

**UNIVERSITY DISTRICT SERVICE LEAGUE**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**



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**UNIVERSITY DISTRICT SERVICE LEAGUE  
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(WITH COMPARATIVE TOTALS FOR 2019)**

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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
University District Service League  
Seattle, Washington

### **Report on the Financial Statements**

We have audited the accompanying financial statements of University District Service League (the Food Bank), a Washington nonprofit corporation, which comprise the statement of financial position as of June 30, 2020, the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

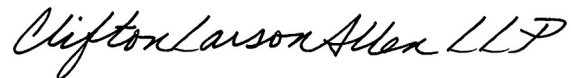
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Food Bank as of June 30, 2020, 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.

***Report on Summarized Comparative Information***

We have previously audited the Food Bank's 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 9, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

**CliftonLarsonAllen LLP**

Bellevue, Washington  
October 15, 2020

**UNIVERSITY DISTRICT SERVICE LEAGUE  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	2020	2019
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 1,060,529	\$ 637,274
Investments	757,355	-
Grants and Contributions Receivable	66,142	57,005
Capital Campaign Receivables	-	10,000
Food and Other Inventory	102,125	69,367
Prepaid Expenses	18,944	9,002
Total Current Assets	2,005,095	782,648
<b>NONCURRENT ASSETS</b>		
Escrow Reserve	4,693	4,541
Property and Equipment, Net	3,268,052	3,285,128
Total Noncurrent Assets	3,272,745	3,289,669
Total Assets	\$ 5,277,840	\$ 4,072,317
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 7,074	\$ 12,871
Accrued Liabilities	91,041	49,116
Deferred Revenue	25,180	42,020
Current Portion of Note Payable	49,489	4,387
Total Current Liabilities	172,784	108,394
Note Payable, Net	262,203	223,570
Total Liabilities	434,987	331,964
<b>NET ASSETS</b>		
Without Donor Restrictions	4,732,984	3,645,789
With Donor Restrictions	109,869	94,564
Total Net Assets	4,842,853	3,740,353
Total Liabilities and Net Assets	\$ 5,277,840	\$ 4,072,317

See accompanying Notes to Financial Statements.

**UNIVERSITY DISTRICT SERVICE LEAGUE  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	Without Donor Restrictions	With Donor Restrictions	Total 2020	Total 2019
<b>REVENUE AND SUPPORT</b>				
In-Kind Contributions	\$ 3,610,051	\$ -	\$ 3,610,051	\$ 3,174,104
Contributions	1,787,390	-	1,787,390	648,718
Biodigester Contributions	-	15,305	15,305	44,366
Government Grants	300,912	-	300,912	205,071
Special Events	217,523	-	217,523	272,082
Special Event Expenses	(56,948)	-	(56,948)	(48,126)
Rental Income	15,120	-	15,120	15,120
Other Income	28,340	-	28,340	15,362
Total Support and Revenue	<u>5,902,388</u>	<u>15,305</u>	<u>5,917,693</u>	<u>4,326,697</u>
<b>EXPENSES</b>				
Program	4,561,296	-	4,561,296	4,043,499
General and Administrative	89,636	-	89,636	103,347
Fundraising	164,261	-	164,261	150,754
Total Expenses	<u>4,815,193</u>	<u>-</u>	<u>4,815,193</u>	<u>4,297,600</u>
<b>CHANGE IN NET ASSETS</b>	1,087,195	15,305	1,102,500	29,097
Net Assets - Beginning of Year	<u>3,645,789</u>	<u>94,564</u>	<u>3,740,353</u>	<u>3,711,256</u>
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 4,732,984</u>	<u>\$ 109,869</u>	<u>\$ 4,842,853</u>	<u>\$ 3,740,353</u>

See accompanying Notes to Financial Statements.

**UNIVERSITY DISTRICT SERVICE LEAGUE  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	Program Services	General and Administrative	Fundraising	Total 2020	Total 2019
Food Donations	\$ 3,867,549	\$ -	\$ -	\$ 3,867,549	\$ 3,423,868
Salaries and Benefits	457,049	41,216	126,098	624,363	543,989
Depreciation	79,260	156	894	80,310	80,310
Grants and Contributions	11,938	-	-	11,938	8,314
Special Events	-	-	56,948	56,948	48,126
Office and Miscellaneous Expenses	30,442	18,019	20,523	68,984	66,049
Occupancy	63,284	-	-	63,284	81,930
Professional Fees	-	26,189	-	26,189	32,175
Bad Debts	-	-	10,000	10,000	2,140
Other Program Expenses	19,475	-	-	19,475	17,524
Interest Expense	9,272	210	-	9,482	11,807
Credit Card Fees	21,596	-	6,730	28,326	12,236
Loan Fee Amortization	1,431	3	16	1,450	13,984
Insurance	-	3,843	-	3,843	3,274
Total Expenses	<u>4,561,296</u>	<u>89,636</u>	<u>221,209</u>	<u>4,872,141</u>	<u>4,345,726</u>
Less: Expenses Included with Revenue on the Statement of Activities	<u>-</u>	<u>-</u>	<u>(56,948)</u>	<u>(56,948)</u>	<u>(48,126)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 4,561,296</u>	<u>\$ 89,636</u>	<u>\$ 164,261</u>	<u>\$ 4,815,193</u>	<u>\$ 4,297,600</u>

See accompanying Notes to Financial Statements.

**UNIVERSITY DISTRICT SERVICE LEAGUE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2020  
(WITH COMPARATIVE TOTALS FOR 2019)**

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 1,102,500	\$ 29,097
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Capital Campaign Contributions	(15,305)	(44,366)
Depreciation	80,310	80,310
Interest - Amortization of Debt Issuance Cost	1,450	13,984
Unrealized (Gain) Loss on Investments	(1,833)	-
Bad Debt	10,000	2,140
(Increase) Decrease in Operating Assets:		
Accounts and Grants Receivable	(9,137)	(3,623)
Food and Other Inventory	(32,758)	(23,209)
Prepaid Expenses	(9,942)	3,089
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(5,797)	11,403
Accrued Liabilities	41,925	8,510
Deferred Revenue	(16,840)	(14,400)
Net Cash Provided by Operating Activities	1,144,573	62,935
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Property and Equipment	(63,234)	(113,874)
Purchases of Investments	(995,415)	-
Proceeds from Sale of Investments	240,000	-
Net Cash Used by Investing Activities	(818,649)	(113,874)
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Cash Paid for Debt Issuance Cost	-	(9,419)
Proceeds from Long-Term Debt	102,143	244,200
Principal Payments of Long-Term Debt	(19,965)	(227,573)
Proceeds from Capital Campaign Contributions	15,305	96,506
Net Cash Provided by Financing Activities	97,483	103,714
 <b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	423,407	52,775
Cash and Cash Equivalents - Beginning of Year	641,815	589,040
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 1,065,222</b>	<b>\$ 641,815</b>
 <b>SUPPLEMENTAL DISCLOSURE</b>		
Interest Paid	\$ 9,482	\$ 13,984
 <b>RECONCILIATION OF CASH - END OF YEAR PER THE CASH FLOW STATEMENT TO CASH IN BANK PER THE STATEMENT OF FINANCIAL POSITION</b>		
Cash in Bank	\$ 1,060,529	\$ 637,274
Escrow Reserves	4,693	4,541
Cash - End of Year per Cash Flow Statement	<b>\$ 1,065,222</b>	<b>\$ 641,815</b>

See accompanying Notes to Financial Statements.



**UNIVERSITY DISTRICT SERVICE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

University District Service League, doing business as University District Food Bank (The Food Bank) is a nonprofit corporation organized to prevent hunger across Northeast Seattle neighborhoods and to help move individuals and families of low-income toward increased levels of stability and self-sufficiency.

The Food Bank's programming is primarily focused on improved food access. COVID has impacted The Food Bank's weekly operations quite significantly. Significant changes have been needed in order to support evolving public health mandates and ensure that food remains accessible. The changes have meant adding staff, expanded hours of distribution, new distribution days, support from the Washington National Guard, and a doubling in the number of volunteers who support our work each week.

Our primary program, a walk-in food bank, had promoted customer choice and dignity to its more than 1,200 weekly customer families through an innovative, grocery store styled shopping system. For COVID, that program has been re-imagined and replaced by a team of volunteer personal shoppers. These volunteers build custom food boxes based on specific food preferences identified by customers. This system still delivers customer choice but in a more laborious way.

Not surprisingly, the Food Bank's home delivery program has grown significantly during COVID. The need for some populations to isolate to remain safe has meant that home delivery now serves more than 400 households each week, double our pre-COVID service levels. The Food Bank added a second distribution day and brought on new partnerships which have allowed delivery services to scale as needed.

The Food Bank's weekly pantry at North Seattle College was suspended in Spring 2020 when the college suspended in-person learning and the campus was effectively shut down. Support for this pantry remains high so the Food Bank is coordinating a return once classes resume in-person.

The Food Bank's weekly pantry at Magnuson Park, begun in August 2019, continues operation. While some customers opted to join home delivery services, pantry distribution continues to support about 100 households. Some changes were needed to promote individual safety; however services remain well supported and operations continue uninterrupted.

Packs for Kids, our weekly program to bring backpacks of food to students in nearby public schools, has taken on a new form during our COVID. Even with virtual learning, The Food Bank has remained a resource that supports more than 600 students each week. The Food Bank provides direct services still to five of our 14 partner schools and we support a collaboration with the centralized feeding program through Seattle Public Schools. This response ensures that students continue to have access to healthy and easy to prepare meals and snacks throughout the weekend even without in-person learning.

**UNIVERSITY DISTRICT SERVICE LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Organization (Continued)**

The Food Bank continues to operate Rooftop Roots, our rooftop garden. Through a mix of staff and volunteers, the food bank grows produce year-round in 2,000 square feet of raised bed gardens. The produce is distributed directly to The Food Bank's customers across the different programs, as appropriate.

**Financial Statement Presentation**

The Food Bank's financial statements are presented on the accrual basis of accounting. Net assets, revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions.

**Net Assets**

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. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service.

The Food Bank reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of activities. Most expenses are directly assigned based on the function that incurred the cost. Employee time is allocated based on time worked. Depreciation, interest, and amortization of loan fees is allocated based on square footage.

**UNIVERSITY DISTRICT SERVICE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The Food Bank considers all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

The Food Bank maintains its cash in bank deposit accounts and certificates of deposit that at times may exceed federally insured limits.

**Grants and Contributions Receivable**

Grants receivable are stated at the amount management expects to collect from outstanding balances. All were considered collectible within one year and no allowance for uncollectible amounts was considered necessary at June 30, 2020.

Pledges receivable are initially recorded at fair value including assumptions about expected year of collection, estimated allowance, and donor-specific discount rates. Management reviews the collectibility of pledges receivable on a periodic basis and specifically identifies amounts that are considered to be uncollectible. A reserve for doubtful accounts is then established, if deemed necessary by management. The Food Bank charges off receivables against the allowance when management determines that a receivable is not collectible. No allowance for uncollectible amounts was considered necessary at June 30, 2020.

**Inventory**

Inventory consists primarily of donated food and items to be sold at the annual auction. These contributions are valued at fair value when received. Purchased inventory is recorded at cost.

**Property and Equipment**

Property and equipment additions are capitalized at over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

**Revenue and Revenue Recognition**

Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

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.

**UNIVERSITY DISTRICT SERVICE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Revenue and Revenue Recognition (Continued)**

Revenue from special events is recognized in the period the event takes place. Funds collected in advance of the event are deferred until the event occurs. Likewise, expenses paid prior to the date of the event are recognized as prepaid expenses, and recognized as expenses on the date of the event.

**Donated Services and In-Kind Contributions**

In-kind contributions consist primarily of food donations. The Food Bank measures pounds of food donated when received and records in-kind revenue based on a per pound rate used by the Washington State Department of Agriculture. During the year ended June 30, 2020, 37% of in-kind food contributions were received from one donor.

In addition, the Food Bank received volunteer accounting, graphic design, and legal services in 2020 valued at \$14,489.

A substantial number of unpaid volunteers have made significant contributions of their time (approximately 28,000 volunteer hours) to administer the Food Bank's distribution programs. The Food Bank valued this contributed labor at \$480,200 for the year ended June 30, 2020. The value of these services is not reflected in the accompanying financial statements.

**Income Taxes**

University District Service League is a nonprofit organization exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Food Bank's income tax filings are subject to examination by various taxing authorities.

The Food Bank follows the provisions of uncertain tax positions as addressed in Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Subtopic 740-10, Income Taxes. The Food Bank believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

**Use of Estimates**

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

**UNIVERSITY DISTRICT SERVICE LEAGUE**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Change in Accounting Principles**

For the year ended June 30, 2020, the Food Bank adopted FASB Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers (Topic 606)*. Subsequent to May 2014, the FASB issued six ASUs to clarify certain matters related to Topic 606. Topic 606 supersedes the revenue recognition requirements in FASB ASC 605, *Revenue Recognition*, and requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The updates address the complexity of revenue recognition and provide sufficient information to enable financial statements users to understand the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. The Project's financial statements reflect the application of ASC 606 guidance beginning in 2020. No cumulative-effect adjustments in net assets was recorded because the adoption of ASU 2014-09 did not significantly impact the Project's reported historical revenue. The Project's main revenue stream is scoped out of Topic 606.

Additionally in June 2018, FASB issued ASU 2018-08, *Accounting Guidance for Contributions Received and Made*. This ASU was issued to clarify accounting guidance for contributions received and contributions made. The amendments to this ASU assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as an exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. There was no material impact on the entity's financial position or change in net assets upon adoption of the new standard.

For the year ended June 30, 2020, the Food Bank adopted FASB ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. This ASU was issued to clarify guidance on the classification and presentation of restricted cash in the statement of cash flows and reduce diversity in practice. The amendments to this ASU require that a statement of cash flows explain the change during the period in the total cash, cash equivalents, and restricted cash or restricted cash equivalents. Therefore, restricted cash and restricted cash equivalents are included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The financial statements reflect the application of ASU 2016-18 using a retrospective approach to each period presented.

**Grants and Contracts from Government Agencies**

A portion of the Food Bank's revenue is derived from cost reimbursable federal, state, county, and private contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Food Bank has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position. There were no refundable advances at June 30, 2020. Amounts remaining under conditional grants from government agencies totaled approximately \$172,000.

**UNIVERSITY DISTRICT SERVICE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Grants and Contracts from Government Agencies (Continued)**

Performance obligations are determined based on the nature of the services provided by the Food Bank. Revenue for performance obligations satisfied over time is recognized based on service provided. These services are rendered individually and at the time the service is needed by individuals. The Food Bank believes that this method provides a faithful depiction of the transfer of services based on the inputs needed to satisfy the obligation. Revenue recognized for services provided totaled \$300,912 for the year ended June 30, 2020.

**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:

Cash and Cash Equivalents	\$ 1,060,529
Investments	757,355
Grants and Contributions Receivable	66,142
Less: Assets with Donor Restrictions	<u>(109,869)</u>
Total	<u><u>\$ 1,774,157</u></u>

The Food Bank's policy is to maintain operating reserves of at least three months of budgeted expenditures.

**NOTE 3 PROPERTY AND EQUIPMENT**

Property and equipment consisted of the following at June 30, 2020:

Land	\$ 932,308
Construction in Progress	109,178
Building	2,230,245
Vehicles	137,172
Computers	13,709
Freezers and Equipment	171,588
Furniture	<u>66,375</u>
Total	3,660,575
Less: Accumulated Depreciation	<u>(392,523)</u>
Total Property and Equipment	<u><u>\$ 3,268,052</u></u>

**UNIVERSITY DISTRICT SERVICE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 4 NOTE PAYABLE**

Notes payable at June 30, 2020 consisted of the following:

<u>Description</u>	<u>Amount</u>
Note payable to WCRA, interest at 4%, principal and interest payments of \$1,166 made monthly, remainder due at maturity, December 1, 2028. Secured by a deed of trust on the building.	\$ 221,747
Note payable to Beneficial State Bank, interest at 1%, principal and interest payments of \$5,748 made monthly, final payment due April 16, 2022. Loan is part of the Paycheck Protection Program.	<u>102,143</u>
Subtotal	323,890
Less: Unamortized Loan Fees	<u>(12,198)</u>
Total	<u><u>\$ 311,692</u></u>

In March 2020, the Federal government passed the Coronavirus Aid, Relief and Economic Security (CARES) Act, which included a Paycheck Protection Program (PPP), offering loans to small businesses impacted by the pandemic and economic downturn. The loans are forgivable if the proceeds are used on allowable payroll and other defined expenses. The Food Bank was approved for a PPP loan of \$102,143 and signed the loan documents on April 16, 2020. The Food Bank expects to spend the full amount on allowable expenses and have the balance forgiven at the end of the 24-week time period set forth in the PPP. Any amount not spent on allowable expenses would remain payable within two years and would bear interest at 1% and could be repaid at any time during that period with no pre-payment penalty.

Future minimum payments at June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 49,489
2022	61,971
2023	4,945
2024	5,147
2025	5,339
Thereafter	<u>196,999</u>
Total	<u><u>\$ 323,890</u></u>

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are restricted for the biodigester project at June 30, 2020.

**UNIVERSITY DISTRICT SERVICE LEAGUE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020**

**NOTE 6 RESTRICTIVE COVENANTS AND RECOVERABLE GRANTS**

In prior years, the Food Bank received forgivable loans of \$555,810 and \$250,000 from the state of Washington and the city of Seattle, respectively, to finance the construction of its current building. These loans covenant that the property be restricted to use as a food bank and other services specifically targeted to prevent food insecurity, as outlined in the agreements, for 10 and 5 years, respectively. The covenants expire on November 30, 2026 and December 1, 2021, respectively. If these requirements are not met, the full balance on the grants is payable to the grantors. Management believes the possibility that this condition will not be met is remote since it is the mission of the Food Bank. As such, these forgivable loans were recorded as revenue in prior years and are included in net assets without donor restrictions at June 30, 2020.

**NOTE 7 RETIREMENT PLAN**

The Food Bank has a SEP-IRA retirement plan covering all employees who are in service as of December 31 each year. The Food Bank contributes 5% of annual wages with the expense being accrued with each payroll. Contributions to the plan were \$19,921 during the year ended June 30, 2020.

**NOTE 8 RISKS AND UNCERTAINTIES**

The Food Bank's operations may be affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19), which was declared a pandemic by the World Health Organization in March 2020. Multiple jurisdictions in the U.S. have declared a state of emergency, and it is anticipated that resulting impacts will continue for some time. Future impacts may include increased costs due to the increased demand for food, and due to changes in the operating environment to accommodate the need for social distancing. The future effects of these issues are unknown.

**NOTE 9 SUBSEQUENT EVENTS**

The Food Bank has evaluated subsequent events through October 15, 2020, which is the date the financial statements were available to be issued, and has determined that, except as noted below, there are no material subsequent events that require recognition or additional disclosure.