STOCKMAN KAST RYAN + COMPANY

CARE AND SHARE, INC. AND SUBSIDIARY

Consolidated Financial Statements

For the Year Ended June 30, 2021

And

Independent Auditors' Report

CARE AND SHARE, INC. AND SUBSIDIARY

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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Care and Share, Inc. and Subsidiary

We have audited the accompanying financial statements of Care and Share, Inc. and its wholly-owned subsidiary, Care and Share Foundation (collectively, the Organization) which comprise the consolidated balance sheet as of June 30, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2021 and the change in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 23, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Stockman Kast Ryan + Co, LLP

September 22, 2021

CARE AND SHARE, INC. AND SUBSIDIARY

CONSOLIDATED BALANCE SHEET
JUNE 30, 2021 (with comparative totals for 2020)

	2021	2020
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$ 6,829,285	$ 5,875,501
Accounts and grants receivable	738,882	555,659
Pledges receivable, net	62,215	23,978
Inventories	2,851,009	3,354,424
Prepaid expenses	108,404	87,287
Total current assets	10,589,795	9,896,849
INVESTMENTS	1,424,181	316,582
PROPERTY AND EQUIPMENT, NET	12,059,251	8,899,228
TOTAL ASSETS	$ 24,073,227	$ 19,112,659
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	$ 439,458	$ 413,929
Accrued expenses	630,595	438,611
Current portion of long-term debt	141,732	407,050
Total current liabilities	1,211,785	1,259,590
LONG-TERM DEBT	1,693,474	2,159,732
Total liabilities	2,905,259	3,419,322
NET ASSETS		
Without donor restrictions:		
Donated food	2,062,800	3,135,738
Invested in property and equipment	10,224,045	6,911,946
Board designated for endowment	1,374,181	619,505
Board designated for strategic fund	250,000	
Undesignated	7,021,224	4,062,470
Total without donor restrictions	20,932,250	14,729,659
With donor restrictions	235,718	963,678
Total net assets	21,167,968	15,693,337
TOTAL LIABILITIES AND NET ASSETS	$ 24,073,227	$ 19,112,659

See notes to consolidated financial statements.

CARE AND SHARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021 (with comparative totals for 2020)

	2021							
	Without Donor Restrictions			With Donor Restrictions				
	Operating	Donated Food	Total	Disaster Relief	Other	Total	Total	2020 Total
REVENUES AND SUPPORT								
Contributions and grants	$ 16,484,275	$ 45,607,571	$ 62,091,846	$ -	$ 299,771	$ 299,771	$ 62,391,617	$ 55,645,296
Operations income	1,110,280		1,110,280			—	1,110,280	1,572,099
Investment income	215,330		215,330			—	215,330	16,636
Net assets released from restrictions	1,027,731		1,027,731	$ (668,231)	(359,500)	(1,027,731)	—	—
Total revenues and support	18,837,616	45,607,571	64,445,187	(668,231)	(59,729)	(727,960)	63,717,227	57,234,031
EXPENSES								
Program services:								
Warehousing and distribution of food	9,387,051	46,680,509	56,067,560			—	56,067,560	50,311,246
Support services:								
Development	1,195,183		1,195,183			—	1,195,183	987,309
General and administrative	979,853		979,853			—	979,853	826,785
Total expenses	11,562,087	46,680,509	58,242,596	—	—	—	58,242,596	52,125,340
CHANGE IN NET ASSETS	7,275,529	(1,072,938)	6,202,591	(668,231)	(59,729)	(727,960)	5,474,631	5,108,691
NET ASSETS, Beginning of year	11,593,921	3,135,738	14,729,659	668,231	295,447	963,678	15,693,337	10,584,646
NET ASSETS, End of year	$ 18,869,450	$ 2,062,800	$ 20,932,250	$ —	$ 235,718	$ 235,718	$ 21,167,968	$ 15,693,337

See notes to consolidated financial statements.

CARE AND SHARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021 (with comparative totals for 2020)

	2021				
	Program	Development	General and Administrative	Total	2020
EXPENSES					
Donated distributions	$ 46,680,509			$ 46,680,509	$43,248,786
Salaries and related expenses	2,746,143	$ 619,512	$ 590,877	3,956,532	3,389,405
Food purchase program	3,853,774			3,853,774	2,560,108
Supplies	592,645	5,920	11,399	609,964	167,300
Depreciation and amortization	504,494	10,553	15,975	531,022	389,465
Donated food acquisition	478,515			478,515	492,763
Transportation	385,279		450	385,729	420,160
Occupancy	321,567	5,715	28,229	355,511	252,105
Equipment lease and maintenance	219,655	29,706	47,909	297,270	197,925
Printing	3,217	278,512	1,051	282,780	228,502
Professional fees	52,717	39,578	92,343	184,638	137,516
Bank and charge card fees			116,739	116,739	92,146
Insurance	80,952	17,598	15,838	114,388	76,775
Postage	5,467	89,978	1,912	97,357	123,181
Advertising and promotions	230	69,590		69,820	55,282
Interest expense	63,278	1,324	2,004	66,606	67,797
Telephone	44,411	7,790	6,972	59,173	54,190
Organizational expenses	10,438	14,201	26,036	50,675	51,093
Miscellaneous	24,269	5,206	22,119	51,594	120,841
TOTAL	$ 56,067,560	$ 1,195,183	$ 979,853	$ 58,242,596	$52,125,340
PERCENT OF TOTAL	96%	2%	2%	100%	
TOTAL – 2020	$ 50,311,246	$ 987,309	$ 826,785		$52,125,340
PERCENT OF TOTAL – 2020	97%	2%	1%		100%

See notes to consolidated financial statements.

CARE AND SHARE, INC. AND SUBSIDIARY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021 (with comparative totals for 2020)

	2021	2020
OPERATING ACTIVITIES		
Change in net assets	$ 5,474,631	$ 5,108,691
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	531,022	389,465
Debt forgiveness income	(579,500)	
Realized and unrealized gains on investments	(208,025)	(11,477)
Loss on disposal of property and equipment	33,914	3,961
Changes in operating assets and liabilities:		
Accounts and grants receivable	(183,223)	378,037
Pledges receivable	(38,237)	93,994
Inventories	503,415	(830,619)
Other assets	(21,117)	(42,174)
Accounts payable and accrued expenses	217,513	237,972
Net cash provided by operating activities	5,730,393	5,327,850
INVESTING ACTIVITIES		
Purchases of property and equipment	(3,738,301)	(680,731)
Proceeds from sale of property and equipment	13,342	15,152
Purchases of investments	(994,342)	(305,105)
Sales of investments	94,768	
Net cash used in investing activities	(4,624,533)	(970,684)
FINANCING ACTIVITIES		
Principal payments on long-term debt	(152,076)	(191,773)
Proceeds from issuance of long-term debt		579,500
Net cash provided by (used in) financing activities	(152,076)	387,727
NET CHANGE IN CASH AND EQUIVALENTS	953,784	4,744,893
CASH AND EQUIVALENTS, Beginning of year	5,875,501	1,130,608
CASH AND EQUIVALENTS, End of year	$ 6,829,285	$ 5,875,501
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 66,606	$ 67,797

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Care and Share, Inc. (Care and Share) provides resources to feed people in need. As a regional food bank, the Organization acts as a clearing house for food donated from national and local manufacturers, regional growers and distributors, the local food industry, and the community at large. During each of the years ended June 30, 2021 and 2020, the Organization served approximately 344 and 346 non-profit feeding programs, respectively, throughout the Organization's thirty-one county service area in southern Colorado.

Care and Share Foundation (the Foundation) is a separate, tax exempt not-for-profit organization established in 2021 to receive, hold, manage and invest funds transferred, conveyed or contributed to it by or for the benefit of Care and Share. The Foundation is governed by a separate board of directors, a majority of whom are appointed by Care and Share's board of directors. The board of directors of the Foundation authorizes supporting distributions to Care and Share.

Principles of Consolidation — The consolidated financial statements include the accounts of Care and Share and the Foundation (collectively, the Organization). All significant intercompany transactions and balances have been eliminated in consolidation.

Basis of Presentation — The accompanying consolidated financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

The Organization reports information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, which represents the expendable resources that are available for operations at management's discretion; and net assets with donor restrictions, which represents resources restricted by donors as to purpose or by the passage of time and resources whose use by the Organization is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization.

Cash and Cash Equivalents — For purposes of the consolidated statement of cash flows, the Organization considers all unrestricted highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Investments and Investment Return — Investments are carried at fair value in the statement of financial position. Net investment return consists of interest and dividend income, and the realized and unrealized gains and losses on the investments, less investment management and custodial fees. See Note 4 for more information on fair values of investments.

Accounts Receivable — Accounts receivable relate to amounts due for various services. Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to the applicable accounts receivable. At June 30, 2021 and 2020, no allowances had been recorded on accounts receivable.

Pledges Receivable — Unconditional promises to give are recognized as support and assets in the period received. Pledges receivable are recorded at net realizable value if expected to be collected within one year and at the present value of estimated future cash flows if expected to be collected in more than one year. The discounts on these amounts are computed using a risk adjusted interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Management provides for probable uncollectible amounts through an allowance for uncollectible promises to give based on an assessment of the current status of individual receivables and general economic conditions. Conditional promises to give are recognized when the conditions on which they depend are substantially met.

Inventories — Inventories consist of donated food products, purchased food and government food commodities. Donated food is valued at its estimated wholesale value of $1.74 and $1.62 per pound as of June 30, 2021 and 2020, respectively. Government commodities are valued at their estimated wholesale value of $1.49 and $1.52 per pound as of June 30, 2021 and 2020, respectively. Purchased food is recorded at cost.

Property and Equipment — Property and equipment are recorded at cost or, if donated, at the fair value at the date of donation. Depreciation is provided on a straight-line basis over the estimated useful lives of the assets, which is estimated to be 39 years for buildings and five to ten years for furnishings and equipment.

The Organization's general policy is to capitalize acquisitions of property and equipment costing in excess of $5,000 and having a useful life exceeding one year.

Contributions — Contributions received are recorded as with or without donor restrictions depending on the existence or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. Contributions restricted specifically for disaster relief efforts are recorded as with donor restrictions even if the restriction is met in the same year. All other donor restricted support is reported as an increase in net assets with donor restrictions. When a donor restriction is met, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

The Organization reports gifts of property and equipment as unrestricted support unless the donor has restricted the donated assets to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized in future years and is reported as contribution revenue.

Marketing and Advertising — The Organization expenses marketing and advertising costs as they are incurred.

Income Taxes — The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and qualifies for the charitable contribution deduction.

The Organization accounts for any uncertainty in income taxes by recognizing the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The Organization believes that it does not have any uncertain tax positions that are material to the consolidated financial statements.

Use of Estimates — The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America 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 consolidated financial statements and the reported amounts of revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.

Revenue and Cost Recognition on Contracts — The Organization’s contract revenue is recognized pursuant to contracts under which the Organization typically has a single performance obligation to transfer to the customer a distinct good. The Organization recognizes revenue at the time the performance obligations are satisfied.

Government Grants — Revenue from government grants is recognized as the Organization performs the contracted services or incurs outlays eligible for reimbursement under the grant agreement. Grants receivable are considered by management to be fully collectible and, accordingly, no allowance for doubtful accounts is considered necessary.

The Organization is electing the simultaneous release option practical expedient to allow donor-restricted conditional grants that are recognized and used with the same reporting period as if they were unrestricted, without having to the change the reporting of donor-restricted activity. The Organization had a conditional promise of $50,898 at June 30, 2021, representing federal award grants to be recognized in future periods as the Organization incurs outlays eligible for reimbursement under the grant agreements.

Subsequent Events — The Organization has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the consolidated financial statements were available for issuance.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization has $7,510,459 of financial assets available within one year as of June 30, 2021 to meet cash needs for general expenditures consisting of cash of $5,455,104, excluding board designated endowment of $1,374,181, investments of $1,424,181, contributions and grants receivable of $618,924, and trade receivables of $182,173. Financial assets of $169,923 are subject to donor restriction. The Organization has $5,215,179 of financial assets available within one year as of June 30, 2020 to meet cash needs for general expenditures consisting of cash of $5,255,996, excluding board designated endowment of $619,505, investments of $316,582, contributions and grants receivable of $405,752, and trade receivables of $173,885. Financial assets of $937,036 are subject to donor restriction.

The Organization anticipates releasing the donor restricted funds through general expenditures and capital purchases. The contributions and trade receivables are subject to implied time restrictions but are expected to be collected within one year. The Organization has a goal to maintain financial assets, which consist of cash on hand and available line of credit, to meet 90 days of normal operating expense, which are, on average, approximately $3,000,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities and other obligations come due. As described in Note 10, the Organization has lines of credit in the amount of $1,000,000 which it could draw upon in the event of an additional liquidity need.

3. FUNCTIONAL EXPENSE ALLOCATION METHODS

Expenses are summarized and categorized based upon their functional classification as either program or supporting services. Specific expenses that are readily identifiable to a single program or activity are charged directly to that function. Certain categories of expenses are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, which is allocated based on a time and effort study, telephone and insurance, which are allocated based on full time equivalents by function, occupancy, which is allocated based on square footage, and depreciation and interest expense, which is allocated based on a ratio of functional expenses to total expenses.

4. INVESTMENTS AND FAIR VALUE MEASUREMENTS

The Organization is required to use 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: Unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access.

Level 2: Prices determined using significant other observable inputs. 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: Prices determined using significant unobservable inputs.

The investment's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs. The classifications (Level 1, 2 and 3) are intended to reflect the observability of inputs used in the valuation of investments and are not necessarily an indication of risk or liquidity.

Following is a description of the valuation methodologies used for instruments measured at fair value on a recurring basis and recognized in the accompanying balance sheet, as well as the general classification of such instruments pursuant to the valuation hierarchy.

Exchange Traded Products **—** Fair value is determined principally through quoted market prices in active markets.

The preceding methods may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although 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 table sets forth by level, within the fair value hierarchy, the Organization's assets measured on a recurring basis stated at fair value as of June 30:

	Quoted Prices in Active Markets for Identical Assets (Level 1)	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**	**Total**
2021:				
Money market accounts	$ 125,891			$ 125,891
Equity mutual funds	995,659			995,659
Fixed income mutual funds	302,631			302,361
Total in fair value hierarchy	$ 1,424,181	$ —	$ —	$ 1,424,181

	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2020:				
Exchange traded products	$ 269,530			$ 269,530
Money market accounts	47,052			47,052
Total in fair value hierarchy	$ 316,582	$ —	$ —	$ 316,582

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or valuation techniques may require the transfer of financial instruments from one fair value level to another.

Investment income consists of the following for the year ended June 30:

	2021	2020
Net realized and unrealized gains	$ 208,025	11,477
Dividends and interest	7,305	$ 5,159
Total investment income, net	$ 215,330	$ 16,636

5. PLEDGES RECEIVABLE

Unconditional promises to give are as follows at June 30:

	2021	2020
Due in less than one year	$ 65,795	$ 26,642
Allowance for uncollectible amounts	(3,580)	(2,664)
Total	$ 62,215	$ 23,978

6. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at June 30:

	2021	2020
Buildings	$ 10,473,334	$ 7,851,375
Land	2,136,059	1,997,071
Furnishings and equipment	4,054,791	3,219,711
Total	16,664,184	13,068,157
Less accumulated depreciation	4,604,933	4,168,929
Property and equipment, net	$ 12,059,251	$ 8,899,228

7. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions consist of the following at June 30:

	2021	2020
Restricted as to purpose:		
Technology upgrades	$ 94,696	$ 192,448
COVID-19 pandemic		668,231
Other	25,227	26,357
Time restricted	65,795	26,642
Total	185,718	913,678
Endowment funds to be held indefinitely	50,000	50,000
Total net assets with donor restrictions	$ 235,718	$ 963,678

Endowment fund assets are to be held indefinitely. The income from the assets is to be used for the benefit of the Organization.

During 2020 and 2021, the Colorado Springs area was affected by the COVID-19 Pandemic. In response to the pandemic, the Colorado Springs community contributed significant amounts of food, other in-kind items and cash to be used for relief efforts.

8. ENDOWMENT FUNDS

The Organization's endowment funds include both donor restricted funds and funds designated by the Board of directors to function as endowments. As required by generally accepted accounting principles, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The State of Colorado has adopted the Uniform Prudent Management of Institutional Funds Act (UPMIFA). The act provides statutory guidance for management investment and expenditure of endowment funds held by not-for-profit organizations. The Organization has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, and (b) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1) The duration and preservation of the fund
2) The purposes of the Organization and the donor-restricted endowment fund
3) General economic conditions
4) The possible effect of inflation and deflation
5) The expected total return from income and the appreciation of investments
6) Other resources of the Organization
7) The investment policies of the Organization

Endowment net asset composition by type of fund as of June 30, 2021 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds		$ 50,000	$ 50,000
Board-designated endowment funds	$ 1,374,181		1,374,181
Total funds	$ 1,374,181	$ 50,000	$ 1,424,181

Changes in endowment net assets for the year ended June 30, 2021 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, beginning of year	$ 619,505	$ 50,000	$ 669,505
Investment return, net	215,330		215,330
Board designation of net assets without donor restriction	539,346		539,346
Endowment net assets, End of year	$ 1,374,181	$ 50,000	$ 1,424,181

Endowment net asset composition by type of fund as of June 30, 2020 is as follows:

	Without Donor Restriction	With Donor Restriction	Total
Donor-restricted endowment funds		$ 50,000	$ 50,000
Board-designated endowment funds	$ 619,505		619,505
Total funds	$ 619,505	$ 50,000	$ 669,505

Changes in endowment net assets for the year ended June 30, 2020 are as follows:

	Without Donor Restriction	With Donor Restriction	Total
Endowment net assets, Beginning of year	$ 52,000		$ 52,000
Contributions		$ 50,000	50,000
Board designation of net assets without donor restriction	567,505		567,505
Endowment net assets, End of year	$ 619,505	$ 50,000	$ 669,505

	2021	2020
Net assets with donor restrictions		
The portion of endowment funds that is required to be retained permanently either by explicit donor stipulation or by UPMIFA	$ 50,000	$ 50,000

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration. There were no such deficiencies as of June 30, 2021.

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy the endowment assets are invested in a manner that is intended to produce maximum results while assuming a moderate level of investment risk. The Organization expects its endowment funds, over time, to provide a rate of return sufficient to keep pace with the rate of inflation. Actual returns in any given year may vary from this amount.

9. DONATED PRODUCTS AND SERVICES

The solicitation, receipt, storage and distribution of donated food products constitute the Organization's principal operating activity. The value of unrestricted donated food products received and distributed during the year ended June 30, 2021 and 2020 was $45,607,571 and $44,198,351 and, respectively.

For the years ended June 30, 2021 and 2020, the Organization recorded other donated goods and services totaling $80,559 and $5,354, respectively.

Many individuals volunteer their time and perform a variety of tasks that assist the Organization. The Organization received approximately 39,955 and 44,306 volunteer hours during the years ended June 30, 2021 and 2020, respectively, with an estimated value of $1,029,176 and $1,307,027, respectively. These donated services are not reflected in the accompanying financial statements since they do not meet the criteria for recognition under generally accepted accounting principles.

10. LONG-TERM DEBT

Long-term debt consists of the following at June 30:

	2021	2020
Loan issued by a bank bearing interest at 3.125%, payable in monthly payments of $16,486, matures on June 25, 2032 and secured by a deed of trust on land and a building located in Colorado Springs, recorded at $6,776,764, net of depreciation.	$ 1,835,206	$ 1,972,524
Loan issued by a bank bearing interest at 1%, in the aggregate amount of $579,500, pursuant to the Paycheck Protection Program (the PPP), of the CARES Act, matures on April 13, 2022 and bears interest at a rate of 1% per annum, payable monthly commencing on November 1, 2020. Under the terms of the PPP, certain amounts of the Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act. The Company intends to use the entire Loan amount for qualifying expenses. The Organization received full forgiveness of the note on March 5, 2021.		579,500
Loan issued by a bank bearing interest at 2.90%, payable in monthly payments of $2,642, matures on January 1, 2021, and secured by 1st lien on specified property and equipment, recorded at $28,727, net of depreciation. Loan was paid in full during the year ended June 30, 2021.		14,758
Total	1,835,206	2,566,782
Less current portion	141,732	407,050
Long-term portion	$ 1,693,474	$ 2,159,732

Required annual minimum principal payments are as follows as of June 30, 2021:

2022	141,732
2023	146,289
2024	150,865
2025	155,842
2026	160,852
Thereafter	1,079,626
Total	$ 1,835,206

The Organization has a $750,000 line of credit with a credit union with a maturity date of March 1, 2023. The line of credit bears interest at the Wall Street Journal Prime Rate less .25% with a floor of 3.25% (3.25% as of June 30, 2021) and is secured by all inventory, accounts and general intangibles of the Organization. No amounts were outstanding on the line of credit as of June 30, 2021 and 2020.

The Organization also has a $250,000 line of credit with a credit union that matures on March 1, 2023. The line of credit bears interest at the Wall Street Journal Prime Rate less .25% with a floor of 3.25% (3.25% as of June 30, 2021) and is secured by a 2nd deed of trust on land and a building located in Colorado Springs, recorded at $6,776,764, net of depreciation. No amounts were outstanding on the line of credit as of June 30, 2021 and 2020.

11. OPERATING LEASES

The Organization leases office equipment and trucks under the terms of non-cancellable operating leases, expiring through fiscal year 2024.

Future minimum annual lease payments are as follows:

2022	9,107
2023	6,997
2024	583
Total	$ 16,687

Rent expense on the leases above was $53,521 and $65,521 during the years ended June 30, 2021 and 2020, respectively.

12. CONCENTRATIONS

The Organization maintains its cash and equivalents in bank deposit accounts in which the deposits are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2021, the Organization's bank accounts exceeded FDIC limits by approximately $299,505.

The Organization is the designated Feeding America Food Bank of Southern Colorado. Feeding America is a national food bank. The Organization receives approximately one-quarter of its donated food through Feeding America.

13. TAX-DEFERRED ANNUITY PLAN

The Organization offers a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code, covering full-time employees of the Organization. Employees may make contributions to the plan up to the maximum amount allowed by the Internal Revenue Code. During the year ended June 30, 2018, the Organization began matching employee contributions to the plan up to 3% of each employee's compensation. Employer contributions were $41,465 and $38,534 during the years ended June 30, 2021 and 2020, respectively.