

UNIVERSITY DISTRICT SERVICE LEAGUE

FINANCIAL STATEMENTS

**YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR 2021)**



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**UNIVERSITY DISTRICT SERVICE LEAGUE
TABLE OF CONTENTS
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF ACTIVITIES	4
STATEMENT OF FUNCTIONAL EXPENSES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS	7



INDEPENDENT AUDITORS' REPORT

Board of Directors
University District Service League
Seattle, Washington

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of University District Service League, which comprise the statement of financial position as of June 30, 2022, 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 University District Service League as of June 30, 2022, 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 (GAAS). 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 University District Service League 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 University District Service League's ability to continue as a going concern for one year after the date 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 GAAS 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 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.

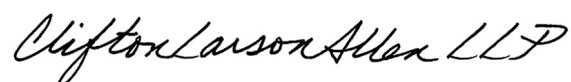
In performing an audit in accordance with GAAS, we:

- 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 University District Service League'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 University District Service League'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 University District Service League's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 10, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.



CliftonLarsonAllen LLP

Bellevue, Washington
January 26, 2023

UNIVERSITY DISTRICT SERVICE LEAGUE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR JUNE 30, 2021)

	<u>2022</u>	<u>2021</u>
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,255,281	\$ 1,927,144
Investments	1,841,539	751,489
Grants and Contributions Receivable	69,622	143,271
Food and Other Inventory	116,819	120,580
Prepaid Expenses	12,819	21,201
Total Current Assets	<u>3,296,080</u>	<u>2,963,685</u>
NONCURRENT ASSETS		
Property and Equipment, Net	<u>3,331,159</u>	<u>3,390,393</u>
Total Noncurrent Assets	<u>3,331,159</u>	<u>3,390,393</u>
Total Assets	<u><u>\$ 6,627,239</u></u>	<u><u>\$ 6,354,078</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 19,461	\$ 25,352
Accrued Liabilities	141,619	96,417
Deferred Revenue	5,000	5,000
Total Current Liabilities	<u>166,080</u>	<u>126,769</u>
Total Liabilities	166,080	126,769
NET ASSETS		
Without Donor Restrictions	6,185,953	5,915,731
With Donor Restrictions	275,206	311,578
Total Net Assets	<u>6,461,159</u>	<u>6,227,309</u>
Total Liabilities and Net Assets	<u><u>\$ 6,627,239</u></u>	<u><u>\$ 6,354,078</u></u>

See accompanying Notes to Financial Statements.

**UNIVERSITY DISTRICT SERVICE LEAGUE
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Without Donor Restrictions	With Donor Restrictions	Total 2022	Total 2021
REVENUE AND SUPPORT				
In-Kind Contributions	\$ 3,292,228	\$ -	\$ 3,292,228	\$ 3,312,274
Contributions	1,666,083	62,897	1,728,980	2,207,429
Government Grants	353,092	-	353,092	521,988
Special Events	251,520	-	251,520	237,992
Special Event Expenses	(31,799)	-	(31,799)	(16,120)
Rental Income	-	-	-	22,680
Investment Gain (Loss)	(183,579)	-	(183,579)	(18,747)
Loan Forgiveness	-	-	-	103,089
Net Assets Released from Restrictions	99,269	(99,269)	-	-
Total Support and Revenue	<u>5,446,814</u>	<u>(36,372)</u>	<u>5,410,442</u>	<u>6,370,585</u>
EXPENSES				
Program	4,826,317	-	4,826,317	4,725,058
General and Administrative	139,813	-	139,813	87,858
Fundraising	210,462	-	210,462	173,213
Total Expenses	<u>5,176,592</u>	<u>-</u>	<u>5,176,592</u>	<u>4,986,129</u>
CHANGE IN NET ASSETS	270,222	(36,372)	233,850	1,384,456
Net Assets - Beginning of Year	<u>5,915,731</u>	<u>311,578</u>	<u>6,227,309</u>	<u>4,842,853</u>
NET ASSETS - END OF YEAR	<u>\$ 6,185,953</u>	<u>\$ 275,206</u>	<u>\$ 6,461,159</u>	<u>\$ 6,227,309</u>

See accompanying Notes to Financial Statements.

**UNIVERSITY DISTRICT SERVICE LEAGUE
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)**

	Program Services	General and Administrative	Fundraising	Total 2022	Total 2021
Food Donations	\$ 3,800,384	\$ -	\$ -	\$ 3,800,384	\$ 3,703,885
Salaries and Benefits	674,353	79,994	153,893	908,240	858,720
Depreciation	113,942	253	1,234	115,429	101,362
Grants and Contributions	32,285	-	-	32,285	3,047
Special Events	-	-	31,799	31,799	16,120
Office and Miscellaneous Expenses	78,510	41,586	50,191	170,287	135,142
Occupancy	65,255	-	-	65,255	77,402
Professional Fees	-	13,440	-	13,440	12,338
Other Program Expenses	38,077	-	-	38,077	34,757
Interest Expense	-	-	-	-	9,110
Credit Card Fees	23,511	-	5,144	28,655	34,120
Loan Fee Amortization	-	-	-	-	12,198
Insurance	-	4,540	-	4,540	4,048
Total Expenses	<u>4,826,317</u>	<u>139,813</u>	<u>242,261</u>	<u>5,208,391</u>	<u>5,002,249</u>
Less: Expenses Included with Revenue on the Statement of Activities	<u>-</u>	<u>-</u>	<u>(31,799)</u>	<u>(31,799)</u>	<u>(16,120)</u>
Total Expenses Included in the Expense Section of the Statement of Activities	<u>\$ 4,826,317</u>	<u>\$ 139,813</u>	<u>\$ 210,462</u>	<u>\$ 5,176,592</u>	<u>\$ 4,986,129</u>

See accompanying Notes to Financial Statements.

UNIVERSITY DISTRICT SERVICE LEAGUE
STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2021)

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 233,850	\$ 1,384,456
Adjustments to Reconcile Change in Net Assets to Net		
Cash Provided by Operating Activities:		
Capital Campaign Contributions	(62,897)	(201,709)
Depreciation	115,429	101,362
Interest - Amortization of Debt Issuance Cost	-	12,198
Loan Forgiveness	-	(103,089)
Unrealized (Gain) Loss on Investments	-	46,514
(Increase) Decrease in Operating Assets:		
Accounts and Grants Receivable	73,649	(77,129)
Food and Other Inventory	3,761	(18,455)
Prepaid Expenses	8,382	(2,257)
Increase (Decrease) in Operating Liabilities:		
Accounts Payable	(5,891)	18,278
Accrued Liabilities	45,202	5,376
Deferred Revenue	-	(20,180)
Net Cash Provided by Operating Activities	<u>411,485</u>	<u>1,145,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(56,195)	(223,703)
Purchases of Investments	(1,939,404)	-
Proceeds from Sale of Investments	<u>849,354</u>	<u>202,287</u>
Net Cash Used by Investing Activities	<u>(1,146,245)</u>	<u>(21,416)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments of Long-Term Debt	-	(220,801)
Proceeds from Capital Campaign Contributions	<u>62,897</u>	<u>201,709</u>
Net Cash Provided (Used) by Financing Activities	<u>62,897</u>	<u>(19,092)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(671,863)	1,104,857
Cash and Cash Equivalents - Beginning of Year	<u>1,927,144</u>	<u>822,287</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u><u>\$ 1,255,281</u></u>	<u><u>\$ 1,927,144</u></u>
RECONCILIATION OF CASH - END OF YEAR PER THE CASH FLOW STATEMENT TO CASH IN BANK PER THE STATEMENT OF FINANCIAL POSITION		
Cash in Bank	<u>\$ 1,255,281</u>	<u>\$ 1,927,144</u>
Cash - End of Year per Cash Flow Statement	<u><u>\$ 1,255,281</u></u>	<u><u>\$ 1,927,144</u></u>

See accompanying Notes to Financial Statements.

UNIVERSITY DISTRICT SERVICE LEAGUE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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. The on-going COVID pandemic has meant continued changes to the Food Bank's weekly operations. Significant changes have been needed in order to support evolving public health mandates and ensure that food remains accessible to all our neighbors. Our operational changes have meant adding staff, expanding hours of distribution, adding new distribution days, collaborating with new program partners, and a doubling in the number of volunteers who support our work each week.

Our primary program, a walk-in food bank in Seattle's University District neighborhood, provides a grocery store shopping experience for our 1,200+ weekly customer families. Customers shop through our market to select the produce, dairy, meat, and other pantry staples they need to prepare their own healthy, culturally familiar meals. Hygiene items and baby supplies supplement customer visits. Ready to eat items are available for our kitchenless customers when they visit.

Not surprisingly, the Food Bank's home delivery program grew significantly during COVID and while participation has shrunk modestly, we still support more than 350 households with deliveries each week, more than our pre-pandemic levels. Volunteers are key to our home delivery success. Volunteers help us pack customized grocery bags for each of our home delivery customers based on their expressed needs and preferences. Volunteers also deliver the majority of our groceries. An on-going partnership with Pedaling Relief Project brings us added delivery capacity to reach one-off customers as well as those receiving temporary services. We also continue to support deliveries through our United Way and DoorDash collaboration to about 150 families every Saturday.

Our two weekly satellite pantries continue to support their specific communities, important since these communities have more limited access to on-going food supports. Our pantries at North Seattle College and Magnuson Park each serve 100-150 households per week and remain focused on expanding healthy, culturally familiar food choices. With more on-campus learning planned for 2023, we anticipate that our pantry at North Seattle College will continue to grow in participation and reach our pre-pandemic service levels of 250 weekly customers by school year-end in June.

Packs for Kids, our weekly program to bring backpacks of food to students in nearby public schools, has resumed to pre-COVID levels now that in-person learning has returned for Seattle Public Schools. We have new distribution partners this year and remain a resource that reaches more than 700 students each week. This response ensures that students continue to have access to healthy and easy to prepare meals and snacks throughout the weekend and return to school ready to learn on Monday morning.

UNIVERSITY DISTRICT SERVICE LEAGUE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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. We also collaborate with The Doorway Project at the University of Washington to offer two 10-week garden internship programs for 10 youth living in a nearby transitional housing. We will rebuild our raised beds in early 2023 to increase growing efficiencies and production.

Finally, we work to connect food bank customers to other important community resources. Our community engagement team provides a mail service for more than 100 customers, helps customers enroll in SNAP and utility discount programs, access free bus tickets, and restore lost identification cards and driver's licenses. We host regular health insurance enrollment activities, discount cell phone enrollment, and vaccination clinics for COVID, flu, and hepatitis.

The biggest challenge we face going forward is the significant increase in food costs and the on-going uncertainty in the food supply chain which makes reliable access to affordable food a challenge. We frequently encounter supply issues from our nonprofit and for-profit wholesalers. Costs for many of our pantry staples have risen 20%-50% in just the past year with more increases and less availability expected in 2023. Expanded fundraising will be needed to sustain this, especially as the slow recovery and possible recession have made for longer food bank lines.

Our community, as donors and volunteers, continues to make our work possible every week. We are grateful for their generous support.

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.

**UNIVERSITY DISTRICT SERVICE LEAGUE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets, Continued

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.

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 which may at times exceed insured limits of \$250,000. The Food Bank has not experienced any losses in such accounts. Cash in excess of insured limits was \$739,928 at June 30, 2022.

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, 2022.

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 net realizable value at June 30, 2022.

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.

UNIVERSITY DISTRICT SERVICE LEAGUE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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, 2022, 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 2022 valued at \$21,425, based on hourly rates of the volunteers.

A substantial number of unpaid volunteers have made significant contributions of their time (approximately 34,000 volunteer hours) to administer the Food Bank's distribution programs. The Food Bank valued this contributed labor at \$580,516 for the year ended June 30, 2022. 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.

UNIVERSITY DISTRICT SERVICE LEAGUE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 1 PRINCIPAL ACTIVITY AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Reclassifications

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

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, 2022. No amounts remained under conditional grants from government agencies at June 30, 2022.

Revenue recognized for services provided totaled \$353,092 for the year ended June 30, 2022.

Change in Accounting Principle

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This standard requires that contributed nonfinancial assets are reported on a separate line item in the statements of activities, apart from contributions of cash and other financial assets. It also requires disclosure of disaggregated amounts of contributed nonfinancial assets by category that depicts the type of contributed nonfinancial assets along with additional qualitative information about the monetization of such assets, donor restrictions and valuation techniques. The adoption of this standard did not have any significant impact on the accompanying financial statements or disclosures.

UNIVERSITY DISTRICT SERVICE LEAGUE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

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	\$ 1,255,281
Investments	1,841,539
Grants and Contributions Receivable	69,622
Less: Assets with Donor Restrictions	<u>(275,206)</u>
Total	<u><u>\$ 2,891,236</u></u>

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

NOTE 3 FAIR VALUE

FASB Codification, Subtopic 820-10, *Fair Value Measurements and Disclosures*, establishes a hierarchy for measuring fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The valuation methodologies used to measure fair value have been consistently applied. All assets and liabilities measured at fair value on a recurring basis fall in Level 1 at June 30, 2022.

	Total	Level 1	Level 2	Level 3
Money Market Funds	\$ 11,573	\$ 11,573	\$ -	\$ -
Mutual Funds	127,587	127,587	-	-
Fixed Income Accounts	<u>1,702,379</u>	<u>1,702,379</u>	<u>-</u>	<u>-</u>
Total as of				
June 30, 2022	<u><u>\$ 1,841,539</u></u>	<u><u>\$ 1,841,539</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

NOTE 4 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2022:

Land	\$ 932,308
Construction in Progress	226,193
Building	2,278,435
Vehicles	251,865
Computers	13,709
Freezers and Equipment	171,588
Furniture	<u>66,375</u>
Total	3,940,473
Less: Accumulated Depreciation	<u>(609,314)</u>
Total Property and Equipment	<u><u>\$ 3,331,159</u></u>

**UNIVERSITY DISTRICT SERVICE LEAGUE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022**

NOTE 5 RESTRICTIVE COVENANTS AND RECOVERABLE GRANTS

In a prior year, the Food Bank received a forgivable loan of \$555,810 from the state of Washington, to finance the construction of its current building. This loan covenants that the property be restricted to use as a food bank and other services specifically targeted to prevent food insecurity, as outlined in the agreement. The covenants expires on November 30, 2026. If these requirements are not met, the full balance on the grant 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, this forgivable loan was recorded as revenue in prior years and is included in net assets without donor restrictions at June 30, 2022.

NOTE 6 CONTRIBUTED NONFINANCIAL ASSETS

For the year ended June 30, 2022, contributed nonfinancial assets recognized within the statement of activities included:

Contributed Food	\$ 3,270,803
Contributed Time for Professional Services	21,425
Total	<u>\$ 3,292,228</u>

University District Service League recognized contributed nonfinancial assets within revenue, including contributions of food and professional services. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

University District Service League receives food to be given away to the community to prevent hunger.

NOTE 7 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions of \$213,651 are use restricted for the biodigester project at June 30, 2022. An additional \$61,555 is restricted for time at June 30, 2022.

NOTE 8 RETIREMENT PLAN

The Food Bank has a SEP-IRA retirement plan covering all employees who have been employed since October 1 and are still employed as of December 31 each year. The Food Bank contributes 5% of annual wages with the expense accrued with each payroll. Contributions to the plan were \$33,270 during the year ended June 30, 2022.

UNIVERSITY DISTRICT SERVICE LEAGUE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2022

NOTE 9 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 10 SUBSEQUENT EVENTS

The Food Bank has evaluated subsequent events through January 26, 2023, which is the date the financial statements were available to be issued, and has determined that there are no material subsequent events that require recognition or additional disclosure.

