Donor Restrictions**

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 years ended September 30, 2023 and 2022:

	2023	2022
Satisfaction of purpose restrictions		
Educational programs and food distribution	\$ 3,984,151	\$ 4,692,825

**Note 12 - Conditional Contributions**

During the fiscal year, the Food Bank received conditional contributions related to local, state and federal grants. Payment of the grants is contingent upon spending the funds for the designated allowable purpose and various compliance requirements. The conditional contributions consisted of the following for the years ended September 30, 2023 and 2022:

	2023		2022	
	Total Contract/ Grant Amount	Spent to Date	Conditional Contribution	Conditional Contribution
Food distribution	\$ 2,306,000	\$ 106,126	\$ 2,199,874	\$ 584,175

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**Note 13 - Contributed Nonfinancial Assets**

Contributed nonfinancial assets for the year ended September 30, 2023 were:

<b>Category</b>	<b>Revenue Recognized</b>	<b>Utilization in Programs/ Activities</b>	<b>Donor Restrictions</b>	<b>Valuation Techniques and Inputs</b>
Volunteer services	\$ -	Community food banks	None	Criteria for recording revenues not met; approximately 1,000 hours donated
Donated food and goods	<u>48,164,273</u>	Food distribution - program	None	Items generally include food items donated to the Food Bank of Eastern Michigan for the distribution to others. Values are based on a per pound basis and are confirmed by a third party audit firm. During the year, prices per pound was \$ 1.93.
	<u>\$ 48,164,273</u>			

Contributed nonfinancial assets for the year ended September 30, 2022 were:

<b>Category</b>	<b>Revenue Recognized</b>	<b>Utilization in Programs/ Activities</b>	<b>Donor Restrictions</b>	<b>Valuation Techniques and Inputs</b>
Volunteer services	\$ -	Community food banks	None	Criteria for recording revenues not met; approximately 1,000 hours donated
Donated food and goods	<u>46,124,071</u>	Food distribution - program	None	Items generally include food items donated to the Food Bank of Eastern Michigan for the distribution to others. Values are based on a per pound basis and are confirmed by a third party audit firm. During the year, prices per pound was \$ 1.92.
	<u>\$ 46,124,071</u>			

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**Note 14 - Retirement Plan**

The Food Bank maintains a 401(k) profit sharing pension plan. Employees are eligible to participate at the semiannual entrance date after one year of service and attainment of 21 years of age. The plan allows for discretionary contributions by the Food Bank plus matching contributions up to 10% of employee compensation. The Food Bank's contribution amounted to \$297,777 and \$286,553 for 2023 and 2022, respectively.

**Note 15 - Contingencies**

The Food Bank participates in a number of federal, state and locally assisted grant programs. In accordance with the Uniform Guidance, compliance audits of federal grants were made during the current year and have been reported under a separate cover. However, specific grantors have yet to make final approval of expenditures that may be disallowed by the grantor agencies. Management believes that such amounts, if any, to be immaterial.