

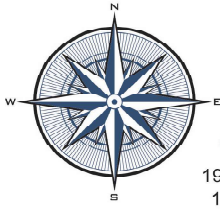
**UNITED FOOD BANK & SERVICES
OF PLANT CITY, INC.**

**AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

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RAULERSON CASTILLO & COMPANY

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
United Food Bank & Services of Plant City, Inc.**

We have audited the accompanying financial statements of United Food Bank & Services of Plant City, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statement of activities, statement of 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 controls 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 of 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 under 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 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 United Food Bank & Services of Plant City, Inc. as of June 30, 2020, and its changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Raulerson Castillo & Company
Certified Public Accountants

Plant City, Florida
September 16, 2020

UNITED FOOD BANK & SERVICES OF PLANT CITY, INC.
STATEMENT OF FINANCIAL POSITION
AS OF JUNE 30, 2020

ASSETS

CURRENT ASSETS

| | | |
|-------------------------|----|------------------|
| Cash & Cash Equivalents | \$ | 588,931 |
| Other Current Assets | | 1,767 |
| Inventories, Note J | | <u>524,281</u> |
| Total Current Assets | | <u>1,114,979</u> |

PROPERTY, PLANT, AND EQUIPMENT

| | | |
|--------------------------------------|--|------------------|
| Land | | 79,707 |
| Land Improvements | | 113,728 |
| Building | | 277,899 |
| Freezers | | 70,146 |
| Computers | | 21,244 |
| Vehicles | | 33,675 |
| Furniture, Fixtures, and Equipment | | <u>12,534</u> |
| Total Cost | | 608,933 |
| Less, Accumulated Depreciation | | <u>(158,317)</u> |
| Total Property, Plant, and Equipment | | <u>450,616</u> |

TOTAL ASSETS \$ 1,565,595

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

| | | |
|-----------------------------------|----|--------------|
| Current Portion of Long Term Debt | \$ | 12,589 |
| Note Payable | | 36,712 |
| Credit Card Payable | | 9,723 |
| Accrued Expense | | <u>8,386</u> |
| Total Current Liabilities | | 67,410 |

LONG-TERM DEBT, Net of Current Portion 250,895

Total Liabilities 318,305

NET ASSETS

| | | |
|---------------------------------------|--|------------------|
| Net Assets without Donor Restrictions | | 1,247,290 |
| Net Assets with Donor Restrictions | | <u>-</u> |
| Total Net Assets | | <u>1,247,290</u> |

TOTAL LIABILITIES AND NET ASSETS \$ 1,565,595

SEE ACCOMPANYING AUDITOR'S REPORT AND NOTES TO FINANCIAL STATEMENTS

UNITED FOOD BANK & SERVICES OF PLANT CITY, INC.

STATEMENT OF ACTIVITIES

AS OF JUNE 30, 2020

SUPPORT

| | |
|----------------------|------------------|
| Donations | \$ 6,321,829 |
| United Way | 43,472 |
| Grants | 288,458 |
| Fundraising | 61,409 |
| Rental Income | 27,950 |
| Interest Income | 162 |
| | <hr/> |
| Total Support | 6,743,280 |

EXPENSES

Program Expenses

| | |
|----------|-----------|
| Programs | 6,342,180 |
|----------|-----------|

Support Services

| | |
|----------------------------|---------|
| Fundraising | 109,735 |
| General and Administrative | 47,660 |
| | <hr/> |

| | |
|-----------------------|------------------|
| Total Expenses | 6,499,575 |
|-----------------------|------------------|

| | |
|------------------------------------|---------|
| <u>CHANGE IN NET ASSETS</u> | 243,705 |
|------------------------------------|---------|

| | |
|---|------------------|
| <u>NET ASSETS, BEGINNING OF YEAR</u> | 1,003,585 |
|---|------------------|

| | |
|---------------------------------------|---------------------|
| <u>NET ASSETS, END OF YEAR</u> | \$ 1,247,290 |
|---------------------------------------|---------------------|

SEE ACCOMPANYING AUDITOR'S REPORT AND NOTES TO FINANCIAL STATEMENTS

UNITED FOOD BANK & SERVICES OF PLANT CITY, INC.
STATEMENT OF FUNCTIONAL EXPENSES
AS OF JUNE 30, 2020

| | <u>Programs</u> | <u>Fundraising</u> | <u>General and Administrative</u> | <u>Total</u> |
|-------------------------|---------------------|--------------------|---------------------------------------|---------------------|
| Payroll Expense | \$ 143,148 | \$ 40,899 | \$ 20,449 | \$ 204,497 |
| Payroll Taxes | 11,249 | 3,214 | 1,607 | 16,070 |
| Total Payroll | 154,397 | 44,113 | 22,056 | 220,567 |
| Accounting | 2,663 | 1,332 | 1,332 | 5,326 |
| Advertising | - | 4,738 | - | 4,738 |
| Auto and Truck Expenses | 15,560 | - | - | 15,560 |
| Bank Charges | - | - | 372 | 372 |
| Building Management | 2,795 | - | - | 2,795 |
| Client Services | 116,858 | - | - | 116,858 |
| Contract Labor | - | 993 | - | 993 |
| Depreciation | 18,389 | 2,299 | 2,298 | 22,986 |
| Food Distributed | 5,948,737 | - | - | 5,948,737 |
| Fundraising | - | 39,648 | - | 39,648 |
| Gifts | - | 1,193 | - | 1,193 |
| Grant Writing | 29,839 | - | - | 29,839 |
| Insurance | 4,413 | - | 13,022 | 17,435 |
| Interest | 10,636 | - | - | 10,636 |
| Lawn Care | 2,040 | - | - | 2,040 |
| Meals and Entertainment | 1,925 | 1,925 | - | 3,850 |
| Office Expense | 10,547 | 5,273 | 5,272 | 21,093 |
| Pest Control | - | - | 155 | 155 |
| Postage | 387 | 773 | 387 | 1,546 |
| Printing and Copying | - | 2,532 | - | 2,532 |
| Repair and Maintenance | 4,876 | - | - | 4,876 |
| Subscriptions and Dues | - | 374 | - | 374 |
| Taxes and Licenses | 2,939 | - | 125 | 3,064 |
| Telephone | 1,885 | 742 | 741 | 3,368 |
| Utilities | 13,295 | 3,799 | 1,899 | 18,993 |
| Total Expenses | \$ 6,342,180 | \$ 109,735 | \$ 47,660 | \$ 6,499,575 |

SEE ACCOMPANYING AUDITOR'S REPORT AND NOTES TO FINANCIAL STATEMENTS

UNITED FOOD BANK & SERVICES OF PLANT CITY, INC.
STATEMENT OF CASH FLOWS
AS OF JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|------------------|
| Cash Received From: | |
| Contributions, Fundraising and Grants | \$ 748,956 |
| Rental Income | 27,950 |
| Investment Income | 162 |
| Cash Paid For Expenses | <u>(517,077)</u> |
| Net Cash Provided/(Used) by Operating Activities | <u>259,991</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|-----------------|
| Purchases of Property, Plant, and Equipment - net | <u>(33,608)</u> |
| Net Cash Provided/(Used) by Investing Activities | <u>(33,608)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|---|-----------------|
| Payroll Protection Plan Note Payable | 36,712 |
| Payments of Long-Term Debt | <u>(11,911)</u> |
| Net Cash Provided by Financing Activities | <u>24,801</u> |

NET INCREASE/(DECREASE) IN CASH 251,184

CASH, BEGINNING OF YEAR 337,747

CASH, END OF YEAR \$ 588,931

RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES

| | |
|----------------------|------------|
| Change in Net Assets | \$ 243,705 |
|----------------------|------------|

ADJUSTMENTS TO RECONCILE CHANGE IN NET ASSETS TO NET CASH PROVIDED/(USED) BY OPERATING ACTIVITIES

| | |
|--|--------------------------|
| Depreciation | 22,986 |
| Increase in Inventory | (17,475) |
| Increase in Other Current Assets | (502) |
| Increase in Accrued Expenses | 3,396 |
| Increase in Other Current Liabilities | <u>7,881</u> |
| Net Cash Provided/(Used) by Operating Activities | <u><u>\$ 259,991</u></u> |

SUPPLEMENTAL CASH FLOW DISCLOSURES

NONCASH OPERATING ACTIVITIES

| | |
|--------------------------------|-------------------------|
| Food Contributions | \$ 5,966,212 |
| Food and Groceries Distributed | <u>(5,948,737)</u> |
| Net noncash activities | <u><u>\$ 17,475</u></u> |

INTEREST PAID \$ 10,636

SEE ACCOMPANYING AUDITOR'S REPORT AND NOTES TO FINANCIAL STATEMENTS

UNITED FOOD BANK & SERVICES OF PLANT CITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – DESCRIPTION OF ORGANIZATION

The United Food Bank & Services of Plant City, Inc. ("the Organization") provides temporary assistance with food, personal hygiene items and other Last Resort Assistance to needy families and individuals in Eastern Hillsborough County.

The Organization's motto, "A Hand-up not a Hand-out" is actualized by accepting clients by referral only and qualifying them through a screening process. Referring agencies include churches, hospitals, neighborhood organizations, state and local government agencies. The Organization also maintains reciprocity with other agencies in Hillsborough County in order to meet its needs and to provide an outlet for surplus items that are donated so they are not wasted.

The primary fundraisers for the Organization are a "Celebrity Chef Dinner" and a "Empty Bowls" event which are held annually. Business sponsorships and ticket sales provide the necessary funding.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation:

The financial statements of the organization have been prepared on the accrual basis of accounting. The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

- a. Net Assets Without Donor Restriction - Net assets that are not subject to donor-imposed stipulations.
- b. Net Assets With Donor Restriction - Net assets whose use is limited by donor-imposed time and /or purpose restrictions.

Revenues are reported as increases in net assets without donor restriction unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restriction. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions on the net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. The organization has adopted a policy to classify donor restricted contributions as without donor restrictions to the extent that donor restrictions were met in the year the contribution was received.

Estimates:

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

UNITED FOOD BANK & SERVICES OF PLANT CITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Cash and Cash Equivalents:

Cash and cash equivalents include certificates of deposit with original maturities of three months or less.

Financial Instruments:

The following methods and assumptions were used to estimate the fair value of each class of financial instrument:

Cash and Cash Equivalents – the carrying amount approximated fair value due to the short-term maturity of these instruments.

Long-Term Debt – the carrying value approximates market value based on prevailing market conditions.

Property, Plant, and Equipment

Property, plant, and equipment is recorded at cost, or in the event of contributed property, at fair market value at the date of the contributions. Depreciation is recorded using the straight-line method over the estimated useful life of the building and an accelerated method (5 to 7 years) on assets other than the building. Acquisitions of property and equipment with a cost in excess of \$200 are capitalized.

Volunteer Contributions:

A substantial number of unpaid volunteers have made significant contributions of their time to maintain the Organization's programs. No amounts have been reported in the financial statements for voluntary donation of services because no objective basis is available to measure the value of such donations.

The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. Salaries and other expenses that are associated with a specific program are charged directly to that program. Salaries and other expenses that benefit more than one program are allocated to the various programs based on the relative benefit provided. Administrative and general expenses are allocated to the various programs based on a ratio of the program's total expenses to the total Organization expenses.

Income Tax Status:

Income taxes are not provided for in the financial statements since the Organization is exempt from federal and state income taxes under section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization is treated as a publicly supported organization, and not as a private foundation. Management is not aware of any activities that would jeopardize the Organization's tax-exempt status.

UNITED FOOD BANK & SERVICES OF PLANT CITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

Concentration of Credit Risk:

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of cash. The Organization places its cash with creditworthy, high quality financial institutions. The Organization has not experienced any losses from its deposits.

NOTE C – DONATED GOODS

The Organization conducts a food drive in November and December by placing barrels in grocery stores, schools, businesses and churches. In addition, donations of food and supplies are received from grocery stores. Inventory received and distributed are recorded in pounds. Valuation of ending inventory is based on local grocery retail prices per unit. Estimated ending inventory is as follows:

| | |
|--------------------------|-------------------|
| Beginning | \$ 506,806 |
| Donated/Distributed, net | 17,475 |
| Ending | <u>\$ 524,281</u> |

NOTE D – LONG TERM DEBT

Long-term debt at June 30, 2020 consists of a note payable in monthly installments, currently \$1,879, including interest at 3.875%, which matures February 17, 2036. The interest rate and payment change February 17, 2023 and every five years thereafter. The note is secured by a mortgage on the Organization's property.

Annual maturities of long-term debt is as follows:

| | |
|------------|-------------------|
| 2021 | \$ 12,589 |
| 2022 | 13,086 |
| 2023 | 13,601 |
| 2024 | 14,138 |
| 2025 | 14,695 |
| Thereafter | 195,375 |
| | <u>\$ 263,484</u> |

NOTE E – NOTE PAYABLE

The Organization took advantage of the Covid-19 government related Payroll Protection Plan program and qualified for a loan in the amount of \$36,712. Under the terms of the program, the loan will be forgiven before the end of December 2020.

UNITED FOOD BANK & SERVICES OF PLANT CITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE F – UNITED WAY FUNDING

The Organization receives United Way funds for emergency temporary assistance with food, baby food, baby diapers and personal hygiene items. Services are provided to low-income and homeless families in Eastern Hillsborough County.

The Organization is presented as a United Way participating agency and provides non-financial support to the annual United Way campaign.

NOTE G – SUBSEQUENT EVENTS

Management has considered subsequent events up to the date that this report was available to be issued.

NOTE H – LIQUIDITY

United Food Bank & Services of Plant City, Inc. has \$588,931 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditures consisting of cash of \$588,931. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date.

United Food Bank & Services of Plant City, Inc. has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$23,400. United Food Bank & Services of Plant City, Inc. has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

NOTE I – EFFECT OF CURRENT ECONOMIC CONDITIONS ON CONTRIBUTIONS

The Organization depends heavily on contributions and grants for its revenue. The ability of the Organization's contributors and granters to continue giving amounts comparable with prior years may be dependent upon current and future economic conditions and the continued deductibility for income tax purposes of contributions and grants to the Organization. While the Organization's Board of Directors believes that economic conditions such as tax deductibility are stable enough for the Organization to continue its programs, its ability to do so and the extent to which it continues may be dependent on the above factors.

UNITED FOOD BANK & SERVICES OF PLANT CITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE J – FAIR VALUE MEASUREMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 820, *Fair Value Measurements and Disclosures*, provides the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1

Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access. The balanced mutual funds are in this category.

Level 2

Inputs to the valuation methodologies include (1) quoted prices for similar assets or liabilities in active markets; (2) quoted prices for identical or similar assets or liabilities in inactive markets (3) inputs other than quoted prices that are observable for the asset or liability; (4) inputs that are derived principally from or corroborated by observable market data by correlation or other means. 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 measurements. 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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

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 used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Inventories are stated using Level 2 measurements.

NOTE K – COST ALLOCATION

The Organization administers specific programs to which common costs or indirect costs (costs incurred on behalf of all programs) are charged. The Organization currently utilizes a general and administrative cost pool to capture charges which benefit all programs and then allocates such costs each month by using a provisional or predetermined rate based on its indirect cost rate.

UNITED FOOD BANK & SERVICES OF PLANT CITY, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE L - CHANGE IN ACCOUNTING PRINCIPLE

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these financial statements accordingly. The ASU has been applied retrospectively to all periods presented, which did not have a material effect on the financial statements.

NOTE M - NEW ACCOUNTING PRONOUNCEMENT

On August 18, 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958) - Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has adjusted the presentation of its financial statements accordingly. The new standards change the following aspects of the Organization's financial statements:

- a. The temporarily restricted and permanently restricted net asset classes have been combined into a single net asset class called net assets with donor restrictions.
- b. The unrestricted net asset class has been renamed net assets without donor restrictions.
- c. The financial statements include a new disclosure about liquidity and availability of resources (Note H).