



FLATHEAD FOOD BANK, INC.
INDEPENDENT AUDITOR'S REPORT and
FINANCIAL STATEMENTS
December 31, 2019

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Peterson CPA Group, P.C.

INDEPENDENT AUDITOR'S REPORT

The Board of Directors of
Flathead Food Bank, Inc.
Kalispell, Montana

We have audited the accompanying financial statements of the Flathead Food Bank, Inc., a nonprofit organization, which comprise the statement of financial position as of December 31, 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.

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.

Auditor's 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 the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's 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 Flathead Food Bank, Inc. as of December 31, 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 State of America.

Peterson CPA Group, P.C.

Missoula, Montana

October 19, 2020

FINANCIAL STATEMENTS

FLATHEAD FOOD BANK, INC.
STATEMENT OF FINANCIAL POSITION
As of December 31, 2019

ASSETS

CURRENT ASSETS	
Cash and cash equivalents - general	\$ 407,479
Inventory	<u>347,467</u>
TOTAL CURRENT ASSETS	<u>754,946</u>
PROPERTY AND EQUIPMENT, NET	<u>5,629</u>
OTHER ASSETS	
Cash and cash equivalents - restricted	42,361
Beneficial interest in assets held by others	<u>9,227</u>
TOTAL OTHER ASSETS	<u>51,588</u>
TOTAL ASSETS	<u><u>\$ 812,163</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES	
Accounts payable	\$ 11,284
Accrued liabilities	<u>6,562</u>
TOTAL CURRENT LIABILITIES	17,846
TOTAL LIABILITIES	<u>17,846</u>
NET ASSETS	
Without donor restrictions	742,729
With donor restrictions	<u>51,588</u>
TOTAL NET ASSETS	<u>794,317</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 812,163</u></u>

The notes to the financial statements are an integral part of this statement.

FLATHEAD FOOD BANK, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Donated food	\$ 2,249,139	\$ -	\$ 2,249,139
Contributions and grants	543,707	2,600	546,307
United Way contributions	3,143	-	3,143
Fundraising events	34,796	-	34,796
CSFP program administration	31,568	-	31,568
Loss on disposal of assets	(47,354)	-	(47,354)
Interest and dividend income	323	1,185	1,508
Unrealized gain - agency funds	-	241	241
Less: investment fees - agency funds	-	(250)	(250)
TOTAL REVENUE AND SUPPORT	2,815,322	3,776	2,819,098
Net assets released from restriction	-	-	-
Total	2,815,322	3,776	2,819,098
EXPENSES			
Program services	2,726,853	-	2,726,853
Management and general	58,716	-	58,716
Fundraising	56,247	-	56,247
TOTAL EXPENSES	2,841,816	-	2,841,816
CHANGE IN NET ASSETS	(26,494)	3,776	(22,718)
NET ASSETS			
Beginning of year	769,223	47,812	817,035
End of year	\$ 742,729	\$ 51,588	\$ 794,317

The notes to the financial statements are an integral part of this statement.

FLATHEAD FOOD BANK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2019

	Program Services	Management and General	Fundraising	Total
Food given away	\$ 2,466,067	\$ -	\$ -	\$ 2,466,067
Salaries and wages	130,040	43,272	49,741	223,053
Employee benefits	1,877	625	718	3,220
Payroll taxes	13,007	4,328	4,975	22,310
Insurance	1,652	184	-	1,836
Depreciation	3,043	338	-	3,381
Professional services	36,258	1,876	-	38,134
Building repair and maintenance	11,980	1,331	-	13,311
Equipment repair and maintenance	14,970	-	-	14,970
Utilities	6,992	777	-	7,769
Office and administration	11,969	2,685	-	14,654
Volunteer and public relations	147	-	-	147
Credit card and bank charges	650	72	-	722
CSFP program assistance	1,160	-	-	1,160
Advertising	291	228	813	1,332
Rent	27,000	3,000	-	30,000
	<u>2,727,103</u>	<u>58,716</u>	<u>56,247</u>	<u>2,842,066</u>
Total expenses by function				
Less expenses included within revenue and support in the statement of activities:				
Investment fees	<u>(250)</u>	<u>-</u>	<u>-</u>	<u>(250)</u>
Functional expenses reported on the statement of activities	<u>\$ 2,726,853</u>	<u>\$ 58,716</u>	<u>\$ 56,247</u>	<u>\$ 2,841,816</u>
	96%	2%	2%	100%

The notes to the financial statements are an integral part of this statement.

FLATHEAD FOOD BANK, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2019

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ (22,718)
Adjustments to reconcile change in net assets to net cash flows from operating activities:	
Depreciation	3,381
Loss on sale of asset	47,354
Earnings from beneficial interest in assets held by others	(1,176)
Changes in operating assets and liabilities	
Inventory	19,390
Accounts payable	1,872
Accrued liabilities	<u>157</u>
Total adjustments	<u>70,978</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>48,260</u>
Net change in cash and cash equivalents	48,260
CASH AND CASH EQUIVALENTS	
Beginning of year	<u>401,580</u>
End of year	<u><u>\$ 449,840</u></u>
Presented on the Statement of Financial Position as:	
Cash and cash equivalents - general	\$ 407,479
Cash and cash equivalents - restricted	<u>42,361</u>
	<u><u>\$ 449,840</u></u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION	
Noncash operating activities	
In-kind contributions used in operations	<u><u>\$ 1,396,303</u></u>

The notes to the financial statements are an integral part of this statement.

FLATHEAD FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 1. ORGANIZATION AND PURPOSE

The Flathead Food Bank, Inc. (Food Bank) is a nonprofit corporation organized for the purpose of operating a food collection and distribution system for low-income families and individuals. The Food Bank voluntarily participates in a program that provides government commodities to seniors and children on a monthly basis. The main office and distribution center are located in Kalispell, Montana. The Food Bank also operates mobile pantries in Martin City, Hungry Horse, Coram, Kila, and Marion, Montana.

Contributions and donations, including donated food, comprise approximately 99% of the Food Bank's revenue.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The Food Bank's financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as codified by the Financial Accounting Standards Board.

B. Adoption of Accounting Standards

The Food Bank adopted and implemented provisions of FASB ASU 2016-16: Statement of Cash Flows (Topic 230) – *Restricted Cash*, effective January 1, 2019. This update requires the statement of cash flows to explain the change during the period in the total of cash, cash equivalents, and restricted cash.

The FASB issued Accounting Standards Update (ASU) 2014-09: *Revenue from Contracts with Customers*, (Topic 606), in May 2014 along with subsequent amendments and updates providing comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods or services, guidance on accounting for certain contracts, and requires significant new disclosures. This ASU supersedes current revenue recognition requirements by the FASB and industry-specific guidance. The Food Bank adopted this ASU on January 1, 2019 using a modified retrospective approach applied to all contracts that were not completed as of December 31, 2018. The cumulative effect of applying Topic 606 to the prior periods was not material to the Food Bank's financial statements. Accordingly, the Food Bank did not retroactively adjust its presentations for periods prior to adoption.

FLATHEAD FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

B. Adoption of Accounting Standard, continued

Topic 606 applies to all contracts with customers, except for leases, insurance contracts, financial instruments, and certain nonmonetary exchanges and certain guarantees. A core principal of Topic 606 is that revenue should be recognized from customers for the transfer of goods or services equal to the amount expected to be received for those goods or services and how an entity should identify performance obligations. Topic 606 requires disclosures about the nature, amount, and timing of revenue and cash flows arising from customer contracts, including significant estimates and judgments.

The Food Bank elected to apply the practical expedient eliminating the requirement to disclose information about remaining performance obligations related to its outstanding contracts at December 31, 2018.

The FASB issued Accounting Standards Update (ASU) 2018-08: *Not-for-Profit Entities* (Topic 958), in June 2018. This ASU clarified the scope and the accounting guidance for contributions received and made assisting in the determination of whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a contribution is conditional. Guidance from this ASU indicates that if the possibility that a condition will not be met is remote, a conditional promise to give is considered unconditional and contribution revenue is immediately recognized and classified as net assets without donor restrictions or as net assets with donor restrictions. The Food Bank implemented provisions of this ASU on January 1, 2019 following guidance in the ASU. No change to prior period amounts occurred due to implementing this ASU.

Distinguishing between contributions and exchange transactions determines whether the accounting follows Topic 958 or Topic 606. An entity follows guidance from Topic 958 for contributions and applies guidance from Topic 606 for exchange transactions. Guidance from Topic 958 indicates if the possibility that a condition will not be met is remote, a conditional promise to give is considered unconditional and contribution revenue is immediately recognized and classified as net assets without donor restrictions or net assets with donor restrictions.

C. Cash, Cash Equivalents, and Restricted Cash

For purposes of the statement of cash flows, the Food Bank considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents. From time to time, certain bank accounts that are subject to coverage by the Federal Deposit Insurance Corporation (FDIC) may exceed their insured limits. At December 31, 2019, approximately \$109,000 was not fully insured by the FDIC. The Food Bank does not believe it is exposed to any significant credit risk on its cash balances. Restricted cash includes amounts held in a building fund.

FLATHEAD FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

D. Inventory

Food inventory is acquired primarily through donations and purchased when necessary. Inventory is decreased as it is distributed to individuals and families on a per-pound basis. The Food Bank reports inventory at net realizable value (first-in, first-out basis) and values food at the weighted average per pound, \$1.62 in 2019, as determined by Feeding America.

E. Property and Equipment

Property and equipment are stated at cost if purchased or at fair value on the date of donation. Assets costing \$2,500 or more and having a useful life more than one year are capitalized. Repairs and maintenance costs are expensed as incurred and improvements that extend the life or capacity of the asset are capitalized. Items are depreciated on a straight-line basis over the following estimated useful lives:

Building Improvements	7 - 15 years
Vehicles and Equipment	5 - 7 years

Depreciation expense totaled \$3,381 for the year ended December 31, 2019.

F. Compensated Absences

Employees are entitled to paid vacation depending on the length of service and other factors. Accrued vacation totaled \$5,785 at December 31, 2019.

G. Net Asset Classification

The Food Bank reports information regarding its financial position and activities according to two classes of net assets in accordance with GAAP – net assets without donor restrictions and net assets with donor restrictions.

Without Donor Restrictions: Net assets without donor restrictions represent funds that are available to support the Food Bank’s operations with no donor imposed or board of director designated restrictions.

With Donor Restrictions: Net assets with donor restrictions represent funds which are donor-restricted for specific purposes, uses, or use in a specific period. Some may not expire by the passage of time nor be fulfilled or otherwise removed by actions of the Food Bank. The Food Bank had net assets with donor restrictions at December 31, 2019 for the capital campaign and Kalispell Community Foundation Endowment detailed in Note 9.

FLATHEAD FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

G. Net Asset Classification, continued

Donor-restricted funds are classified as ‘with donor restrictions’ until the donor restriction expires either by the time restriction ending or the purpose restriction being accomplished, at which time they are accounted for as net assets released from restriction and reclassified as ‘net assets without donor restrictions’. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as ‘without donor restrictions’.

Public support and revenue are reported as increases in net assets without donor restrictions, unless use of the related asset is restricted by the donor, in the statement of activities. Expenses are reported as decreases in net assets without donor restrictions in the statement of activities. Gains and losses on investment and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless explicit donor stipulation or law restricts their use.

H. Revenue Recognition

Prior to the adoption of ASC 606 and Topic 958, revenue was recognized when earned. Contributions were recognized as revenue when they were received or unconditionally promised. Contributions of assets other than cash were recorded at estimated fair value.

The Food Bank’s significant revenue streams include donations, contributions, and grants. These revenue streams are reporting following guidance from Topic 958.

All other revenue sources, which individually are not material to the overall financial statements, are recognized following guidance from ASC 606 at a point in time to all contracts at the date of initial application. There were no significant economic factors impacting revenue recognition.

Contributions that are restricted by the donor or grantor are reported 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 was recognized. All other donor or grantor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the 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. Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills and are performed by people with those skills and would otherwise be purchased by the Food Bank.

FLATHEAD FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

I. In-kind Contributions

The Food Bank seeks and receives a significant amount of contributed food inventory that is recorded in the accompanying financial statements as unrestricted support. Contributed items are recorded at a per-pound value using the weighted average price per pound determined by Feeding America.

In-kind donations of non-food goods are valued at their estimated fair value at the time of donation. The value of donated services is determined by the donors as the usual fees they would receive for such services in the normal course of their business.

Donors of food items are provided receipts showing the number of pounds of their in-kind donations. Other donation receipts show the fair-value of the donation. Donated goods and services are recorded in the financial statements as unrestricted revenue and as either a corresponding expense or capitalized asset.

J. Donated Services

The Food Bank receives donated services that do not require specific expertise, but which are nonetheless central to the Food Bank's operations. Much of this time is to assist with processing inventory. The Food Bank received 8,618 hours of volunteer time in 2019. The estimated value of volunteer services, based on the nature of the service and the amount of time donated, totaled \$68,944 in 2019. The value of these services is not reflected in the financial statements in accordance with GAAP.

K. Functional Expense Allocations

The cost of program, management and general, and fundraising activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the program and supporting services benefited.

Food program costs are directly charged to program expense. Maintenance and repair costs for equipment, CSFP expenses, and volunteer expenses are allocated 100% to program expense. Special events and other direct fundraising activities are direct charged to fundraising. Employee related costs are allocated based on an analysis of employee time. The remaining expenses are allocated using an estimate of space used.

L. Advertising

The Food Bank expenses advertising costs the first time the advertising occurs. Advertising costs for the year ended December 31, 2019 totaled \$1,332.

FLATHEAD FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

M. Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, disclosures of contingent assets and liabilities, and the reported amounts of revenue and expenses. Actual amounts could differ from those estimates.

N. Income Tax Status

The Food Bank is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. Accordingly, the increase in net assets is generally not subject to taxation. No provision for income taxes has been recorded in the financial statements as the Food Bank does not believe it had any unrelated business income in 2019.

O. Risks and Uncertainty

The Food Bank is exposed to various risks of losses related to torts, damage or loss of assets, errors or omissions, injuries to employees, economic conditions, and changes in financial markets. The Food Bank mitigates its risk through various insurance policies.

P. Subsequent Events

Management has evaluated subsequent events through October 19, 2020, the date which the financial statements were available for issue. See further discussion in Note 10.

Q. Recent Accounting Pronouncements

The FASB issued Accounting Standard Update (ASU) 2016-02: *Leases*, in February 2016. This ASU requires the recognition of lease assets and liabilities in the financial statements as a “right-of-use” asset and a lease liability. This ASU supersedes lease accounting requirements of the FASB and requires new, additional disclosures. Lessees and Lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach.

The FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842) Effective Dates for Certain Entities* on June 3, 2020. This ASU defers the effective date of Topic 606 and Topic 842 for certain entities that had not yet issued their financial statements to support and assist stakeholders as they cope with the challenges and hardships related to the COVID-19 pandemic.

The Food Bank elected to defer adoption of Topic 842 to annual reporting periods beginning after December 15, 2021.

FLATHEAD FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 3. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets available for general expenditures, 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 - general	\$	407,479
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NOTE 4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at December 31, 2019 was composed of the following:

		December 31, 2019
Checking accounts - banks		344,861
Money market accounts - banks		62,618
	\$	<u>407,479</u>

NOTE 5. PROPERTY AND EQUIPMENT

Property and equipment at December 31, 2019 was as follows:

	December 31, 2018	Additions	Disposals	December 31, 2019
Building improvements	\$ 102,644	\$ -	\$ (102,644)	\$ -
Equipment	135,545	-	(63,482)	72,063
Vehicle	<u>102,526</u>	<u>-</u>	<u>-</u>	<u>102,526</u>
	340,715	-	(166,126)	174,589
Accumulated depreciation	<u>(284,351)</u>	<u>(3,381)</u>	<u>118,772</u>	<u>(168,960)</u>
Property and equipment, net	<u>\$ 56,364</u>	<u>\$ (3,381)</u>	<u>\$ (47,354)</u>	<u>\$ 5,629</u>

The Food Bank conducted a physical inventory of its equipment for 2019 and identified certain assets that were no longer in service at December 31, 2019. Most of these assets had been fully depreciated in previous years. The Food Bank's Thrift Store operations ceased in 2018 and the lease expired in 2019. Thrift Store leasehold improvements were disposed of in 2019. The Food Bank disposed of \$166,126 of previously capitalized equipment and leasehold improvements and accumulated depreciation of \$118,772 resulting in a loss on disposal of \$47,354.

FLATHEAD FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 6. LEASES

The Kalispell pantry lease is a multi-year lease from January 1, 2010 through December 31, 2020 with lease payments of \$2,500 per month.

Rent expense totaled \$30,000 in 2019. Future minimum lease payments are expected to be \$30,000 in 2020.

NOTE 7. CAPITAL CAMPAIGN

The Food Bank is exploring options for purchasing their own building to house the pantry.

Capital campaign expenses reported on the statement of functional expenses are comprised primarily of personnel expenses related to fundraising activities and monitoring donor contributions. Support from contributions and donations are reported as net assets with donor restrictions on the Statement of Activities.

NOTE 8. FAIR VALUE MEASUREMENTS

A framework for measuring fair value and defining fair value is provided by GAAP. Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. GAAP requires that valuation techniques maximize the use of observable inputs and minimize the use of unobservable inputs.

GAAP also establishes a fair value hierarchy, which prioritizes the valuation of inputs into broad levels, as described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included in Level 1 for which all significant inputs are observable, either directly, or indirectly.

Level 3 – Significant unobservable prices or inputs where there is little or no market activity for the asset or liability at the measurement date.

Beneficial interests in assets held by others – valued at fair value using information provided by the Flathead Community Foundation and Flathead Foodbank Endowment D.A. Davidson year-end statements.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Food Bank's policy for determining the timing of significant transfers between Levels 1 and 2 is at the end of the reporting period.

FLATHEAD FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 8. FAIR VALUE MEASUREMENTS, Continued

The preceding methods described may produce a fair value calculation that may not be indicative of near realizable value or reflective of future fair values. Furthermore, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Investment income on the statement of activities is interest and dividend income from various accounts, including the beneficial interest, and totaled \$1,508.

The following represents, by level, the Food Bank's fair value hierarchy for its financial assets measured on a recurring basis as of December 31, 2019:

	Fair Value Level 1 Inputs	Fair Value Level 2 Inputs	Fair Value Level 3 Inputs	Total
Beneficial interest in assets held by others	\$ -	\$ -	\$ 9,227	\$ 9,227
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,227</u>	<u>\$ 9,227</u>

A reconciliation of beginning and ending fair values for assets measured using Level 3 inputs for the year ended December 31, 2019 follows:

Fair market value, beginning of year	\$ 8,051
Realized and unrealized gains	241
Reinvested interest and dividends	1,185
Endowment administrative fee	<u>(250)</u>
Fair market value, end of year	<u>\$ 9,227</u>

The Food Bank established a long-term investment with the Kalispell Community Foundation for the benefit of the Food Bank. The Food Bank is the designated beneficiary for this fund and gave variance power to the Kalispell Community Foundation. Variance power gives the Kalispell Community Foundation complete control and ownership of the investment fund.

The Kalispell Community Foundation Board of Directors has full authority to vary the terms of the endowment as appropriate. The Flathead Community Foundation Board of Directors determines the amount of any annual distributions.

FLATHEAD FOOD BANK, INC.
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2019

NOTE 9. NET ASSET CLASSIFICATION AND PRESENTATION

Net assets at December 31, 2019 are classified and presented as follows:

Net assets without donor restrictions	\$ 742,729
Net assets with donor restrictions	
Subject to expenditure for specified purpose and time restriction:	
Capital campaign	42,361
Subject to passage of time:	
Beneficial interest in assets held by others	9,227
Total	51,588
Total net assets	\$ 794,317

NOTE 10. ECONOMIC CONDITIONS

The World Health Organization declared the outbreak of the coronavirus a pandemic in March 2020. The coronavirus has spread throughout the United States of America and has impacted the national economy, the Montana economy, and shut down certain industries. The Food Bank is closely monitoring its operations, liquidity, and capital resources as management works to minimize the financial impact of this unprecedented situation. The impact to the Food Bank's financial statements is unknown at this time and cannot be reasonably estimated.

In April 2020, the Food Bank applied for and received a \$57,700 loan under the Paycheck Protection Program. The loan accrues interest at 1.0%, is uncollateralized, and is 100% guaranteed by the Federal Government. The Food Bank is eligible for loan forgiveness up to 100% of the loan upon meeting certain requirements later in 2020.