

**CONNECTICUT FOODSHARE, INC.**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED JUNE 30, 2022**



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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Connecticut Foodshare, Inc.  
Wallingford, Connecticut

### Report on the Audit of the Financial Statements

#### **Opinion**

We have audited the accompanying financial statements of Connecticut Foodshare, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Connecticut Foodshare, Inc. as of June 30, 2022, and the changes in net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### **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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Connecticut Foodshare, Inc. 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.

#### **Change in Accounting Principle**

As discussed in Note 1, during the year ended June 30, 2022, Connecticut Foodshare, Inc. adopted Accounting Standards Update No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. Our opinion is not modified with respect to this matter.

#### **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 Connecticut Foodshare, Inc.'s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

***Auditors' Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 Connecticut Foodshare, Inc.'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 Connecticut Foodshare, Inc.'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.

Board of Directors  
Connecticut Foodshare, Inc.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2022, on our consideration of Connecticut Foodshare, Inc.'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 Connecticut Foodshare, Inc.'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 Connecticut Foodshare, Inc.'s internal control over financial reporting and compliance

*CliftonLarsonAllen LLP*

**CliftonLarsonAllen LLP**

West Hartford, Connecticut  
November 14, 2022

**CONNECTICUT FOODSHARE, INC.  
STATEMENT OF FINANCIAL POSITION  
JUNE 30, 2022**

**ASSETS**

Cash and Cash Equivalents	\$ 6,495,931
Investments	37,231,399
Contributions Receivable, Net	10,001
Government Grants Receivable	1,404,307
Accounts Receivable	75,563
Donated Food Inventory	3,248,187
Purchased Food Inventory	850,178
Prepaid Expenses and Other Assets	330,921
Land, Building and Equipment, Net	<u>14,941,154</u>
Total Assets	<u><u>\$ 64,587,641</u></u>

**LIABILITIES AND NET ASSETS**

**LIABILITIES**

Accounts Payable and Accrued Expenses	\$ 2,490,351
Obligation Under Capital Leases	95,644
Deferred Revenue and Other Liabilities	<u>734,811</u>
Total Liabilities	<u>3,320,806</u>

**NET ASSETS**

Without Donor Restrictions:	
Designated	54,898,069
Undesignated	<u>2,098,976</u>
Total Without Donor Restrictions	56,997,045
With Donor Restrictions	<u>4,269,790</u>
Total Net Assets	<u><u>61,266,835</u></u>
Total Liabilities and Net Assets	<u><u>\$ 64,587,641</u></u>

*See accompanying Notes to Financial Statements.*

**CONNECTICUT FOODSHARE, INC.  
STATEMENT OF ACTIVITIES  
YEAR ENDED JUNE 30, 2022**

**CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS - DONATED FOOD**

Donated Food	\$ 50,582,549
Donated Food Distributed	<u>(70,713,207)</u>
	(20,130,658)
Net Assets Released from Restrictions - Donated Food	<u>16,177,035</u>
Changes in Net Assets Without Donor Restrictions - Donated Food	<u>(3,953,623)</u>

**CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS - OPERATIONS**

Revenues and Gains - Operations:	
Contributions	22,000,745
Net Realized and Unrealized Loss on Investments	(2,343,618)
Dividend and Interest Income	151,757
Miscellaneous Revenue	<u>121,968</u>
	19,930,852
Net Assets Released from Restrictions - Operations	<u>6,591,022</u>
Total Revenues and Gains Without Donor Restrictions - Operations	<u>26,521,874</u>
Expenses - Operations:	
Program Services:	
Food Collection and Distribution	17,791,514
Outreach	3,136,765
Supporting Services:	
Management and General	3,603,334
Fundraising	<u>2,974,126</u>
Total Expenses - Operations	<u>27,505,739</u>
Changes in Net Assets Without Donor Restrictions - Operations	<u>(983,865)</u>
Decrease in Net Assets Without Donor Restrictions	(4,937,488)

**CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS - DONATED FOOD**

Donated Food	18,547,036
Net Assets Released from Restrictions - Donated Food	<u>(16,177,035)</u>
Changes in Net Assets With Donor Restrictions - Donated Food	2,370,001

**CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS - OPERATIONS**

Contributions	1,373,128
Governmental Grants	5,210,093
Net Assets Released from Restrictions - Operations	<u>(6,591,022)</u>
Changes in Net Assets With Donor Restrictions - Operations	<u>(7,801)</u>
Increase In Net Assets With Donor Restrictions	<u>2,362,200</u>

**DECREASE IN NET ASSETS**

(2,575,288)

Net Assets - Beginning of Year

63,842,123

**NET ASSETS - END OF YEAR**

\$ 61,266,835

*See accompanying Notes to Financial Statements.*

**CONNECTICUT FOODSHARE, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
YEAR ENDED JUNE 30, 2022**

	Program Services			Supporting Services		
	Food Collection and Distribution	Outreach	Total Program Services	Management and General	Fundraising	Total
Donated Food Distributed	\$ 70,713,207	\$ -	\$ 70,713,207	\$ -	\$ -	\$ 70,713,207
Salaries	3,459,438	1,664,662	5,124,100	1,442,477	1,138,370	7,704,947
Payroll Taxes and Related Benefits	1,069,256	602,679	1,671,935	318,657	356,090	2,346,682
Purchased Food	7,117,581	-	7,117,581	-	-	7,117,581
Other Food Collection Expenses	3,098,834	-	3,098,834	-	-	3,098,834
Repairs and Maintenance	695,416	108,038	803,454	357,032	202,704	1,363,190
Depreciation and Amortization	895,819	59,153	954,972	40,842	75,286	1,071,100
Professional Fees	62,009	33,538	95,547	790,221	57,467	943,235
Development and Miscellaneous:						
Fundraising Event Expenses	-	-	-	-	852,909	852,909
Occupancy and Technology Costs	275,879	24,858	300,737	286,762	37,672	625,171
Trucks	508,541	-	508,541	-	-	508,541
Other	52,810	266,437	319,247	157,732	39,460	516,439
Other Personnel Expenses	247,324	23,708	271,032	45,142	21,010	337,184
Contributions to Other Organizations	-	286,456	286,456	-	-	286,456
Supplies	203,296	11,108	214,404	22,434	5,459	242,297
Credit Card, Bank and Investment:						
Management Fees	-	-	-	23,468	160,260	183,728
Telephone	26,373	19,345	45,718	55,379	10,737	111,834
Travel	33,423	11,837	45,260	11,656	4,132	61,048
Printing	6,491	21,950	28,441	20,350	1,179	49,970
Postage	37	2,305	2,342	26,934	11,023	40,299
America's Second Harvest Fees	22,278	-	22,278	-	-	22,278
Interest	15,775	-	15,775	758	-	16,533
Conferences and Training	934	691	1,625	3,490	368	5,483
<b>Total Functional Expenses</b>	<b>\$ 88,504,721</b>	<b>\$ 3,136,765</b>	<b>\$ 91,641,486</b>	<b>\$ 3,603,334</b>	<b>\$ 2,974,126</b>	<b>\$ 98,218,946</b>

See accompanying Notes to Financial Statements.



**CONNECTICUT FOODSHARE, INC.  
STATEMENT OF CASH FLOWS  
YEARS ENDED JUNE 30, 2022**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ (2,575,288)
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities:	
Realized and Unrealized Loss on Investments	2,317,704
Depreciation and Amortization	1,071,100
Donated Food Received and Distributed, Net	1,583,622
Decrease in Assets:	
Handling and Buying Club Fees Receivable, Net	9,187
Contributions Receivable, Net	232,402
Government Grants Receivable	85,590
Purchased Food Inventory	(100,991)
Prepaid Expenses and Other Assets	142,622
Increase (Decrease) in Operating Liabilities:	
Accounts Payable and Accrued Expenses	107,022
Deferred Revenue and Other Liabilities	177,873
Net Cash Provided by Operating Activities	<u>3,050,843</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Net Purchases of Investments	(20,315,540)
Purchases of Land, Building and Equipment	<u>(391,248)</u>
Net Cash Used by Investing Activities	(20,706,788)

**CASH FLOWS FROM FINANCING ACTIVITIES**

Payments on Obligation Under Capital Leases	(89,816)
Payments on Loan Payable	<u>(18,998)</u>
Net Cash Used by Financing Activities	<u>(108,814)</u>

**NET DECREASE IN CASH AND CASH EQUIVALENTS**

(17,764,759)

Cash and Cash Equivalents - Beginning of Year

24,260,690

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 6,495,931

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Interest Paid	<u><u>\$ 16,533</u></u>
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See accompanying Notes to Financial Statements.

**CONNECTICUT FOODSHARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

Connecticut Foodshare, Inc., was incorporated in 1982 as a nonstock, nonprofit corporation. Its mission is to deliver an informed and equitable response to hunger by mobilizing community partners, volunteers, and supporters. It represents the collaboration, compassion, openness, perseverance, and a deep appreciation for Connecticut and its people that are necessary to effectively address food insecurity in the communities served.

**Change in Accounting Principle**

In September 2020, the Financial Accounting Standards Board issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Non-for-Profit Entities for Contributed Nonfinancial Assets*. The amendments improve financial reporting by providing new presentation and disclosure requirements about contributed nonfinancial assets, including disclosure requirements for recognized contributed services. The amendments do not change the recognition and measurement requirements for those assets. The new standard is effective for annual reporting periods beginning after June 15, 2021. Management has adopted the standard for the year ended June 30, 2022.

See Note 7 for application of ASU 2020-07.

**Basis of Presentation**

The financial statements of the Organization have been prepared in accordance with accounting principles generally accepted in the United States of America. Accordingly, the accounts of the Organization, are reported in the following net asset categories:

*Net Assets Without Donor Restrictions* – Net assets without donor restrictions represent available resources other than donor-restricted contributions. These assets represent resources that may be expended at the discretion of the Board of Directors. The Organization reports its changes in net assets without donor restrictions in two categories: donated food and operations.

The Board has identified the following designations of net assets without donor restrictions as of June 30, 2022:

Investments in Land, Building and Equipment	\$ 15,036,943
Investments	37,231,399
Food Distribution	<u>2,629,727</u>
Total Designated Net Assets Without Donor Restrictions	<u><u>\$ 54,898,069</u></u>

*Net Assets With Donor Restrictions* – Net assets with donor restrictions represent resources that have donor-imposed restrictions as to purpose or time of expenditure.

**CONNECTICUT FOODSHARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with maturities of 90 days or less and cash in banks to be cash equivalents, exclusive of certain cash and short-term investments held in brokerage accounts, which are considered to be investments. The Organization maintains its cash and cash equivalents in bank deposit accounts that, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

**Short-Term Investments**

Short-term investments include money market funds, for which the cost approximates the fair value.

**Investment Valuation and Income Recognition**

Investments are reported at fair value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 2 for a discussion of fair value measurements.

Purchases and sales of securities are recorded on the trade date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net realized and unrealized loss on investments includes the Organization's gains and losses on investments bought and sold as well as held during the year. Realized and unrealized gains and losses and investment income are classified as increases and decreases in net assets without donor restriction.

The Organization has an investment policy with the intended objective of achieving balance between growth and income and to achieve market rates of return. Funds not designated for capital expenditure and not expected to be needed for a minimum of seven years may be invested on a long-term basis. The Organization annually determines the amount to be invested long term. The investment portfolio consists of investments in equity mutual and exchange traded funds and bond mutual and exchange traded funds.

**CONNECTICUT FOODSHARE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Inventory**

Donated and purchased food inventory consists of perishable and nonperishable foods. The pricing of the donated inventory, donated food revenue and donated food distributed is determined based on a study commissioned by Feeding America, a national food bank network, of the average wholesale value of products donated to the network. Inventory acquired is stated at the values or methods shown below:

<u>Inventory Type</u>	<u>Valuation</u>
Donated Food Inventory	\$1.53/Pound
Donated Food and Nonfood Inventory	\$1.92/Pound
Purchased Inventory	Net Realizable Value

**Land, Building and Equipment**

Land is stated at cost. Building and improvements, leasehold improvements, and other fixed asset acquisitions and improvements thereon that exceed \$10,000 are capitalized at cost and are depreciated on the straight-line method over their estimated useful lives as follows:

Building and Improvements	5 to 30 Years
Leasehold Improvements	5 to 10 Years
Furniture and Equipment	5 to 20 Years
Vehicles	5 to 10 Years

**Capital Leases**

The Organization leases trucks and copiers under capital lease agreements. The respective asset and liability under the capital lease are recorded at the value of the asset at the inception of the lease. The assets are amortized over their estimated useful lives.

**Contributions, Including Government Grants and Contracts**

Certain governmental grants and contracts received by a nonprofit are generally considered to be contributions rather than exchange transactions since there was not commensurate value transferred between the resource provider and the Organization. Promises to give that are subject to donor-imposed conditions (i.e., a donor stipulation that includes a barrier that must be overcome and a right of release from obligation) are recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional. Unconditional contributions are recognized when promised or received, as applicable, and are considered to be available for unrestricted use unless specifically restricted by the donor.

**CONNECTICUT FOODSHARE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Contributions, Including Government Grants and Contracts (Continued)**

The Organization reports contributions of cash and other assets as donor-restricted support if they are received with donor stipulations that limit their use. 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 accompanying statement of activities as net assets released from restrictions. Transfers of assets from a resource provider received before the barriers are overcome are reported as deferred revenue on the accompanying statement of financial position.

Conditional government grants and contracts not recognized as revenue as of June 30, 2022 totaled \$734,811. Government grants and contracts are conditioned on incurring qualified program expenses.

The Organization reports gifts of property and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions on how the assets are to be used and gifts of cash or other assets that must be used to acquire property and equipment are reported as restricted support. The Organization reports expirations of donor restrictions when the assets are placed in service.

**Functional Allocation of Expenses**

The costs of providing various programs and other activities have been reported on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Such allocations are determined by management on a reasonable basis. The expenses that have been allocated and method of allocation is as follows:

Expense Category	Method Allocation
Salaries, Payroll Taxes and Related Benefits	Time and Effort
Occupancy	Square Footage
Technology Costs	Full Time Equivalent
Depreciation and Amortization	Square Footage
Professional Fees	Usage

**Donated Services**

The Organization has many dedicated volunteers who have donated numerous hours of service in fundraising and community related activities. Because those donated services do not meet the recognition criteria required under accounting principles generally accepted in the United States of America, such services have not been recognized as contribution revenue and expense in the Organization's financial statements.

**CONNECTICUT FOODSHARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Income Tax Status**

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified as a public charity.

**Subsequent Events**

In preparing these financial statements, management has evaluated subsequent events through November 14, 2022, which represents the date the financial statements were available to be issued.

**NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS**

Generally accepted accounting principles establish a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

*Level 1* – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

*Level 2* – Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

*Level 3* – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

**CONNECTICUT FOODSHARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 2 FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)**

The following is a description of the valuation methodologies used for assets measured at fair value as of June 30, 2022:

**Mutual Funds**

Valued at the closing price reported in the active market in which the individual securities are traded.

**Marketable Alternative**

Valued using NAV as determined by the investment manager of the fund. This NAV is based on the fair value of the underlying assets and liabilities of the related fund at the measurement date. This investment class seeks long-term equity-like returns with minimal correlation to the major market average. There are no unfunded commitments related to this investment class.

There have been no changes in the methodologies used at June 30, 2022.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following is a summary of the source of fair value measurements for assets that are measured at fair value as of June 30, 2022:

	Level 1	Level 2	Level 3	Instruments Measured at Net Asset Value (a)	Total
Investments:					
Money Market Funds	\$ 19,981,791	\$ -	\$ -	\$ -	\$ 19,981,791
Mutual Funds - Equity	11,870,307	-	-	-	11,870,307
Mutual Funds - Bonds	3,606,117	-	-	-	3,606,117
Marketable Alternatives	-	-	-	1,773,184	1,773,184
Total Assets at Fair Value	<u>\$ 35,458,215</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,773,184</u>	<u>\$ 37,231,399</u>

- (a) Certain investments that are measured at fair value using the net asset value per share (or its equivalent) practical expedient have not been classified in the fair value hierarchy. The fair value amounts presented in these tables are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the statements of financial position.

**CONNECTICUT FOODSHARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 3 DONATED FOOD INVENTORY**

The following is a summary of food donated and distributed for the year ended June 30, 2022:

	<u>Weight (in Pounds)</u>	<u>Estimated Wholesale Value</u>
Donated Food Inventory - Beginning of Year	2,692,916	\$ 4,599,515
Donated Food Received	41,201,673	74,757,790
Total	<u>43,894,589</u>	<u>79,357,305</u>
Less:		
Food Distributed, Including		
Salvage and Other Adjustments	<u>(42,002,981)</u>	<u>(76,109,118)</u>
Donated Food Inventory - End of Year	<u><u>1,891,608</u></u>	<u><u>\$ 3,248,187</u></u>

**NOTE 4 LAND, BUILDING AND EQUIPMENT**

A summary of property and equipment is as follows at June 30, 2022:

Land	\$ 1,934,762
Building and Improvements	13,983,930
Leasehold Improvements	96,848
Furniture and Equipment	1,987,816
Vehicles	<u>2,550,874</u>
Total Property and Equipment	20,554,230
Less: Accumulated Depreciation and Amortization	<u>(5,903,653)</u>
	14,650,577
Construction in Progress	<u>290,577</u>
Property and Equipment, Net	<u><u>\$ 14,941,154</u></u>

Depreciation and amortization expense for the year ended June 30, 2022 was \$1,071,100.

Construction in progress as of June 30, 2022 relates to building improvements at the Wallingford, Connecticut location. The improvements are expected to be completed and placed in service during the fiscal year ending June 30, 2023.



**CONNECTICUT FOODSHARE, INC.  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2022**

**NOTE 5 NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at June 30, 2022:

Subject to Expenditure for Specified Purpose:

Donated Food	\$ 3,594,432
Food Collection and Distribution	467,499
Other Programs	135,956
Disaster Relief	21,513
Management and General	15,850
Building Solutions	14,540
Future Periods	10,000
Building Fund	10,000
Total	<u>\$ 4,269,790</u>

Net assets were released from restrictions by incurring expenses satisfying the restriction purposes or by the occurrence of other events specified by donors during the year ended June 30, 2022:

Purpose Restrictions Accomplished:

Donated Food	\$ 16,177,035
Government Grants	5,210,093
Food Collection and Distribution	1,083,527
Grocery on Wheels Program	125,000
Building Solutions	162,402
Covid-19 Emergency Response	5,000
Future Periods	5,000
Total	<u>\$ 22,768,057</u>

**CONNECTICUT FOODSHARE, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022**

**NOTE 6 LIQUIDITY AND AVAILABILITY OF RESOURCES**

The Organization's primary sources of support are derived from contributions, grants, donated materials and services, and fundraising events. Financial assets in excess of daily cash requirements are invested in money market funds and other short-term investments.

The following table reflects the Organization's financial assets as of June 30, 2022, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include donor restricted balances, board-designated investments intended to fund future operations and local program activities not considered in the annual operating budget. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through Board resolution. Amounts not available to meet general expenditures within one year also may include net assets with donor restrictions.

	2022
Financial Assets at Year-End:	
Cash and Cash Equivalents	\$ 6,495,931
Investments	37,231,399
Accounts Receivable, Including Grants	1,479,870
Contributions Receivable	10,001
Total Financial Assets Available at Year-End	45,217,201
Less Contractual or Donor-Imposed Restrictions:	
Restricted by Donors with Time or Purpose Restrictions	(675,358)
Designated by the Governing Board	(37,231,399)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	\$ 7,310,444

The Organization has a policy to structure its financial assets to be available as general expenditures, liabilities, or other obligations come due.

**NOTE 7 CONTRIBUTED NONFINANCIAL ASSETS**

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

	Revenue Recognized	Utilization in Programs/ Activities	Donor Restrictions	Valuation Techniques and Inputs
Donated Food	\$ 50,582,549	Programs	No associated donor restrictions	Average wholesale value of products donated to the network as determined by a survey conducted by Feeding America
Donated Food	\$ 18,547,036	Programs	Program eligibility requirements	Average wholesale value of products donated to the network as determined by a survey conducted by Feeding America

**CONNECTICUT FOODSHARE, INC.**  
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**NOTE 8 BENEFIT PLAN**

The Organization maintains a defined contribution 401(k) plan in which all employees are eligible to participate once they have met certain eligibility requirements. The Organization's contribution is a discretionary matching amount based on a percentage of any salary deferrals made by the employee. Contribution expense recognized for the year ended June 30, 2022 was \$182,441.

**NOTE 9 PARTNERSHIP PROGRAM**

The Organization maintains the Partnership Program to provide financial assistance to partner agencies and Hunger Action Teams in which partner agencies participate. The program allows partner agencies to obtain credits to their handling fee accounts. The Organization also provides financial assistance to eligible organizations to purchase the capital equipment needed to distribute food to hungry people, promote self-sufficiency, promote full utilization of existing federal food assistance programs and more broadly engage the community in efforts to solve hunger. Amounts distributed through the Partnership Program were \$286,456 for the year ended June 30, 2022 and is included in the contributions to other organizations expense on the statement of functional expenses.

**NOTE 10 PAYCHECK PROTECTION PROGRAM**

On April 21, 2020, the Organization received a Paycheck Protection Program (PPP) loan of \$698,500 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), which the Organization considered to be a conditional contribution under the governmental grant model. The contribution has a right of return in the form of an obligation to be repaid if barriers to entitlement are not met. These barriers include incurring qualifying expenses and maintaining certain levels of employee headcount and salary ranges during a measurement period. Management considers reviews of the application for forgiveness by the lender and the SBA as well as potential audits to be administrative in nature rather than barriers to entitlement. On December 22, 2020, the Organization received notification from the SBA that the loan was forgiven in full.

The forgiveness of this loan is subject to audit by the SBA for a period of six years.

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**NOTE 11 COMMITMENTS AND CONTINGENCIES**

*Capital Leases* – The Organization entered into two capital financing lease agreements for trucks during 2016, expiring in 2023. The trucks’ net book value was \$61,831 as of June 30, 2022. In addition to this, the Organization., entered into a capital financing lease arrangement for copiers during 2019, expiring in 2024. The copiers’ net book value was \$10,038 as of June 30, 2022.

Expected future minimum annual lease payments for the above leases are as follows as of June 30, 2022:

<u>Year Ending June 30,</u>	<u>Amount</u>
2023	\$ 95,023
2024	4,979
Total Minimum Lease Payments	<u>100,002</u>
Less: Amount Representing Interest	<u>(4,358)</u>
Total	<u><u>\$ 95,644</u></u>

Interest paid on capital leases totaled \$16,533 for the year ended June 30, 2022.