



Financial Statements
June 30, 2024

Utah Food Bank
(With Comparative Totals for 2023)

Independent Auditor’s Report.....	1
Financial Statements	
Statement of Financial Position	4
Statement of Activities.....	5
Statement of Functional Expenses.....	6
Statement of Cash Flows	7
Notes to Financial Statements	8



Independent Auditor's Report

The Board of Directors
Utah Food Bank
Salt Lake City, Utah

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Utah Food Bank, which comprise the statement of financial position as of June 30, 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the financial position of Utah Food Bank as of June 30, 2024, 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) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Utah Food Bank 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 Utah Food Bank's ability to continue as a going concern for one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 and *Government Auditing Standards*, 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 Utah Food Bank'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 Utah Food Bank'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 the 2023 financial statements of Utah Food Bank, and we expressed an unmodified audit opinion on those audited financial statements in our report dated February 8, 2024. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2024, on our consideration of Utah Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Utah Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Utah Food Bank's internal control over financial reporting and compliance.

Eide Bailly LLP

Salt Lake City, Utah
December 30, 2024

Utah Food Bank
Statement of Financial Position
June 30, 2024
(with comparative totals for 2023)

	2024	2023
Assets		
Cash and cash equivalents	\$ 20,052,475	\$ 29,409,472
Operating investments	5,349,103	4,381,985
Accounts receivable, net of allowance for credit losses of \$0 in 2024 and \$0 in 2023	3,880,775	3,057,517
Promises to give, net	14,100	4,500
Other receivables	241,200	113,077
Food inventory	8,985,750	4,650,811
Prepaid expenses and deposits	92,237	135,822
Right-of-use assets, net	71,617	143,235
Property and equipment, net	61,105,903	47,136,033
Total Assets	\$ 99,793,160	\$ 89,032,452
Liabilities and Net Assets		
Liabilities		
Accounts payable	\$ 1,170,741	\$ 1,615,650
Accrued liabilities	1,958,076	1,682,290
Finance leases	78,343	152,036
Total liabilities	3,207,160	3,449,976
Net Assets		
Without donor restrictions		
Designated		
Food inventory	8,985,750	4,650,811
Property and equipment, net of related debt	61,101,430	47,127,232
Undesignated	26,343,834	33,624,530
Total net assets without donor restrictions	96,431,014	85,402,573
With donor restrictions	154,986	179,903
Total net assets	96,586,000	85,582,476
	\$ 99,793,160	\$ 89,032,452

Utah Food Bank
Statement of Activities
Year Ended June 30, 2024
(with comparative totals for 2023)

	Without Donor Restrictions	With Donor Restrictions	Total 2024	Total 2023
Public Support and Revenues				
In-Kind Support				
Food	\$ 125,500,894	\$ -	\$ 125,500,894	\$ 112,538,412
Other supplies and equipment	197,132	-	197,132	191,913
Total in-kind support	125,698,026	-	125,698,026	112,730,325
Direct Contributions				
Special events	747,501	-	747,501	409,206
Less cost of direct benefit to donors	(306,600)	-	(306,600)	(229,231)
Net special events revenue	440,901	-	440,901	179,975
Contributions	16,642,291	154,986	16,797,277	20,321,056
Grants	10,528,855	-	10,528,855	7,850,839
Net assets released from restrictions	179,903	(179,903)	-	-
Total direct contributions	27,791,950	(24,917)	27,767,033	28,351,870
Revenues				
Government contracts	3,632,672	-	3,632,672	3,066,052
Net investment return	1,549,798	-	1,549,798	804,613
Other	199,625	-	199,625	126,233
Total revenues	5,382,095	-	5,382,095	3,996,898
Total public support and revenues	158,872,071	(24,917)	158,847,154	145,079,093
Program Expenses				
Statewide food distribution	132,715,295	-	132,715,295	123,408,514
Direct food programs	6,737,762	-	6,737,762	3,954,837
Pantry operations	1,989,920	-	1,989,920	-
Total program expenses	141,442,977	-	141,442,977	127,363,351
Support Expenses				
Development	2,779,334	-	2,779,334	2,402,022
Management and general	3,621,319	-	3,621,319	3,174,186
Total support expenses	6,400,653	-	6,400,653	5,576,208
Total expenses	147,843,630	-	147,843,630	132,939,559
Change in Net Assets	11,028,441	(24,917)	11,003,524	12,139,534
Net Assets, Beginning of Year	85,402,573	179,903	85,582,476	73,442,942
Net Assets, End of Year	\$ 96,431,014	\$ 154,986	\$ 96,586,000	\$ 85,582,476

See Notes to Financial Statements

Utah Food Bank
Statement of Functional Expenses
Year Ended June 30, 2024
(with comparative totals for 2023)

	Statewide Food Distribution	Direct Food Programs	Pantry Operations	Total Programs	Development	Management and General	2024	2023
Salaries and wages	\$ 5,376,834	\$ 1,298,059	\$ 357,692	\$ 7,032,585	\$ 753,866	\$ 1,965,256	\$ 9,751,707	\$ 7,811,325
Payroll taxes and benefits	1,597,082	329,909	63,469	1,990,460	221,426	501,127	2,713,013	2,280,446
Total salaries and related expenses	6,973,916	1,627,968	421,161	9,023,045	975,292	2,466,383	12,464,720	10,091,771
Insurance	161,937	28,918	4,605	195,460	2,448	28,566	226,474	170,401
Office supplies	29,668	2,164	15,390	47,222	2,014	59,293	108,529	39,121
Postage and printing	10,274	12,247	10,695	33,216	73,011	12,800	119,027	79,572
Professional fees	11,781	-	14,106	25,887	108,441	176,762	311,090	218,934
Project costs	20,029	10,200	-	30,229	374,874	21,878	426,981	517,080
Direct solicitations	32	-	1,318	1,350	1,348,735	-	1,350,085	1,137,857
Warehouse supplies	365,397	27,802	12,138	405,337	-	1,827	407,164	259,282
Vehicle fuel and taxes	479,694	-	19,830	499,524	-	115	499,639	504,791
Food transportation	1,098,466	53,494	21	1,151,981	-	-	1,151,981	975,148
Utilities	256,834	22,003	23,794	302,631	-	21,908	324,539	302,307
Property taxes	3,912	-	-	3,912	-	-	3,912	59,329
Building and equipment rent	64,779	-	3,200	67,979	-	3,320	71,299	23,803
Repairs and maintenance	834,673	3,076	41,657	879,406	-	9,890	889,296	679,425
Communications	44,423	10,353	3,400	58,176	3,173	40,870	102,219	82,274
Travel	20,355	5,338	15,052	40,745	8,121	23,141	72,007	57,232
Dues and subscriptions	9,105	1,561	933	11,599	91,526	384,127	487,252	352,813
Employee training and seminars	8,530	4,161	44	12,735	1,590	14,965	29,290	53,181
Financial fees	-	131	-	131	2	232,247	232,380	239,605
Non-capital equipment purchases	553,347	14,825	218,885	787,057	4,140	53,843	845,040	183,654
Interest expense	2,368	-	-	2,368	-	-	2,368	3,826
Purchased food	1,311,833	2,436,248	29,308	3,777,389	-	-	3,777,389	2,981,676
In-kind food distribution	118,744,379	2,406,366	975,897	122,126,642	-	-	122,126,642	112,779,994
In-kind services and supplies	92,458	-	4,567	97,025	82,292	17,815	197,132	164,413
Total before depreciation and amortization	131,098,190	6,666,855	1,816,001	139,581,046	3,075,659	3,569,750	146,226,455	131,858,489
Depreciation and amortization	1,617,105	70,907	173,919	1,861,931	10,275	51,569	1,923,775	1,310,301
Total expenses by function	132,715,295	6,737,762	1,989,920	141,442,977	3,085,934	3,621,319	148,150,230	133,168,790
Less expenses included with revenues on the statement of activities								
Cost of direct benefit to donors	-	-	-	-	(306,600)	-	(306,600)	(229,231)
Total expenses included in the expense section in the statement of activities	\$ 132,715,295	\$ 6,737,762	\$ 1,989,920	\$141,442,977	\$ 2,779,334	\$ 3,621,319	\$ 147,843,630	\$ 132,939,559

See Notes to Financial Statements

Utah Food Bank
Statement of Cash Flows
Year Ended June 30, 2024
(with comparative totals for 2023)

	2024	2023
Operating Activities		
Change in net assets	\$ 11,003,524	\$ 12,139,534
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation and amortization	1,923,775	1,310,301
Unrealized and realized gains on operating investments, net	(233,776)	(153,454)
Gain on disposal of equipment	(27,522)	-
In-kind food support	(125,500,894)	(112,538,412)
In-kind food distribution	122,126,642	112,779,994
Changes in assets and liabilities		
Accounts receivable	(823,258)	(998,995)
Promises to give	(9,600)	35,900
Other receivables	(128,123)	(44,245)
Food inventory	(960,687)	(232,534)
Prepaid expenses and deposits	43,585	(59,244)
Accounts payable	(444,909)	672,482
Accrued liabilities	275,786	268,169
Net Cash from Operating Activities	7,244,543	13,179,496
Investing Activities		
Purchases of operating investments	(1,599,084)	(8,020,680)
Proceeds from sale of operating investments	865,742	4,605,805
Proceeds from sale of equipment	22,346	-
Purchase of property and equipment	(15,816,851)	(19,900,402)
Net Cash used for Investing Activities	(16,527,847)	(23,315,277)
Financing Activities		
Principal payments on finance leases	(73,693)	(72,234)
Net Cash used for Financing Activities	(73,693)	(72,234)
Net Change in Cash and Cash Equivalents	(9,356,997)	(10,208,015)
Cash and Cash Equivalents, Beginning of Year	29,409,472	39,617,487
Cash and Cash Equivalents, End of Year	\$ 20,052,475	\$ 29,409,472
Supplemental Disclosure of Cash Flow Information		
Cash payments for interest	\$ 2,368	3,826

Note 1 - Principal Activity and Significant Accounting Policies

Organization

Utah Food Bank (the Organization) is a nonprofit organization established in 1904 to provide various community services to other agencies and to individuals in need. Utah Food Bank currently operates distribution facilities in Salt Lake City, Springville, Saint George and Blanding. Also, Utah Food Bank operates three pantries in San Juan County as well as a pantry in Hurricane. Recent capital expansion allows the Organization to serve individuals more effectively throughout the State of Utah. The Organization is governed by an independent, volunteer Board of Directors who oversees the Organization's operations.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Organization's audited financial statements for the year ended June 30, 2023, from which the summarized information was derived.

Program and Support Services – Support and program services provided by the Organization are as follows:

Statewide Food Distribution – The operations department at the Utah Food Bank is responsible for collecting, storing, and distributing millions of pounds of food each year to partner food pantries and agencies throughout the State of Utah. This includes the Grocery Rescue Program where fresh and perishable food nearing expiration is picked up daily from grocery retailers and immediately taken to food pantries. The operations department is responsible for: buildings, fleet of vehicles, warehouse safety, maintenance, cleanliness, and efficient and accurate movement of product. The department also includes the Organization's Chief Operating Officer.

Direct Food Programs – These include the departments of the Utah Food Bank that are responsible for direct and indirect food distribution service to clients and agencies. These programs include: Mobile School Pantry Program, Community Mobile Program, Food Box Program, Kids Cafe Program, and agency relations.

Pantries – These include the departments of the Utah Food Bank that are responsible for pantry service to clients and agencies in the Blanding, Montezuma Creek, and Monument Valley areas of the State of Utah.

Development – The development department at Utah Food Bank is responsible for all fundraising, marketing, public relations, food procurement, and volunteer efforts of the Organization.

Management and General – Management and general consists of the finance, human resources, and general office support functions of the Organization. The department also houses portions of the Organization's leadership, most notably the Chief Executive Officer and the Chief Financial Officer.

Cash and Cash Equivalents

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, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted for other long-term purposes are excluded from this definition. In addition, management also considers money market funds to be cash equivalents.

Accounts Receivable and Allowance for Credit Losses

The Organization provides its services to a broad range of customers throughout the state of Utah. The Organization has tracked historical loss information for its accounts receivable and compiled historical credit loss percentages for different aging categories (current, 1–30 days past due, 31–60 days past due, 61–90 days past due, and more than 90 days past due). Management believes that the historical loss information it has compiled is a reasonable basis on which to determine expected credit losses for accounts receivable held at June 30, 2024 and 2023, because the composition of the accounts receivable at those dates are consistent with that used in developing the historical credit-loss percentages (i.e., the similar risk characteristics of its customers and its lending practices have not changed significantly over time). Additionally, management has determined that the current and reasonable and supportable forecasted economic conditions are consistent with the economic conditions included in the historical information. As a result, the historical loss rates have not been adjusted for differences in current conditions or forecasted changes. Accordingly, the allowance for credit losses at June 30, 2024 and 2023 totaled \$0.

Promises to Give

The Organization records unconditional promises to give that are expected to be collected within one year at net realizable value. Unconditional promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statements of activities. Allowance for uncollectable promises to give is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At June 30, 2024 and 2023, the allowance was \$0.

Food Inventory

Inventory consists principally of donated food which is valued at a nationally established price consistently applied. The price was \$1.57 per pound for food received from federal programs and \$1.93 per pound for all other food and related items received from July 1, 2023, through December 31, 2023. Beginning on January 1, 2024, and through June 30, 2024, the price was \$1.74 per pound for food received from federal programs and \$1.97 per pound for all other food and related items. The Organization applies these two different prices, depending on the source, because the commodities from the federal programs consist solely of food, while other donations can at times include non-food items.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost or, if donated, at fair value on the date of donation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets ranging from three to ten years for equipment and ten to forty years for buildings and improvements or, in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation is removed from the accounts, and any resulting gain or loss is included in the statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2024.

Right of Use Leased Assets and Liabilities

Right to use leased assets and the related liabilities are recognized at the lease commencement date and represent the Organization's right to use an underlying asset and lease obligations for the lease term. Right to use leased assets are measured at the initial value of the lease liability plus any payments made to the lessor before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease term, plus any initial direct costs necessary to place the lease asset into service. Right to use leased assets are amortized over the shorter of the lease term or the useful life of the underlying asset using the straight-line method. The amortization period varies among the leases.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statements of financial position. Net investment return/(loss) is reported in the statements of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor 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. The governing board has designated, from net assets without donor restrictions, certain net assets that are not expected to be converted to cash. Net assets without donor restrictions that are designated by the board are inventory and property and equipment, net of related debt. The designated balance of property and equipment, net of related debt, includes: land, building, equipment, and right-of-use assets, net of depreciation and amortization, and net of the related lease liabilities.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) 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 restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, 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.

Revenue and Revenue Recognition

Revenue is recognized from services when the performance obligations from providing the services are met. 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, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

Special events revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The Organization recognizes special events revenue equal to the fair value of direct benefits to donors when the special event takes place. The Organization recognizes the contribution element of special event revenue immediately, unless there is a right of return if the special event does not take place.

In-Kind Contributions

Contributed nonfinancial assets include donated professional services, donated equipment, and other in-kind contributions which are recorded at the respective fair values of the goods or services received (Note 12). The Organization does not sell donated gifts-in-kind.

In addition to contributed nonfinancial assets, volunteers contribute significant amounts of time to program services, administration, and fundraising and development activities; however, the financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Volunteer hours (unaudited) which fall into this category were 184,015 for the year ended June 30, 2024. For management purposes, unrecorded volunteer hours were tracked at a value of \$33.46 per hour for the year ended June 30, 2024. The value of volunteer hours (unaudited) donated to the Organization was \$6,157,150 for the year ended June 30, 2024. Contributed goods are recorded at fair value at the date of donation.

Shipping and Handling Costs

Transportation costs reimbursed by government agencies are considered to be government contract revenue and related transportation costs are included in program expenses.

Functional Allocation of Expenses

The costs of program and supporting services 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(s) and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses are directly attributable to a functional category without significant allocation, except for depreciation and amortization on certain building, improvements, and right-to-use assets. Depreciation on certain building and certain building improvements are allocated between programs and management and general based on the square footage used by each function.

Income Taxes

The Organization is organized as a Utah nonprofit corporation and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualify for the charitable contribution deduction, and has been determined not to be a private foundation. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Organization is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. The Organization determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that each entity has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Organization 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.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Organization to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Insured accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per depositor, per insured bank, for each account ownership category. As of June 30, 2024, the Organization had approximately \$1,703,000, in excess of FDIC insurance limits. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable and promises to give are limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from Board members, governmental agencies, and foundations supportive of the Organization's mission. Investments are made by diversified investment managers whose performance is monitored by the Organization and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the Organization believes that the investment policies and guidelines are prudent for the long-term welfare of the organization.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Change in Accounting Principle

As of July 1, 2023, the Organization adopted Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13), which replaces the incurred loss methodology with an expected loss methodology that is referred to as the current expected credit loss (CECL) methodology.

The CECL model is applicable to the measurement of credit losses on financial assets measured at amortized cost, including accounts and loan receivables, and held to maturity debt securities. CECL requires entities to measure all expected credit losses for financial assets held at the reporting date based on historical experience, current conditions, and reasonable and supportable forecasts. The update also requires that credit losses on available-for-sale debt securities be presented as an allowance rather than a write-down of the security. This standard provides financial statement users with more decision-useful information about the expected losses on financial instruments.

The Organization adopted ASU 2016-13 using the modified retrospective review method for all financial assets measured at amortized cost. Results for reporting periods beginning after July 1, 2023, are presented under Topic 326 while prior period amounts continue to be reported in accordance with previously applicable Generally Accepted Accounting Principles. As a result of the adoption of the new credit loss guidance on July 1, 2023, the beginning of the adoption period, there was no cumulative effect adjustment to net assets. The adoption of the new standard did not materially impact the statement of activities or statement of cash flows.

Subsequent Events

Subsequent events have been evaluated through December 30, 2024, the date the financial statements were available to be issued.

Note 2 - Liquidity and Availability

Utah Food Bank operates on a balanced budget and regularly monitors liquidity to meet its operating needs and other contractual commitments while also striving to maximize its mission. 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	\$ 19,911,589
Receivables	4,121,975
Promises to give	14,100
Operating investments	<u>5,349,103</u>
	<u><u>\$ 29,396,767</u></u>

Note 3 - Food Inventory

The following table indicates the inventory activity for the year ended June 30, 2024:

	Pounds	Dollars
Beginning food inventory	2,579,031	\$ 4,650,811
Food received (donations and purchases)	71,028,397	131,517,661
Food shipped and other adjustments	<u>(66,494,899)</u>	<u>(127,182,722)</u>
Ending food inventory	<u><u>7,112,529</u></u>	<u><u>\$ 8,985,750</u></u>

Donated inventory was valued at was \$1.57 per pound for food received from federal programs and \$1.93 per pound for all other food and related items received from July 1, 2023, through December 31, 2023. Beginning on January 1, 2024, and through June 30, 2024, the price was \$1.74 per pound for food received from federal programs and \$1.97 per pound for all other food and related items. The value per pound is obtained from a study, conducted by a national food donation organization, of the average mix of donated food product categories and wholesaler catalog prices for those food categories. Purchased inventory is valued at the lower of cost or net realizable value determined by the first-in, first-out method.

Note 4 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique.

Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment considering factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Organization's assessment of the quality, risk, or liquidity profile of the asset or liability.

The operating investment assets are classified within Level 1 because they comprise of equities, mutual funds, exchange-traded products, and bonds with readily determinable fair values based on trading in open markets.

The following table presents assets measured at fair value on a recurring basis at June 30, 2024:

	Total	Fair Value Measurements at Report Date Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Operating investments				
Cash equivalents (at cost)	\$ 847,808	\$ -	\$ -	\$ -
Mutual Funds	927,673	927,673	-	-
Exchange-Traded Products	590,213	590,213	-	-
Common stock	1,298,328	1,298,328	-	-
Corporate bonds	105,780	105,780	-	-
US Treasury bonds	1,579,301	1,579,301	-	-
	<u>\$ 5,349,103</u>	<u>\$ 4,501,295</u>	<u>\$ -</u>	<u>\$ -</u>

Note 5 - Property and Equipment

Property and equipment consist of the following at June 30, 2024, was as follows:

Land	\$ 10,812,353
Construction in progress	2,589,479
Building and improvements	49,271,265
Furniture, vehicles and equipment	<u>9,544,399</u>
Total cost	72,217,496
Less accumulated depreciation	<u>(11,111,593)</u>
Property and equipment, net	<u>\$ 61,105,903</u>

The Organization recognized depreciation expense of \$1,921,522, during the year ended June 30, 2024.

Note 6 - Leases

The Organization leases vehicles under long-term, non-cancelable finance lease agreements with a term of six years. The leases expire in fiscal year 2025. The Organization included in the determination of the right-of-use assets and lease liabilities any renewal options when the options are reasonably certain to be exercised.

The weighted-average discount rate is based on the discount rate implicit in the lease. The Organization has elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate for leases where the implicit rate is not readily determinable. The Organization has applied the risk-free rate option to the equipment class of assets.

The Organization has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis.

Total lease costs for the year ended June 30, 2024, were as follows:

Finance lease costs	
Interest expense	\$ 2,368
Amortization of right-of-use assets	71,618

The following table summarizes the supplemental cash flow information for the year ended June 30, 2024:

Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows used for finance leases	\$ 2,368
Financing cash flows used for finance leases	73,693

The following summarizes the weighted-average remaining lease term and weighted-average discount rate:

Weighted-average remaining lease term in years	0.92
Weighted-average discount rate	2.00%

The future minimum lease payments under noncancelable finance leases with terms greater than one year are listed below as of June 30, 2024.

<u>Year Ending June 30,</u>	
2025	<u>\$ 79,158</u>
Total lease payments	79,158
Less interest	<u>(815)</u>
Present value of lease liabilities	<u><u>\$ 78,343</u></u>

Note 7 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods:

Subject to the Passage of Time		
Promises to give that are not restricted by donors, but which are unavailable for expenditure until due	\$	14,100
Subject to Expenditure for Specified Purpose		
Childhood hunger and food distribution programs		115,486
Other		25,400
		140,886
	\$	154,986

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donor as follows for the year ended June 30, 2024.

Expiration of time restrictions	\$	4,500
Satisfaction of purpose restrictions		
Culturally sensitive food purchases		88,664
Hygiene products		14,239
Other		72,500
		175,403
	\$	179,903

Note 8 - Employee Benefit Plan

The Organization has adopted a 403(b) Thrift Plan for its employees whereby employees can contribute a certain percentage of their compensation. The Organization may also contribute to the plan, at the Organization's discretion. The Organization made contributions of \$398,916 for the plan year ended June 30, 2024.

Note 9 - Related Party Transactions

During the year ended June 30, 2024, the Organization incurred expenses of \$782,715 for supplies and services provided by entities in which board members are affiliated, including the following: \$335,241 for office supplies and equipment, \$443,395 for warehouse equipment and maintenance, and \$4,079 for other services.

During the year ended June 30, 2024, the Organization recognized contributions of \$411,995 from board members and entities affiliated with board members.