

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT**

**FOR THE YEARS ENDED
DECEMBER 31, 2020 and 2019**

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INDEPENDENT AUDITORS' 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 organization) which comprise the Statements of Financial Position as of December 31, 2020 and 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.

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, 2020 and 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.

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 describe in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent Community Food Bank of Citrus County, Inc. and to meet our 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 these 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 raises 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.

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 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 judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risk. 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 judgement, 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 others matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Carr, Riggs & Ingram, L.L.C.

CARR, RIGGS & INGRAM, LLC

Miramar Beach, Florida
March 22, 2022

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION

	December 31,	
	<u>2020</u>	<u>2019</u>
Assets		
Cash & cash equivalents	\$ 814,525	\$ 435,933
Short-term investments	100,382	102,871
Accounts receivable	1,014	-
Contributions receivable	12,334	2,707
Inventory	11,885	23,504
Prepaid insurance	24,001	21,636
Other assets	9,849	9,849
Property and equipment, less accumulated depreciation	291,130	257,451
Total Assets	<u><u>\$ 1,265,120</u></u>	<u><u>\$ 853,951</u></u>
Liabilities and Net Assets		
Liabilities		
Accounts payable and accrued expenses	\$ 25,204	\$ 25,456
Performance obligations	22,602	15,416
Notes payable	50,742	-
Paycheck protection program loan	46,415	-
Total Liabilities	<u>144,963</u>	<u>40,872</u>
Net Assets		
Without donor restrictions	1,120,157	813,079
Total Net Assets	<u>1,120,157</u>	<u>813,079</u>
Total Liabilities and Net Assets	<u><u>\$ 1,265,120</u></u>	<u><u>\$ 853,951</u></u>

The accompanying notes are integral to the financial statements.

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
STATEMENTS OF ACTIVITIES

	For the Years Ended December 31,	
	<u>2020</u>	<u>2019</u>
Change In Net Assets		
Support:		
Contributions from organizations and individuals	\$ 771,018	\$ 366,685
Shared maintenance fees	569,195	531,811
Donated goods and services	39,761	39,089
Investment return	<u>2,007</u>	<u>4,287</u>
Total Unrestricted Revenue and Support	<u>1,381,981</u>	<u>941,872</u>
Expenses:		
Program services:		
Food distribution program	928,937	772,240
Administrative and general	90,601	103,675
Fundraising	<u>55,365</u>	<u>47,032</u>
Total Expenses	<u>1,074,903</u>	<u>922,947</u>
Change in net assets	307,078	18,925
Net assets at beginning of year	<u>813,079</u>	<u>794,154</u>
Net assets at end of year	<u>\$ 1,120,157</u>	<u>\$ 813,079</u>

The accompanying notes are integral to the financial statements.

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

	PROGRAM SERVICES			TOTAL EXPENSES 2020
	FOOD DISTRIBUTION PROGRAM	ADMINISTRATIVE AND GENERAL	FUNDRAISING	
Salaries	\$ 187,251	\$ 43,500	\$ 25,092	\$ 255,843
Employee benefits	6,039	1,406	828	8,273
Payroll taxes	18,701	3,664	1,999	24,364
Total Payroll and Related Expenses	<u>211,991</u>	<u>48,570</u>	<u>27,919</u>	<u>288,480</u>
Food purchases	475,962	-	-	475,962
Transportation costs	30,326	-	-	30,326
Accounting fees	-	18,166	-	18,166
Advertising	5,939	-	2,766	8,705
Alarm expense	260	-	-	260
Bank fees	-	985	-	985
Community relations	786	-	-	786
Consulting	-	340	10,566	10,906
Dues and subscriptions	-	634	299	933
Executive director expenses	1,051	526	1,051	2,628
Fundraising expenses	-	-	7,712	7,712
Insurance	15,880	1,297	687	17,864
Interest	2,364	-	-	2,364
Internet/cable	1,594	366	194	2,154
Licenses & taxes	1,027	60	200	1,287
Office expense	-	5,734	-	5,734
Paypal fees	-	-	1,732	1,732
Payroll fees	2,926	672	356	3,954
Pest control	454	113	-	567
Postage	-	-	1,003	1,003
Rent	33,339	7,860	-	41,199
Repairs and maintenance	15,082	-	-	15,082
Telephone	1,380	-	-	1,380
Utilities	14,960	3,210	-	18,170
Vehicle lease	28,688	-	-	28,688
Vehicle maintenance	7,593	-	-	7,593
Volunteer appreciation	-	2,068	-	2,068
Warehouse supplies	6,541	-	-	6,541
Website	-	-	880	880
Total Direct Expenses	<u>646,152</u>	<u>42,031</u>	<u>27,446</u>	<u>715,629</u>
Loss on sale of property	36,534	-	-	36,534
Depreciation/amortization	34,260	-	-	34,260
Total Expenses	<u>\$ 928,937</u>	<u>\$ 90,601</u>	<u>\$ 55,365</u>	<u>\$ 1,074,903</u>

(Continued)

The accompanying notes are integral to the financial statements.

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
STATEMENT OF FUNCTIONAL EXPENSES (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2019

	PROGRAM SERVICES			TOTAL EXPENSES 2019
	FOOD DISTRIBUTION PROGRAM	ADMINISTRATIVE AND GENERAL	FUNDRAISING	
Salaries	\$ 144,391	\$ 51,073	\$ 18,146	\$ 213,610
Employee benefits	200	-	-	200
Payroll taxes	10,454	4,297	1,380	16,131
Total Payroll and Related Expenses	<u>155,045</u>	<u>55,370</u>	<u>19,526</u>	<u>229,941</u>
Food purchases	427,999	-	-	427,999
Transportation costs	28,602	-	-	28,602
Accounting fees	-	15,918	-	15,918
Advertising	-	-	3,042	3,042
Alarm expense	315	-	-	315
Bank fees	-	110	-	110
Board expenses	-	88	-	88
Community relations	40	-	-	40
Consulting	-	9,714	-	9,714
Donations	7,704	-	-	7,704
Dues and subscriptions	-	788	-	788
Executive director expenses	536	535	888	1,959
Fundraising expenses	-	-	18,321	18,321
Insurance	22,541	2,413	344	25,298
Internet/cable	1,689	544	105	2,338
Licenses & taxes	1,990	-	200	2,190
Office expense	-	2,263	-	2,263
Paypal fees	-	-	1,245	1,245
Payroll fees	3,091	994	192	4,277
Postage	-	-	444	444
Rent	36,401	7,960	-	44,361
Repairs and maintenance	5,797	-	-	5,797
Telephone	953	-	-	953
Utilities	11,373	2,843	-	14,216
Vehicle lease	28,038	-	-	28,038
Vehicle maintenance	5,752	-	-	5,752
Volunteer appreciation	-	2,963	-	2,963
Warehouse supplies	4,154	-	-	4,154
Website	-	-	1,637	1,637
Total Direct Expenses	<u>586,975</u>	<u>47,133</u>	<u>26,418</u>	<u>660,526</u>
Depreciation/amortization	<u>30,220</u>	<u>1,172</u>	<u>1,088</u>	<u>32,480</u>
Total Expenses	<u>\$ 772,240</u>	<u>\$ 103,675</u>	<u>\$ 47,032</u>	<u>\$ 922,947</u>

The accompanying notes are integral to the financial statements.

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
STATEMENTS OF CASH FLOWS

	For The Years Ended December 31,	
	2020	2019
Cash Flows from Operating Activities:		
Change in net assets	\$ 307,078	\$ 18,925
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	34,260	32,480
Loss on disposal of fixed assets	36,534	-
Change in operating assets and liabilities:		
Contributions receivable	(9,627)	(368)
Accounts receivable	(1,014)	-
Inventory	11,619	(6,138)
Prepaid expenses	(2,365)	(81)
Accounts payable and accrued expenses	(252)	(28,956)
Performance obligations - shared maintenance fees	7,186	2,849
Net Cash Provided by Operating Activities	383,419	18,711
Cash Flows from Investing Activities:		
Proceeds from sale of property and equipment	8,000	-
Proceeds from sale of investments	105,815	-
Purchase of property and equipment	(112,473)	-
Purchase of investments	(103,326)	(2,473)
Net Cash Used In Investing Activities	(101,984)	(2,473)
Cash Flows from Financing Activities:		
Proceeds from notes payable and SBA financing	158,888	-
Principal payments on notes payable	(61,731)	-
Net Cash Used In Investing Activities	97,157	-
Net increase in cash	378,592	16,238
Cash at beginning of year	435,933	419,695
Cash at end of year	\$ 814,525	\$ 435,933
Supplemental disclosures:		
Interest paid	\$ 2,364	\$ -

The accompanying notes are integral to the financial statements.

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description 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. The Organization is supported primarily through donor contributions and grants (57% of total revenue and support) and shared maintenance fees assessed to feeding agencies (42% of total revenue and support). The Organization operates as a redistribution/partner organization (“RDO/PDO”) under a contractual agreement with Feeding America Tampa Bay, Inc.

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 State of America (U.S. GAAP). The Financial Accounting Standards Board (FASB) provides authoritative guidance regarding U.S. GAAP through the Accounting Standards Codification (ASC) and related Accounting Standards Updates (ASUs).

Cash and Cash Equivalents

Cash and cash equivalents include cash and highly-liquid investments with an original maturity of 90 days or less.

Investments

The Organization reports investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities.

Promises to Give

Unconditional promises to give are recognized as contributions revenue in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value, if expected to be collected in one year and at fair value, if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At December 31, 2020, unconditional promises to give expected to be collected in one year totaled \$12,334. At December 31, 2019, unconditional promises to give expected to be collected in one year totaled \$2,707. At December 31, 2020 and 2019, there were no conditional promises to give.

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable

Accounts receivable are stated at unpaid balances, less an allowance for doubtful accounts. The Organization provides for losses on accounts receivable using the allowance method. The allowance is based on experience, third-party contracts, and other circumstances, which may affect the ability of members to meet their obligations.

Receivables are considered impaired if full principal payments are not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected.

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, 2020 and 2019 was \$11,885 and \$23,504, respectively.

Property, Equipment and Depreciation

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases in unrestricted net assets 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 restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

All acquisitions of property and equipment in excess of \$2,500 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized. Property and equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. Depreciation is computed using the straight-line method.

Net Assets

The Organization reports information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net assets without donor restrictions are resources available to support operations and not subject to donor restrictions. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations. The Organization's Board has designated net assets for future expansion, vehicle and/or equipment replacements and employee benefits. There are currently no restrictions on net assets.

Net assets with donor restrictions are resources that are subject to donor-imposed restrictions. Some restrictions are temporary in nature, such as those that are restricted by a donor for use for a particular purpose or in a particular future period. Other restrictions may be perpetual in nature; such as those that are restricted by a donor that the resources be maintained in perpetuity.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions.

Shared Maintenance Fees

As an RDO/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.

Revenue Recognition

Shared maintenance fees are accounted for under ASC Topic 606, Revenue from Contracts with Customers (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, 2020, 2019 and 2018, there was \$22,602, \$15,416, and \$12,567, respectively of performance obligations to be satisfied and recognized as revenue in the subsequent year.

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition (continued)

Contributions from organizations and individuals are recognized when cash, 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 or the donor has explicitly released the restriction. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions.

Donated Rent and Food

Donated rent, food, goods and materials are recorded at estimated fair value at the date of the contribution.

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.

Donated Services

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. The Organization pays for most services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization.

Functional Expense Allocation

Directly identifiable expenses are charged to programs and supporting services. The Executive Director's time has been allocated to program, administrative, and fundraising functions based on approximate hours worked for each function during the year. Depreciation expense is allocated to either program costs or administrative functions based on direct benefit to the Organization. In-kind rental expense has been allocated based on an allocation of 20% to administrative costs for office space and related utilities and 80% to program costs for warehouse space utilized by the food program.

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising

The Organization uses advertising to promote its programs among the audiences it serves. The production costs advertising are expensed as incurred. For the years ended December 31, 2020 and 2019, these costs were \$5,794 and \$3,042, respectively.

Investment Return

Investment return represents interest paid on the Organization's interest-bearing bank accounts as well as certificates of deposits and the realized and unrealized appreciation (depreciation) of short-term investments. Investment return is reported net of any investment fees.

Income Taxes

The Organization is, under most circumstances, exempt from federal income tax under Section 501(c) (3) of the Internal Revenue Code. In addition, the Association qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). Under these provisions, no tax is paid on income it receives as long as it maintains its tax-exempt status. Accordingly, no provision for income taxes is provided in the accompanying financial statements. The Organization annually files Form 990 as required for not-for-profit organizations. These returns are subject to examination by the applicable taxing authorities for the last three preceding years.

The Organization utilizes the accounting requirements associated with uncertainty in income taxes using the provisions of Financial Accounting Standards Board (FASB) ASC 740, Income Taxes. Using that guidance, tax positions initially need to be recognized in the financial statements when it is more likely-than-not the positions will be sustained upon examination by the tax authorities. It also provides guidance for derecognition, classification, interest and penalties, accounting in interim periods, disclosure and transition. As of December 31, 2020 and 2019, the Organization has no uncertain tax provisions that qualify for recognition or disclosure in the financial statements. The Organization believes it is no longer subject to income tax examinations for years prior to 2017.

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Concentrations

Credit Risk:

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash deposits. The Association places its cash investments with high credit quality financial institutions and limits the amount of credit exposure to any one financial institution. At December 31, 2020, the Organization had uninsured cash balances of \$294,686. At December 31, 2019, the Organization had no uninsured cash balances.

Market Risk:

Financial instruments that potentially subject the Organization to concentrations of market risk consist principally of investments in corporate bonds and certain certificates of deposits. These securities are carried on national stock exchanges and their value is affected by fluctuations in quoted market price.

Other Concentrations:

The Organization operates a singular facility in Homosassa, Florida and provides its services primarily within the geographical boundaries of Citrus, Sumter and Hernando County, Florida.

For the year ended December 31, 2020 and 2019, the Organization received approximately \$165,000 and \$210,000, respectively of shared maintenance fees from Citrus County Harvest or 12% and 20%, respectively of total revenues.

Estimates

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

Subsequent Events

The Organization has evaluated subsequent events through March 22, 2022, the date which the financial statements were available to be issued.

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE B - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization maintains its financial assets primarily in cash and cash equivalents to provide liquidity to ensure funds are available as the Organization's expenditures come due. The following reflects the Organization's financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year of the statement of financial position date because of contractual or donor-imposed restrictions.

For the year ended December 31,	2020	2019
Financial assets, at year end	\$ 918,254	\$ 541,511
Less those not available for general expenditures within one year due to contractual or donor-imposed restrictions	-	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 918,254	\$ 541,511

NOTE C - INVESTMENTS

Investment return consists of the following:

For the year ended December 31,	2020	2019
Investment income	\$ 4,129	\$ 4,287
Net realized gain on sale of investments	76	-
Net unrealized loss on investments	(2,198)	-
Total	\$ 2,007	\$ 4,287

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE C – INVESTMENTS (CONTINUED)

Fair Value Measurements

Fair value is the exchange price that would be received for an asset or paid to transfer a liability (exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. There are three levels of inputs that may be used to measure fair values:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices, such as:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs, other than quoted prices, that are:
 - observable; or
 - can be corroborated by observable market data.

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 asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques maximize the use of relevant observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2020 and 2019.

Corporate bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings.

Certificates of deposit: Valued using amortized costs which approximates fair value

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

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE C - INVESTMENTS (CONTINUED)

Investments consist of the following:

December 31, 2020	N/A	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ -	\$ 52,354	\$ -	\$ 52,354
Certificates of deposit	48,028	-	-	-	48,028
Total investments	\$ 48,028	\$ -	\$ 52,354	\$ -	\$ 100,382

December 31, 2019	N/A	Level 1	Level 2	Level 3	Total
Corporate bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Certificates of deposit	102,871	-	-	-	102,871
Total investments	\$ 102,871	\$ -	\$ -	\$ -	\$ 102,871

Changes in Fair Value Levels

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

Management evaluated the significance of transfer between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. For the year ended December 31, 2020, there were no significant transfers in or out of Levels 1, 2 or 3.

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment comprised of:

As of December 31,	2020	2019	Estimated Useful Lives (Years)
Leasehold improvements	\$ 4,703	\$ 4,703	10
Furnitures and equipment	199,188	199,188	5-15
Vehicles	247,447	218,673	5-15
Total	451,338	422,564	
Less accumulated depreciation	(160,208)	(165,113)	
Property and Equipment, net	\$ 291,130	\$ 257,451	

Depreciation expense for the years ended December 31, 2020 and 2019 was \$34,260 and \$32,480, respectively.

NOTE E - ACCOUNTS PAYABLE AND ACCRUED EXPENSES

Accounts payable and accrued expenses are comprised of the following:

As of December 31,	2020	2019
Accounts payable	\$ 8,095	\$ 8,886
Accrued payroll and taxes	4,475	-
Credit card liability	12,634	16,570
Total	\$ 25,204	\$ 25,456

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE F - NOTE PAYABLE

Notes payable consist of the following:

As of December 31,	2020	2019
Note payable of \$112,874 to a bank collateralized by a truck with a net book value of \$106,224, due in monthly installments of \$2,030, with a stated interest rate of 3.00%, and a maturity date of February 2025.	\$ 50,742	\$ -
	\$ 50,742	\$ -
	\$ 50,742	\$ -

Future maturities of notes payable are as follows:

December 31,	
2021	\$ 23,365
2022	23,868
2023	3,509
	\$ 50,742

NOTE G - PAYCHECK PROTECTION PROGRAM LOAN

On April 17, 2020, the Organization qualified for and received a loan pursuant to the Paycheck Protection Program, a program implemented by the U.S. Small Business Administration under the Coronavirus Aid, Relief and Economic Security Act, from a qualified lender (Bank of America), for an aggregate principle amount of \$46,415 (the “PPP Loan”). The PPP Loan bears interest at a fixed rate of 1%, with the first six months of interest deferred, has a term of 2 years, and is unsecured and guaranteed by the U.S. Small Business Administration. The principal amount of the PPP loan is subject to forgiveness under the Paycheck Protection Program upon the Organization’s request to the extent that the PPP Loan proceeds are used to pay expenses permitted by the Paycheck Protection Program, including payroll costs, covered rent and mortgage obligations, and covered utility payments incurred by the Organization.

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE G - PAYCHECK PROTECTION PROGRAM LOAN (CONTINUED)

On February 16, 2021 the Organization was granted forgiveness of the PPP Loan for the full balance of \$46,415 in principal and any accrued interest, which was recognized as loan forgiveness income in 2021.

NOTE H - AVAILABLE CREDIT

The Organization has a credit card through a local bank with a limit of \$35,000. As of December 31, 2020, the Organization had no outstanding balance on the credit card.

NOTE I - NET ASSETS

A summary of net asset without donor restrictions follows:

As of December 31,	2020	2019
Undesignated	\$1,000,730	\$ 773,079
Board designated - equipment	40,000	40,000
Board designated - expansion	60,000	-
Board designated - employee benefits	9,427	-
Total	\$1,110,157	\$ 813,079

NOTE J - DONATED RENT, GOOD AND SERVICES

Donated goods and services are comprised of the following:

For the year ended December 31,	2020	2019
Food product	\$ 991	\$ 289
Rent expense	38,800	38,800
Total	\$ 39,791	\$ 39,089

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE K - RELATED PARTIES

Donations from board members or their respective employer were \$71,780 and \$75,470 during the years ended December 31, 2020 and 2019, respectively.

The Organization obtains accounting services from Wardlow & Cash, P.A., an accounting firm related to a Board member. The Organization paid \$6,666 and \$6,600 to Wardlow & Cash, P.A. for the years ended December 31, 2020 and 2019, respectively.

NOTE L - LEASE COMMITMENT

In August 2012, the Organization entered into a lease agreement for the right to use the common facilities furnished by the lessor. The lease commenced in September 2012 and expires in March 2020. The lease contains a renewal clause for an automatic ten year renewal if notice to vacate the premise within sixty days prior to the expiration of the initial term is not given. The lease requires annual rent in the amount of \$1 and an additional rent amount equal to the lessee's proportionate share of the operating costs during any calendar year during the term of the lease.

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, 2020 and 2019, rent expense was \$28,688 and \$33,599, respectively.

The amount of future lease payments for the secondary site and the vehicle lease are as follows:

For the Year Ending December 31,	Amount
2021	\$ 27,322
2022	22,768
	<u>\$ 50,090</u>

COMMUNITY FOOD BANK OF CITRUS COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE M - COVID-19

The novel coronavirus (COVID-19) pandemic was declared a national emergency in March 2020, creating economic disruption throughout the country, causing significant declines in the financial markets and economic activity overall. The Company may experience delays in production related to inventory stocking, shortage of labor hours and receipt of payments. The ultimate effects of these items are expected to be significant, but are not quantifiable at this time.

NOTE N - SUBSEQUENT EVENT

In February 2021, the Company received \$50,000 of CARES Act Funds from Citrus County that will be utilized to assist the community through COVID-19.