Food Bank of the Rockies, Inc.

Consolidated Financial Report
with Supplemental Information
June 30, 2023

Contents

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Independent Auditor's Report

To the Board of Directors
Food Bank of the Rockies, Inc.

Report on the Audits of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Food Bank of the Rockies, Inc. and its subsidiary (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2023 and 2022 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits 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. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Consolidated Financial Statements* section of our report. We are required to be independent of the Organization and to meet our ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter

As described in Note 3 to the consolidated financial statements, the Organization adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-02, *Leases*, as of July 1, 2022. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the consolidated financial statements are issued or available to be issued.

Auditor’s Responsibilities for the Audits of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 audits 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 consolidated financial statements.

To the Board of Directors
Food Bank of the Rockies, Inc.

In performing audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Organization'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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2023 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Organization'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 the Organization's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 11, 2023

Consolidated Statement of Financial Position

June 30, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash and cash equivalents	$ 3,760,731	$ 4,405,399
Receivables:		
Agency receivables - Net of allowance of $15,500	629,671	676,954
Pledges receivable	984,221	244,500
Contract receivables	546,614	767,289
Other accounts receivable	304,464	449,017
Total receivables	2,464,970	2,137,760
Donated inventory	1,720,602	1,755,490
Purchased inventory	2,263,109	1,642,025
Commodities inventory	2,061,096	1,562,479
Investments	4,156,000	7,122,743
Prepaid expenses and other current assets	497,521	262,578
Total current assets	16,924,029	18,888,474
Board-designated Investments for Long-term Purposes	30,000,000	30,000,000
Other Assets		
Restricted cash and cash equivalents	6,723,767	6,822,744
Notes receivable	16,329,150	9,761,850
Property and Equipment - Net	23,130,648	19,020,306
Right-of-use Operating Lease Assets	1,461,111	-
Endowment Assets - Life insurance policy	16,052	15,840
Endowment Assets - Investments	4,251,576	3,926,489
Total noncurrent assets	81,912,304	69,547,229
Total assets	**$ 98,836,333**	**$ 88,435,703**
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	$ 1,857,103	$ 1,659,834
Accrued liabilities and other:		
Accrued compensation	1,238,319	1,549,179
Refundable advances	13,075	622,844
Deferred revenue	149,452	87,503
Other accrued liabilities	99,981	71,568
Current portion of long-term debt	30,925	30,194
Current portion of lease liabilities - Operating	792,674	-
Total current liabilities	4,181,529	4,021,122
Long-term Debt - Net of current portion	22,948,343	14,451,611
Lease Liabilities - Operating	668,437	-
Total liabilities	27,798,309	18,472,733
Net Assets		
Without donor restrictions	61,122,193	60,066,642
With donor restrictions	9,915,831	9,896,328
Total net assets	71,038,024	69,962,970
Total liabilities and net assets	**$ 98,836,333**	**$ 88,435,703**

Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2023 and 2022

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, (Losses) Gains, and Other Support						
Purchased food reimbursement	$ 8,348,915	$ -	$ 8,348,915	$ 5,626,880	$ -	$ 5,626,880
Partner support fees	1,453	-	1,453	-	-	-
Promotions	1,886,096	-	1,886,096	1,526,824	-	1,526,824
Contributions of cash and other financial assets	25,403,616	4,118,448	29,522,064	24,487,850	7,466,174	31,954,024
Donated materials and services	648,888	-	648,888	333,447	-	333,447
Government grants and contracts	5,009,113	-	5,009,113	4,469,585	-	4,469,585
Special event revenue, net of direct benefits to donors of $171,632 (2023) and $90,955 (2022)	659,971	-	659,971	478,862	-	478,862
Net investment return and miscellaneous	1,199,365	328,147	1,527,512	244,910	(425,560)	(180,650)
(Loss) gain on sale of property and equipment	(13,653)	-	(13,653)	633,091	-	633,091
Food contributions	-	88,323,730	88,323,730	-	88,094,275	88,094,275
Commodities contributions	-	16,683,857	16,683,857	-	16,974,886	16,974,886
Net assets released from restrictions - Satisfaction of other restrictions	4,890,821	(4,890,821)	-	5,411,686	(5,411,686)	-
Net assets released from restrictions - Food distributions	104,543,858	(104,543,858)	-	106,490,140	(106,490,140)	-
Total revenue, gains, and other support	152,578,443	19,503	152,597,946	149,703,275	207,949	149,911,224
Expenses and Losses						
Program services:						
Agency Distribution	69,764,053	-	69,764,053	70,945,298	-	70,945,298
Food for Kids	3,650,949	-	3,650,949	3,388,506	-	3,388,506
Mobile Pantry	5,653,826	-	5,653,826	3,736,849	-	3,736,849
Food Rescue	26,441,556	-	26,441,556	23,019,229	-	23,019,229
TEFAP	13,772,842	-	13,772,842	14,957,090	-	14,957,090
EverGreen, funded by CSFP	3,917,719	-	3,917,719	3,679,633	-	3,679,633
Wyoming	18,438,535	-	18,438,535	17,701,405	-	17,701,405
Total program services	141,639,480	-	141,639,480	137,428,010	-	137,428,010
Support services:						
Administration and general	3,585,569	-	3,585,569	3,750,202	-	3,750,202
Fundraising	5,853,473	-	5,853,473	3,997,902	-	3,997,902
Capital campaign fundraising	444,370	-	444,370	-	-	-
Total support services	9,883,412	-	9,883,412	7,748,104	-	7,748,104
Total expenses and losses	151,522,892	-	151,522,892	145,176,114	-	145,176,114
Increase in Net Assets	1,055,551	19,503	1,075,054	4,527,161	207,949	4,735,110
Net Assets - Beginning of year	60,066,642	9,896,328	69,962,970	55,539,481	9,688,379	65,227,860
Net Assets - End of year	**$ 61,122,193**	**$ 9,915,831**	**$ 71,038,024**	**$ 60,066,642**	**$ 9,896,328**	**$ 69,962,970**

See notes to consolidated financial statements.

Food Bank of the Rockies, Inc.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2023

	Program Services							Support Services			
	Colorado Agency Distribution	Colorado Food for Kids	Colorado Mobile Pantry	Colorado Food Rescue	Colorado TEFAP	Colorado EverGreen, funded by CSFP	Wyoming	Administration and General	Fundraising	Capital Campaign Fundraising	Total
Salary and fringes	$ 5,544,651	$ 1,059,169	$ 393,905	$ 889,653	$ 687,685	$ 840,286	$ 1,661,090	$ 2,033,824	$ 3,520,625	$ 111,615	$ 16,742,503
Contributed food distributed	47,915,175	184,253	4,147,292	25,211,343	-	-	10,899,005	-	-	-	88,357,068
Commodities food distributed	-	-	-	-	11,838,770	2,422,454	1,925,566	-	-	-	16,186,790
Purchased food distributed	12,243,365	892,659	877,391	-	14,999	26,046	2,293,428	-	-	-	16,347,888
Transportation costs	941,291	200,826	76,763	189,662	185,635	179,215	384,710	1,616	1,945	-	2,161,663
Occupancy	535,437	51,020	25,406	6,830	407,029	74,240	259,803	53,667	13,085	-	1,426,517
Professional and contract services	504,943	69,936	3,304	6,206	72,810	24,059	248,578	459,711	27,352	241,119	1,658,018
Warehouse expense	536,646	22,763	23,367	3,361	102,516	148,758	209,504	19,314	8,576	-	1,074,805
Technology	446,027	54,374	14,234	26,475	41,248	48,238	57,643	250,899	251,651	46,788	1,237,577
Program costs	34,255	905,854	2,769	8,000	124,754	405	23,675	-	-	-	1,099,712
Community engagement	26,757	3,406	-	-	-	3,594	5,658	623,535	1,431,883	36,908	2,131,741
Other operating	334,013	53,182	19,509	30,761	50,139	49,995	171,986	74,712	577,878	7,940	1,370,115
Depreciation	701,493	153,507	69,886	69,265	247,257	100,429	297,889	68,291	20,478	-	1,728,495
Subtotal	69,764,053	3,650,949	5,653,826	26,441,556	13,772,842	3,917,719	18,438,535	3,585,569	5,853,473	444,370	151,522,892
Special events expense	-	-	-	-	-	-	-	-	171,631	-	171,631
Total functional expenses	**$ 69,764,053**	**$ 3,650,949**	**$ 5,653,826**	**$ 26,441,556**	**$ 13,772,842**	**$ 3,917,719**	**$ 18,438,535**	**$ 3,585,569**	**$ 6,025,104**	**$ 444,370**	**$ 151,694,523**

Consolidated Statement of Functional Expenses

Year Ended June 30, 2022

	Program Services							Support Services		
	Colorado Agency Distribution	Colorado Food for Kids	Colorado Mobile Pantry	Colorado Food Rescue	Colorado TEFAP	Colorado EverGreen, funded by CSFP	Wyoming	Administration and General	Fundraising	Total
Salary and fringes	$ 4,162,115	$ 901,995	$ 319,429	$ 823,015	$ 843,896	$ 752,039	$ 1,271,043	$ 2,706,749	$ 1,913,017	$ 13,693,298
Contributed food distributed	52,563,511	149,706	2,828,350	21,907,540	-	-	10,750,715	-	-	88,199,822
Commodities food distributed	-	-	-	-	13,063,445	2,114,558	3,112,315	-	-	18,290,318
Purchased food distributed	9,695,204	418,335	430,232	-	-	15,274	1,026,753	-	-	11,585,798
Transportation costs	1,084,907	62,899	44,908	154,277	169,402	140,471	386,296	-	-	2,043,160
Occupancy	614,989	43,052	25,278	5,823	242,833	181,292	345,696	61,659	18,971	1,539,593
Professional and contract services	1,241,054	207,494	15,838	14,370	125,795	110,339	165,456	689,029	195,028	2,764,403
Cost of prepared meals and snacks	-	1,422,802	-	-	-	-	59,221	-	-	1,482,023
Capital campaign costs	-	-	-	-	-	-	-	-	67,502	67,502
Direct mail	-	-	-	-	-	-	-	-	1,354,029	1,354,029
Other operating	1,006,986	78,977	27,452	32,311	309,039	258,473	263,918	232,505	431,231	2,640,892
Depreciation	576,532	103,246	45,362	81,893	202,680	107,187	319,992	60,260	18,124	1,515,276
Subtotal	70,945,298	3,388,506	3,736,849	23,019,229	14,957,090	3,679,633	17,701,405	3,750,202	3,997,902	145,176,114
Special events expense	-	-	-	-	-	-	-	-	90,955	90,955
Total functional expenses	**$ 70,945,298**	**$ 3,388,506**	**$ 3,736,849**	**$ 23,019,229**	**$ 14,957,090**	**$ 3,679,633**	**$ 17,701,405**	**$ 3,750,202**	**$ 4,088,857**	**$ 145,267,069**

See notes to consolidated financial statements.

Consolidated Statement of Cash Flows

Years Ended June 30, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Increase in net assets	$ 1,075,054	$ 4,735,110
Adjustments to reconcile increase in net assets to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation expense	1,728,495	1,515,276
Loss (gain) on disposal of property and equipment	13,653	(633,091)
Amortization of right-of-use asset	515,306	-
(Gain) loss on investments	(896,055)	385,561
Contributed food and commodities distributed	104,543,858	106,490,140
Contributed food and commodities	(105,007,587)	(105,069,161)
Endowment contributions	(11,139)	(30,026)
Change in value of life insurance policy	(212)	5,343
Changes in operating assets and liabilities that (used) provided cash, cash equivalents, and restricted cash:		
Receivables	(327,210)	(973,487)
Purchased inventory	(621,084)	87,106
Prepaid expenses and other assets	(234,943)	446,573
Accounts payable and accrued liabilities	(85,178)	40,442
Deferred revenue and refundable advances	(547,820)	425,347
Lease liability	(515,306)	-
Net cash, cash equivalents, and restricted cash (used in) provided by operating activities	(370,168)	7,425,133
Cash Flows from Investing Activities		
Purchase of property and equipment	(5,858,990)	(6,901,439)
Proceeds from the sale of property and equipment	6,500	1,952,259
Purchases of investments	(11,139)	(19,024,632)
Proceeds from sales and maturities of investments	3,548,850	22,023,080
Issuance of note receivable	(6,567,300)	(9,761,850)
Net cash, cash equivalents, and restricted cash used in investing activities	(8,882,079)	(11,712,582)
Cash Flows from Financing Activities		
Proceeds from long-term debt	8,820,000	13,185,000
Payments on long-term debt	(32,472)	(31,456)
Debt issuance costs	(290,065)	(492,183)
Endowment contributions	11,139	30,026
Net cash, cash equivalents, and restricted cash provided by financing activities	8,508,602	12,691,387
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(743,645)	8,403,938
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	11,228,143	2,824,205
Cash, Cash Equivalents, and Restricted Cash - End of year	**$ 10,484,498**	**$ 11,228,143**
Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	$ 3,760,731	$ 4,405,399
Restricted cash and cash equivalents	6,723,767	6,822,744
Total cash, cash equivalents, and restricted cash	**$ 10,484,498**	**$ 11,228,143**
Supplemental Cash Flow Information - Cash paid for interest	$ 270,537	$ 58,411

See notes to consolidated financial statements.

Note 1 - Nature of Business

Food Bank of the Rockies, Inc. (FBR) is a Colorado nonprofit corporation organized to solicit, collect, and distribute food to those in need of assistance directly and through nonprofit partner agencies. FBR is a member of Feeding America. Its service area includes 32 counties in northern Colorado and the entire state of Wyoming.

FBR contracted with the state of Colorado for administration of four United States Department of Agriculture (USDA) programs for northern Colorado: The Emergency Food Assistance Program (TEFAP); EverGreen Boxes™, a program of Everyday Eats (EverGreen), funded by Commodity Supplemental Food Program (CSFP); the Child and Adult Care Food Program (CACFP); and the Summer Food Service Program (SFSP). FBR contracted with the state of Wyoming for administration of TEFAP and CSFP.

TEFAP provides for the distribution of nutritious food to residents from low-income households upon self-declaration of need. FBR distributes TEFAP commodities to 128 eligible recipient agencies (ERA) throughout northern Colorado (38 of these ERAs are FBR mobile pantry sites conducting the distributions) and to 57 ERAs in Wyoming (22 of these ERAs are mobile pantry sites).

EverGreen works to improve the health of older adults over 60 years of age from low-income households by supplementing their diets with nutritious USDA commodity foods. Those eligible must meet income guidelines established by the state of Colorado (which is 130 percent of the Federal Poverty Income Guidelines), establish local residency requirements, and be able to provide identification issued by a state or federal agency. FBR is allocated to serve up to 6,000 EverGreen recipients monthly at 125 ERA sites throughout the 32-county service area. In Wyoming, FBR serves up to 213 EverGreen recipients monthly at 8 ERA sites in 7 counties.

Both CACFP and SFSP are administered by the programs department providing meals for children from low-income households to 145 sites. Food for Kids programs provide meals to children at risk of hunger at locations offering recreation, tutoring, and mentoring programs. Also, through CACFP, the After-School Meals Program supplies meals to sites providing after-school tutoring to students from low-income households. Although not a federal program, FBR's Totes of Hope™ program is designed to meet the needs of children experiencing food insecurity at times when other resources are not available, such as weekends and school vacations. Children in the Totes of Hope™ program discreetly receive a bag filled with food each Friday to take home for the weekend. FBR distributes 3,350 totes per week in Colorado and 1,600 totes per week in Wyoming.

Food Bank of the Rockies Endowment Fund (FBREF) is a Colorado nonprofit corporation organized for the sole purpose of holding, operating, and managing an endowment fund to support FBR.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of FBR and its controlled subsidiary, FBREF (collectively, the "Organization"). All material intercompany accounts and transactions have been eliminated in consolidation.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Note 2 - Significant Accounting Policies (Continued)

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash Equivalents

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents, excluding short-term investments held within the investment portfolio. The Organization maintains cash balances in excess of the FDIC's insurance limit of $250,000 per institution.

Agency Receivables

Balances represent purchased food reimbursement that has not yet been collected. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on the specific circumstances of the agencies. As of June 30, 2023 and 2022, the Organization reserved an allowance for doubtful accounts of $15,500.

Contracts Receivable

Balances represent amounts due from the states of Colorado and Wyoming for contracted services based on contracted prices. The Organization provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on the specific circumstances. Management considers all contracts receivable collectible; therefore, an allowance for doubtful accounts has not been recorded at June 30, 2023 and 2022.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values, with unrealized gains and losses included in the change in net assets reported on the consolidated statement of activities and changes in net assets.

Food Inventory

The Organization procures food and necessities from a variety of sources, including donated, commodities, and purchased sources.

Donated sources include a robust grocery rescue program, which reduces food waste while providing quality food for people in need. The Organization also receives direct contributions from partners throughout the food industry, from farmers to restaurants. Donated food inventory is valued at an average of the national wholesale prices determined by Feeding America.

Donated commodities inventory received from the USDA is valued based on prices provided by the USDA.

A portion of the Organization's food inventory is purchased using donated funds and other means of foundational support, purchased in bulk quantities at wholesale prices. Purchased food inventory is valued at the cost of products purchased, determined by the first-in, first-out method.

Note 2 - Significant Accounting Policies (Continued)

Restricted Cash

Restricted cash consists of a debt service reserve fund on the USDA Rural Development loan and various construction disbursement, interest reserve, working capital and debt service accounts related to the NMTC loans described in Note 10.

Property and Equipment

Property and equipment with unit costs of $5,000 or more are capitalized at cost if purchased and at fair value if contributed. Depreciation of property and equipment is computed on the straight-line method based upon the estimated useful lives of the assets, which range from 1 to 37 years.

Long-lived Assets

The Organization reviews the recoverability of long-lived assets, including buildings and equipment, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

As of June 30, 2023 and 2022, no impairment was required to be recognized.

Leases

The Organization has operating leases for facilities and vehicles. The Organization recognizes expense for operating leases on a straight-line basis over the lease term.

The Organization has operating leases for vehicles and equipment with a lease term of one year or less that the Organization elected to account for as short-term leases. As these leases are short-term leases, they are not included in the right-of-use asset and lease liability. Total expense related to short-term leases was $72,180 for the year ended June 30, 2023.

The Organization elected to use the risk-free rate as the discount rate for calculating the right-of-use asset and lease liability in place of the incremental borrowing rate for the office and vehicle leases described in Note 7.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions 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 the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

The Organization reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports the expiration of donor restrictions when the assets are placed in service.

Note 2 - Significant Accounting Policies (Continued)

Pledges receivable that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discounts on those amounts are computed using risk-free interest rates applicable to the years in which the promises are received. Amortization of the discounts is included in contribution revenue. No discount has been recorded related to pledges receivable, as all outstanding amounts are expected to be collected within one year. An allowance for uncollectible contributions is provided when evidence indicates amounts promised by donors may not be collectible. The Organization expects that all promises to give are fully collectible; accordingly, there was no allowance for uncollectible pledges receivable.

Amounts received as contributions from donors for which the criteria for recognizing contribution revenue has not yet been met are recorded as refundable advance liabilities, including the amount related to conditional contributions outstanding to be expensed in future years for reimbursement-based grants. As conditions on these contributions are met, the liability will be reduced and revenue recognized on the statement of activities and changes in net assets.

Donated Services (Unaudited)

A number of volunteers have donated time to the Organization. During the years ended June 30, 2023 and 2022, volunteers from the community donated approximately 114,000 and 101,000 hours, respectively, which were valued based on the industry standards at approximately $3,920,000 and $3,170,000, respectively, to assist the Organization in achieving the goals of its programs; however, no value for these services has been recorded in the accompanying consolidated financial statements, as specialized skills were not required.

Deferred Revenue

Registration fees and other receipts for special events relating to future years are deferred and recognized as revenue in the applicable future period when the related services are provided.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. Salary-related costs are allocated based on the percentage of time spent by individuals working on multiple programs. Other shared costs are allocated between the various program and support services based on the percentage of total square footage utilized. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncement

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, *Financial Instruments - Credit Losses: Measurement of Credit Losses on Financial Instruments*. The ASU includes changes to the accounting and measurement of financial assets, including the Organization's accounts receivable and held-to-maturity debt securities, by requiring the Organization to recognize an allowance for all expected losses over the life of the financial asset at origination. This is different from the current practice where an allowance is not recognized until the losses are considered probable. The ASU also changes the way credit losses are recognized for available-for-sale debt securities. Credit losses are recognized through the recording of an allowance rather than as a write-down of the carrying value. The new guidance will be effective for the Organization's year ending June 30, 2024. Upon adoption, the ASU will be applied using a modified retrospective transition method to the beginning of the year net assets in the year of adoption. A prospective transition approach is required for debt securities for which an other-than-temporary impairment had been recognized before the effective date. Early adoption for all institutions is permitted.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 11, 2023, which is the date the consolidated financial statements were available to be issued.

Subsequent to June 30, 2023, the Organization purchased land in the amount of $6,800,000 and also entered into contracts for design and development of a new building in the amount of approximately $2,500,000. Additional agreements related to the new building are currently being negotiated.

Note 3 - Adoption of New Accounting Pronouncement

As of July 1, 2022, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, *Leases*. The ASU requires lessees to recognize a right-of-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases are classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. The Organization elected to adopt the ASU using the modified retrospective method as of July 1, 2022 and applied the following practical expedients:

- The Organization did not reassess if expired or existing contracts are or contain a lease.
- The Organization did not reassess the lease classification for expired or existing leases.
- The Organization did not reassess initial direct costs for any existing leases.
- The Organization used hindsight to determine the lease term and to assess impairment of the right-of-use assets for existing leases.

As a result of the adoption of the ASU, the Organization recorded a right-of-use asset of $1,976,417 and a lease liability of $1,976,417 as of July 1, 2022 for existing operating leases. There was no impact on net assets as a result of adopting the new ASU.

Note 4 - Liquidity and Availability of Resources

The following reflects the Organization's current financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2023	2022
Cash and cash equivalents	$ 3,760,731	$ 4,405,399
Receivables	2,464,970	2,137,760
Investments	4,156,000	7,122,743
Current financial assets - At year end	10,381,701	13,665,902
Less those unavailable for general expenditures within one year due to donor-imposed restrictions:		
Restricted by donor with purpose restrictions	1,056,500	1,479,254
Restricted by donor with both purpose and time restrictions	1,510,382	1,860,000
Financial assets available to meet cash needs for general expenditures within one year	$ 7,814,819	$ 10,326,648

None of these financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the consolidated statement of financial position date.

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

The Organization has a line of credit with available borrowings of $1,500,000.

The Organization also realizes there could be unanticipated liquidity needs.

Note 5 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization’s assets measured at fair value on a recurring basis at June 30, 2023 and 2022 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management’s own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

Note 5 - Fair Value Measurements (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2023			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2023
Investments:				
Corporate bonds	$ -	$ 1,349,618	$ -	$ 1,349,618
Municipal bonds	-	44,638	-	44,638
U.S. Treasurys	-	34,435,002	-	34,435,002
Money market mutual funds	231,564	-	-	231,564
Equities	2,248,912	-	-	2,248,912
Equity mutual funds	97,842	-	-	97,842
Total investments	$ 2,578,318	$ 35,829,258	$ -	$ 38,407,576

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2022			
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2022
Investments:				
Corporate bonds	$ -	$ 1,176,670	$ -	$ 1,176,670
Municipal bonds	-	80,743	-	80,743
U.S. Treasurys	-	37,464,378	-	37,464,378
Money market mutual funds	112,267	-	-	112,267
Equities	2,081,296	-	-	2,081,296
Equity mutual funds	133,878	-	-	133,878
Total investments	$ 2,327,441	$ 38,721,791	$ -	$ 41,049,232

Note 6 - Property and Equipment

Property and equipment are summarized as follows:

	2023	2022
Buildings	$ 15,721,846	$ 4,762,196
Leasehold improvements	7,138,458	7,202,818
Transportation equipment	4,596,355	4,522,473
Furniture and equipment	4,579,454	4,427,024
Land	2,585,492	1,207,500
Construction in progress	589,781	7,312,680
Total cost	35,211,386	29,434,691
Accumulated depreciation	12,080,738	10,414,385
Net property and equipment	$ 23,130,648	$ 19,020,306

Depreciation expense was $1,728,495 and $1,515,276 as of June 30, 2023 and 2022, respectively.

Note 7 - Leases

The Organization is obligated under operating leases primarily for warehouse space and vehicles, expiring at various dates through April 2030. The right-of-use asset and related lease liability have been calculated using discount rates ranging from 2.72 percent to 3.42 percent. The leases require the Organization to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was approximately $858,000 and $930,000 for 2023 and 2022, respectively.

Future minimum annual commitments under these operating leases are as follows:

Years Ending June 30	Amount
2024	$ 791,974
2025	442,464
2026	162,628
2027	84,385
2028	69,555
Thereafter	33,339
Total	1,584,345
Less amount representing interest	123,234
Present value of net minimum lease payments	1,461,111
Less current obligations	792,674
Long-term obligations under leases	$ 668,437

Expenses recognized under these leases for the year ended June 30, 2023 consist of the following:

Lease cost:	
Operating lease cost	$ 786,333
Short-term lease cost	72,180
Total lease cost	$ 858,513
Cash paid for amounts included in the measurement of lease liabilities - Operating cash flows from operating leases	$ 787,588
Weighted-average remaining lease term (years) - Operating leases	3.79
Weighted-average discount rate - Operating leases	2.9 %

Note 8 - New Markets Tax Credit

During the year ended June 30, 2023, the Organization entered into a series of financing agreements as part of a New Markets Tax Credit (NMTC) transaction to support the operating costs related to the Western Slope facility as well as reimburse previously incurred working capital expenditures. In April 2023, NMTC investor made a $2,702,700 equity investment into FBR-WS 2 Investment Fund, LLC (the "Investment Fund 2") in exchange for NMTC to be generated from the project over a seven-year compliance period. Simultaneously, FBREF made a $6,567,300 leveraged loan to the Investment Fund 2 at 1.00 percent interest, which matures on March 31, 2050. The Investment Fund 2 used those funds to make qualified equity investments into a community development entity (CDE). The CDE loaned to FBR substantially all of the proceeds of the investments from the Investment Fund 2, net of fees, in the aggregate amount of $8,820,000 (the "QLICI Loan"). FBR executed and delivered to the CDE a loan agreement, promissory note, and various security documents in connection with the QLICI Loan. The QLICI Loan accrues interest at a rate of 1.188 percent and matures on December 31, 2052.

The New Markets Tax Credit has a seven-year compliance period that will expire in the fiscal year ending June 30, 2030, at which time the NMTC investor may execute a put option; if the put option is not exercised, FBREF may exercise a call option. If either the put or call option is exercised, FBREF will purchase the third-party NMTC investor's equity interest in the Investment Fund 2, and the Investment Fund 2 will acquire the notes payable from FBR to the CDEs; the assets of the Investment Fund 2 will settle into FBREF, and the NMTC financing will be considered settled. FBREF may require FBR to continue to fund the notes now directly between them or may forgive those obligations at that time.

During the year ended June 30, 2022, the Organization entered into a series of financing agreements as part of a New Markets Tax Credit (NMTC) transaction to support the construction of the Western Slope facility. On November 23, 2021, a NMTC investor made a $3,738,150 equity investment into FBR-WS Investment Fund, LLC (the "Investment Fund") in exchange for NMTC to be generated from the project over a seven-year compliance period. Simultaneously, FBREF made a $9,761,850 leveraged loan to the Investment Fund at 1.00 percent interest, which matures on December 31, 2046. The Investment Fund used those funds to make qualified equity investments into a pair of community development entities (CDEs). The CDEs loaned to FBR substantially all of the proceeds of the investments from the Investment Fund, net of fees, in the aggregate amount of approximately $13,185,000 (the "QLICI Loans"). FBR executed and delivered to the CDEs loan agreements, promissory notes, and various security documents in connection with the QLICI Loans. The QLICI Loans accrue interest at a rate of 1.142 percent, and each matures on December 31, 2051.

The New Markets Tax Credit has a seven-year compliance period that will expire in the fiscal year ending June 30, 2029, at which time the NMTC investor may execute a put option; if the put option is not exercised, FBREF may exercise a call option. If either the put or call option is exercised, FBREF will purchase the third-party NMTC investor's equity interest in the Investment Fund, and the Investment Fund will acquire the notes payable from FBR to the CDEs; the assets of the Investment Fund will settle into FBREF, and the NMTC financing will be considered settled. FBREF may require FBR to continue to fund the notes now directly between them or may forgive those obligations at that time.

The NMTC program was established by Congress in 2000 to attract investment capital to low-income communities by permitting investors to receive tax credit incentives in exchange for making equity investments in certified CDEs. Under this program, certain commercial banks and other investors are able to subsidize eligible projects that meet the NMTC program requirements. After CDE fees and transaction costs, the NMTC transaction generated approximately $2.4 million of additional funds for the Organization.

Note 9 - Notes Receivable

Notes receivable at June 30 is as follows:

	2023	2022
Note receivable from the Investment Fund dated November 23, 2021, due in quarterly installments of accrued interest at 1.00 percent through December 2028. Commencing with the payment in March 2029, the note is due in quarterly installments of interest at 1.00 percent and principal sufficient to fully amortize the remaining principal balance ahead of maturity on December 31, 2046. The note is collateralized by the assets of the Investment Fund, namely the interests in the sub-CDE entities that are the lenders to the notes payable described in Note 10 related to the NMTC described in Note 8	$ 9,761,850	$ 9,761,850
Note receivable from the Investment Fund 2 dated April 28, 2023, due in quarterly installments of accrued interest at 1.00 percent through April 28, 2030. Commencing with the payment in March 2031, the note is due in quarterly installments of interest at 1.00 percent and principal sufficient to fully amortize the remaining principal balance ahead of maturity on March 31, 2050. The note is collateralized by the assets of the Investment Fund 2, namely the interests in the sub-CDE entity that is the lender to the note payable described in Note 10 related to the NMTC described in Note 8	6,567,300	-
Total notes receivable	$ 16,329,150	$ 9,761,850

Note 10 - Long-term Debt

Long-term debt at June 30 is as follows:

	2023	2022
Note payable to the USDA's rural development project in monthly installments of $7,489, including interest at 3.25 percent. The note is collateralized by a building and is due in September 2054. The note also subjects the Organization to certain reserve requirements	$ 1,756,516	$ 1,788,988
On November 23, 2021, as part of the NMTC financing for the Western Slope described in Note 8, the Organization entered into a pair of promissory notes for $7,592,550 and $2,592,450 of qualified low-income community investment proceeds from CGRF SUBSIDIARY FIFTEEN LLC, a Colorado limited liability company managed by the Colorado Housing and Finance Authority. The notes are secured by an intercreditor agreement between CGRF SUBSIDIARY FIFTEEN LLC, PNC CDE 124 LLC, and the Organization, which includes as joint collateral for all the notes payable under the NMTC to include various construction disbursement, interest reserve, and debt service accounts, as well as the constructed facility. The notes bear interest at 1.142 percent annually, compounding monthly. Quarterly interest-only payments, in the schedule described in the promissory notes, are required through December 2028 and, beginning in March 2029, both notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes, set to mature on December 31, 2051	10,185,000	10,185,000

Note 10 - Long-term Debt (Continued)

	2023	2022
On November 23, 2021, as part of the NMTC financing for the Western Slope described in Note 8, the Organization entered into a pair of promissory notes for $2,169,300 and $830,700 of qualified low-income community investment proceeds from PNC CDE 124 LLC, a Delaware limited liability company managed by PNC Financial Services Group. The notes are secured by an intercreditor agreement between CGRF SUBSIDIARY FIFTEEN LLC, PNC CDE 124 LLC, and the Organization, which includes as joint collateral for all the notes payable under the NMTC to include various construction disbursement, interest reserve, and debt service accounts, as well as the constructed facility. The notes bear interest at 1.142 percent annually, compounding monthly. Quarterly interest-only payments, in the schedule described in the promissory notes, are required through December 2028 and, beginning in March 2029, both notes require principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the notes, set to mature on December 31, 2051	$ 3,000,000	$ 3,000,000
On April 28, 2023, as part of the NMTC financing for the Western Slope 2 transaction described in Note 8, the Organization entered into a promissory note for $8,820,000 of qualified low-income community investment proceeds from CEF Sub-CDE 6, LLC, a Missouri limited liability company. The note bears interest at 1.188 percent annually, compounding monthly. Quarterly interest-only payments, in the schedule described in the promissory note, is required through April 2030 and, beginning in March 2031, the note requires principal and interest payments sufficient to fully repay the outstanding principal plus interest in level quarterly payments over the remaining term of the note, set to mature on December 31, 2052	8,820,000	-
Unamortized debt issuance costs	(782,248)	(492,183)
Long-term debt less unamortized debt issuance costs	22,979,268	14,481,805
Less current portion	30,925	30,194
Long-term portion	$ 22,948,343	$ 14,451,611

The balance of the above debt matures as follows:

Years Ending	Amount
2024	$ 30,925
2025	34,299
2026	35,430
2027	36,599
2028	37,807
Thereafter	23,586,456
Unamortized debt issuance cost	(782,248)
Total	$ 22,979,268

Note 11 - Line of Credit

Under a line of credit agreement with a bank, the Organization has available borrowings of approximately $1,500,000 as of June 30, 2023 and 2022. As of May 6, 2023, interest accrued at the greater of *The Wall Street Journal* prime rate or 8.00 percent (effective rate was 8.25 percent at June 30, 2023). Prior to May 6, 2023, interest accrued at the greater of *The Wall Street Journal* prime rate or 4.00 percent (effective rate was 4.00 percent at June 30, 2022). The line of credit matures in May 2026. The line of credit is collateralized by the Denver headquarters building. There was no outstanding balance due on the line of credit at June 30, 2023 or 2022.

Note 12 - Net Assets

Net assets without donor restrictions consist of the following as of June 30:

	2023	2022
Board-designated net assets:		
Quasi endowment	$ 703,223	$ 703,223
Designated for expected capital and extraordinary operating needs	30,000,000	30,000,000
Total board-designated net assets	30,703,223	30,703,223
Undesignated net assets	30,418,970	29,363,419
Total unrestricted net assets	$ 61,122,193	$ 60,066,642

Net assets with donor restrictions as of June 30 are available for the following purposes:

	2023	2022
Subject to:		
Food distribution	$ 3,781,697	$ 3,317,968
Meeting various purpose restrictions	1,056,500	1,479,254
Both purpose and time restrictions	1,510,382	1,860,000
Endowment subject to endowment spending policy and appropriation	3,567,252	3,239,106
Total	$ 9,915,831	$ 9,896,328

Note 13 - Donor-restricted and Board-designated Endowments

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the board of directors of FBREF to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors of FBREF appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of FBREF had interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

	Endowment Net Asset Composition by Type of Fund as of June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 703,223	$ -	$ 703,223
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	2,175,784	2,175,784
Accumulated investment gains	-	1,391,468	1,391,468
Total	$ 703,223	$ 3,567,252	$ 4,270,475

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 703,223	$ 3,239,106	$ 3,942,329
Investment return:			
Investment return	-	316,795	316,795
Change in value of life insurance policy	-	212	212
Total investment return	-	317,007	317,007
Contributions	-	11,139	11,139
Endowment net assets - End of year	$ 703,223	$ 3,567,252	$ 4,270,475

	Endowment Net Asset Composition by Type of Fund as of June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	$ 703,223	$ -	$ 703,223
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	2,164,645	2,164,645
Accumulated investment gains	-	1,074,461	1,074,461
Total	$ 703,223	$ 3,239,106	$ 3,942,329

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	$ 703,223	$ 3,664,666	$ 4,367,889
Investment return:			
Investment loss	-	(450,243)	(450,243)
Change in value of life insurance policy	-	(5,343)	(5,343)
Total investment return	-	(455,586)	(455,586)
Contributions	-	30,026	30,026
Endowment net assets - End of year	$ 703,223	$ 3,239,106	$ 3,942,329

The composition of the endowment assets was as follows as of June 30:

	2023	2022
Life insurance policy	$ 16,052	$ 15,840
Investments	4,251,576	3,926,489
Total endowment assets	$ 4,267,628	$ 3,942,329

Note 13 - Donor-restricted and Board-designated Endowments (Continued)

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support future activities while seeking the proper balance of preservation of capital. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the board of directors of FBREF, the endowment assets are invested in a manner that seeks a total annual return approach of the endowment and appropriate capital market measures, such as securities indices, while assuming a moderate level of investment risk. The Organization expects its endowment funds to provide an average rate of return of approximately 6.5 percent to 8.5 percent over the long term. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on optimal allocation of stocks and bonds, in which investment returns are achieved through bonds to satisfy current income requirements and control volatility, common stock to generate capital, and income growth to preserve and enhance the endowment. The Organization targets a diversified asset allocation that places a greater emphasis on fixed-income investments to achieve its long-term return objectives within prudent risk constraints. The board of directors of FBREF is responsible for selecting the asset mix and managers for the endowment. The asset allocation target ranges are as follows:

Equities	40 - 60 percent
Fixed income (including cash reserves)	40 - 60 percent
Cash reserves	As required

Spending Policy and How the Investment Objectives Relate to Spending Policy

Distributions from the endowment fund will benefit the Organization and other approved organizations, as determined by the board of directors of FBREF. For the years ended June 30, 2023 and 2022, distributions available to the Organization were reinvested in the endowment fund.

Note 14 - Contributions of Nonfinancial Assets and Services

The Organization received the following contributions of nonfinancial assets and services, which are primarily restricted for and utilized in food distribution in programs for the years ended June 30:

	2023	2022
Food contributions	$ 88,323,730	$ 88,094,275
Commodities contributions	16,683,857	16,974,886
Donated materials and services	648,888	333,447
Total	$ 105,656,475	$ 105,402,608

The Organization receives donated food and commodities from local area merchants, the USDA, and Feeding America.

During the year ended June 30, 2023, the Organization received and distributed approximately 45,800,000 and 45,800,000 pounds, respectively, of donated usable food. During the year ended June 30, 2022, the Organization received and distributed approximately 45,900,000 and 46,000,000 pounds, respectively, of donated usable food. As of June 30, 2023 and 2022, donated food inventory consisted of approximately 890,000 pounds at an average value of $1.93 per pound and approximately 910,000 pounds at an average value of $1.92 per pound, respectively. The fair value of donated food is determined by Feeding America in a study conducted annually and applied by pound.

Note 14 - Contributions of Nonfinancial Assets and Services (Continued)

During the year ended June 30, 2023, the Organization received and distributed approximately 11,100,000 and 10,800,000 pounds, respectively, of commodities. During the year ended June 30, 2022, the Organization received and distributed approximately 13,800,000 and 15,200,000 pounds, respectively, of commodities. The fair value is determined by the USDA, which is typically valued on a per pound basis.

Donated materials and services are contributions of nonfinancial assets and services other than food. These donations vary, and the methods used to value these donations vary accordingly but represent management's best estimate of the fair value of the donation at the date it was provided unconditionally. In many cases, management's best estimate is based on values reported by the donor. Donated services are recognized as revenue at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. As discussed in Note 2, donated service hours are received from a large number of members of the community; however, no value for these services has been recorded in the accompanying consolidated financial statements when specialized skills were not required. Only those donated services that create or enhance nonfinancial assets or require specialized skills that would need to have been purchased are recognized in the amounts above.

Note 15 - Contingencies

Government Contracts

The Organization receives certain revenue from contracts with various governmental agencies. The disbursement of funds received under these contracts generally requires compliance with the terms and conditions specified in the contracts and is subject to audit by the contracting agencies. The receipt of funds under many of these contracts is on a reimbursement basis for qualifying expenses. Refunds of these reimbursements may be necessary if the contracting agencies or their audits disallow claimed expenses or otherwise determine noncompliance. However, management believes the amount of charges to these contracts that may be disallowed from any such audits would not have a significant impact on the consolidated financial statements; accordingly, no provision has been made in the consolidated financial statements for any liability that may result.

Note 16 - Retirement Plans

The Organization sponsors a 401(k) plan for substantially all employees. Under the retirement plan, employees who work at least 1,000 hours per year are eligible to participate, at which time the Organization will match between 4.5 percent and 8.5 percent depending on how long the employee has been at the Organization. Contributions to the plan totaled $449,164 and $337,600 in fiscal years 2023 and 2022, respectively.

Note 17 - Direct Mailing

Direct mail produced the following results for the years ended June 30:

	2023	2022
Direct mail contributions	$ 3,911,480	$ 3,716,097
Direct mail expense	(1,542,203)	(1,354,029)
Total	$ 2,369,277	$ 2,362,068

Supplemental Information

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Independent Auditor's Report on Supplemental Information

To the Board of Directors
Food Bank of the Rockies, Inc.

We have audited the consolidated financial statements of Food Bank of the Rockies, Inc. and its subsidiary as of and for the years ended June 30, 2023 and 2022 and have issued our report thereon dated December 11, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedule of Wyoming revenue and expense activities is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

December 11, 2023

Food Bank of the Rockies, Inc.

Schedule of Wyoming Revenue and Expense Activities

Years Ended June 30, 2023 and 2022

	2023	2022
Revenue		
Partner support fees	$ -	$ 2,364
Purchased food reimbursement	1,123,628	552,442
Food contributions	10,899,005	10,750,715
Commodities contributions	2,115,962	2,867,703
Contributions	2,145,900	1,767,444
Government contract	347,777	300,718
Other income	40,474	176,894
Net assets released from restrictions	379,884	118,525
Total revenue	17,052,630	16,536,805
Expenses		
Salaries and fringes	1,661,090	1,271,043
Contributed food distributed	10,899,005	10,750,715
Commodities food distributed	1,925,566	3,112,315
Purchased food distributed	2,293,428	1,026,753
Transportation costs	384,710	386,296
Other expenses	1,274,736	1,154,283
Total program services	18,438,535	17,701,405
Fundraising and administration expense	1,063,199	902,751
Total expenses	19,501,734	18,604,156
Excess of Expenses Over Revenue	**$ (2,449,104)**	**$ (2,067,351)**