

**Maui Food Bank, Inc.**

**Audited Financial Statements  
June 30, 2020 and 2019**



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**Maui Food Bank, Inc.**  
**Table of Contents**  
**June 30, 2020 and 2019**

Independent Auditor's Report

Financial Statements

Statements of Financial Position

Statements of Activities

Statements of Functional Expenses

Statements of Cash Flows

Notes to the Financial Statements



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors

of Maui Food Bank, Inc.

We have audited the accompanying financial statements of Maui Food Bank, Inc. (a Hawaii nonprofit organization), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate 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 financial statements.

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Maui Food Bank, Inc. as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

The financial statements of Maui Food Bank, Inc. for the year ended June 30, 2019, were audited by a predecessor auditor. The predecessor auditor expressed an unmodified audit opinion on those audited financial statements in their report dated March 12, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

*Professional Business Services, Inc.*

Makawao, Hawaii

July 20, 2021

**Maui Food Bank, Inc.**  
**Statements of Financial Position**  
**June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 3,130,741	\$ 1,834,632
Restricted cash	45,000	45,000
Total cash (Note 3)	3,175,741	1,879,632
Certificates of deposit	190,421	188,540
Accounts receivable	14,331	14,765
Grants receivable (Note 4)	40,438	43,211
Inventory (Note 5)	270,424	182,141
Prepaid expenses	56,627	39,831
Deposits	-	22,362
Total current assets	3,747,982	2,370,482
Buildings and equipment, net (Note 6)	2,361,308	2,449,025
Investments (Note 7)	629,370	615,032
Total assets	\$ 6,738,660	\$ 5,434,540
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable	\$ 194,635	\$ 21,947
Accrued expenses	12,170	4,840
Accrued paid leave	64,268	51,132
Total current liabilities	271,073	77,919
Total liabilities	271,073	77,919
<b>Net Assets</b>		
Without donor restrictions		
Undesignated - operating	4,603,526	3,454,322
Board designated (Note 9)	1,354,115	1,412,739
	5,957,641	4,867,061
With donor restrictions (Note 10)		
Purpose restrictions	424,946	404,560
Time-restricted for future periods	40,000	40,000
Perpetual in nature (Note 11)	45,000	45,000
	509,946	489,560
Total net assets	6,467,587	5,356,621
Total liabilities and net assets	\$ 6,738,660	\$ 5,434,540

See Notes to the Financial Statements

**Maui Food Bank, Inc.**  
**Statements of Activities**  
**Years Ended June 30, 2020 and 2019**

	<u>2020</u>			<u>2019</u>		
	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue, Support, and Gains</b>						
In-Kind donations - food and services (Note 14)	\$ 5,209,391	\$ -	\$ 5,209,391	\$ 3,845,297	\$ -	\$ 3,845,297
Donations - direct public support	3,501,742	151,526	3,653,268	1,340,950	123,755	1,464,705
Government grants	425,704	40,000	465,704	411,571	40,000	451,571
Shared maintenance costs (Note 15)	86,260	-	86,260	106,349	-	106,349
Other income	36,060	-	36,060	37,049	-	37,049
Net investment return	21,939	-	21,939	45,034	-	45,034
Net assets released from restrictions (Note 11)	171,140	(171,140)	-	139,681	(139,681)	-
Total revenue, support, and gains	<u>9,452,236</u>	<u>20,386</u>	<u>9,472,622</u>	<u>5,925,931</u>	<u>24,074</u>	<u>5,950,005</u>
<b>Expenses</b>						
Program services expense						
Program expenses	8,065,967	-	8,065,967	5,527,728	-	5,527,728
Total program expenses	<u>8,065,967</u>	<u>-</u>	<u>8,065,967</u>	<u>5,527,728</u>	<u>-</u>	<u>5,527,728</u>
Supporting services expense						
Management and general	54,905	-	54,905	40,306	-	40,306
Fundraising	240,784	-	240,784	199,932	-	199,932
Total supporting services expenses	<u>295,689</u>	<u>-</u>	<u>295,689</u>	<u>240,238</u>	<u>-</u>	<u>240,238</u>
Total expenses	<u>8,361,656</u>	<u>-</u>	<u>8,361,656</u>	<u>5,767,966</u>	<u>-</u>	<u>5,767,966</u>
Change in net assets, total	1,090,580	20,386	1,110,966	157,965	24,074	182,039
Net Assets, Beginning of Year	4,867,061	489,560	5,356,621	4,709,096	465,486	5,174,582
Net Assets, End of Year	<u>\$ 5,957,641</u>	<u>\$ 509,946</u>	<u>\$ 6,467,587</u>	<u>\$ 4,867,061</u>	<u>\$ 489,560</u>	<u>\$ 5,356,621</u>

See Notes to the Financial Statements

**Maui Food Bank, Inc.**  
**Statements of Functional Expenses**  
**Years Ended June 30, 2020 and 2019**

	<b>2020</b>				<b>2019</b>				
	Program Services	Supporting Services			Total	Program Services	Supporting Services		
Management and General		Fundraising		Management and General			Fundraising		
Food purchases	\$ 6,583,084	\$ -	\$ -	\$ 6,583,084	\$ 4,189,373	\$ -	\$ -	\$ 4,189,373	
Payroll and related costs	803,120	49,883	90,031	943,034	758,163	36,070	49,959	844,192	
Community relations	23,575	-	125,737	149,312	-	-	102,343	102,343	
Postage and freight	118,889	-	3,064	121,953	87,948	-	2,568	90,516	
Occupancy	66,011	1,381	1,657	69,049	31,460	409	682	32,551	
Equipment repairs and maintenance	52,774	-	-	52,774	52,704	-	-	52,704	
Insurance	37,832	794	1,072	39,698	34,695	722	999	36,416	
Public education	19,564	-	4,666	24,230	53,791	-	29,464	83,255	
Supplies	78,430	-	-	78,430	37,182	-	-	37,182	
Professional fees	21,998	1,464	-	23,462	17,031	1,293	-	18,324	
Food drive	15,339	-	-	15,339	16,950	-	-	16,950	
Telephone	-	-	-	-	9,568	532	532	10,632	
Bank and merchant fees	-	-	10,162	10,162	-	-	10,185	10,185	
Travel	1,199	-	-	1,199	5,301	-	-	5,301	
Meetings and seminars	-	-	-	-	574	-	-	574	
Miscellaneous	18,920	1,383	4,395	24,698	12,500	1,280	3,200	16,980	
Depreciation	225,232	-	-	225,232	220,488	-	-	220,488	
<b>Total expenses by function</b>	<b><u>\$ 8,065,967</u></b>	<b><u>\$ 54,905</u></b>	<b><u>\$ 240,784</u></b>	<b><u>\$ 8,361,656</u></b>	<b><u>\$ 5,527,728</u></b>	<b><u>\$ 40,306</u></b>	<b><u>\$ 199,932</u></b>	<b><u>\$ 5,767,966</u></b>	
Percent of total expenses by function	96%	1%	3%		96%	1%	3%		

See Notes to the Financial Statements

**Maui Food Bank, Inc.**  
**Statements of Cash Flows**  
**Years Ended June 30, 2020 and 2019**

	<b>2020</b>	<b>2019</b>
Reconciliation of Change in Net Assets to Net Cash from Operating Activities		
Change in Net Assets	\$ 1,110,966	\$ 182,039
Adjustments to reconcile change in net assets to net cash from operating activities		
Depreciation	225,232	220,488
Realized and unrealized gain on investments	(3,226)	(26,984)
Changes in operating assets and liabilities		
Accounts receivable	434	(1,338)
Grants and contributions receivable	2,773	15,022
Prepaid expenses	(16,796)	(9,945)
Deposits	22,362	(22,362)
Inventory	(88,283)	10,620
Accounts payable and other current liabilities	193,155	4,818
Net Cash from Operating Activities	1,446,617	372,358
 Cash Flows from Investing Activities		
Reinvestment of interest and dividends	(12,992)	(41,966)
Proceeds from sale of assets	-	2,937
Purchases of equipment	(137,516)	(39,387)
Net Cash used for Investing Activities	(150,508)	(78,416)
 Net Change in Cash	1,296,109	293,942
Cash, Beginning of Year	1,879,632	1,585,690
Cash, End of Year	\$ 3,175,741	\$ 1,879,632

See Notes to the Financial Statements



**Maui Food Bank, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

**Note 1 – Principal Activity and Significant Accounting Policies**

**Organization**

Maui Food Bank, Inc. (the Organization, we, us, our) was incorporated under the laws of the State of Hawaii as a public nonprofit corporation in 1994. Our mission is to help the hungry in Maui County by collecting and distributing food through community partnerships. We conduct the following programs:

- Aloha Backpack Buddies – We provide youth in need with a backpack containing six healthy meals for the weekend when school is not in session. The program partners with 21 schools throughout Maui County.
- Food Distribution – We provide nutritious and safe food to those in need in Maui County through ten different food drop off sites throughout Maui. We partner with 120 member agencies to distribute food through various programs such as: soup kitchens, food pantries, youth programs, community service programs, and senior housing sites. We provide one-time emergency food bags to individuals who come to our location. We partner with 20 member agencies on the islands of Molokai and Lanai to provide safe and nutritious food for those in need, including shipping pallets of food from Maui to Molokai and Lanai on a monthly basis.
- Fresh 4 All – We purchase and pick up donated fresh produce from local Maui farmers, produce wholesalers, and farmer’s markets for distribution to those in need.
- Youth Programs – In cooperation with the United States Department of Agriculture (USDA), we sponsor agencies that work with children and youth by providing nutritious meals for summer programs. We also provide food assistance for college students who are food insecure.
- Senior Programs – We provide a senior mobile pantry delivery service through the federal Commodity Supplemental Food Program (CSFP) to Hale Mahaolu Senior Residences in Maui County. The program provides a variety of food including fresh produce to assure that they have nutritious supplemental food resources.
- Education & Training – We provide education & training to the Maui County community related to nutrition, the federal SNAP program, food safety, personal safety, civil rights, and disaster preparedness.
- Disaster Relief – We distribute food supplies through partnerships with Maui VOAD (Voluntary Organizations Active in Disaster), Feeding America Food Bank Network and other relief organizations in times of disasters. This effort includes the collecting, warehousing, and distribution of food products to relief organizations throughout Maui County, including Red Cross evacuation sites, during an emergency.

We are affiliated with Hawaii Food Bank, Inc. which is a certified member of Feeding America, a nonprofit organization that provides surplus food to a nationwide network of food banks.

**Maui Food Bank, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

**Basis of Accounting**

Our financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP). Under this method, exchange transactions are recorded when earned, contributions are recorded when received, and expenses are recorded when obligations are incurred. Accordingly, the financial statements reflect all significant receivables, payables, and other liabilities.

**Basis of Financial Statement Presentation**

The financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Accounting Standards Codification (ASC) 958-210-45-9. Under this standard, we report information regarding our financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by donors: Net Assets Without Donor Restrictions and Net Assets With Donor Restrictions.

**Net Assets Without Donor Restrictions**

Net assets without donor restrictions are resources available to support operations. The only limits on the use of net assets without donor restrictions are the broad limits resulting from the nature of our Organization, the environment in which we operate, the purposes specified in our corporate documents and our application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into the course of our operations.

**Net Assets With Donor Restrictions**

Donor restrictions vary in nature. Some donor-imposed restrictions are temporary in nature and are met by the passage of time or by specific events occurring as designated by the donor. Some donor restrictions are perpetual in nature as stipulated by the donor. Donor restricted contributions and designated endowment earnings received and expensed in the same fiscal year are recorded as net assets without donor restrictions.

**Cash and Cash Equivalents**

We consider all cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition.

**Maui Food Bank, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

**Accounts and Grants Receivable**

Accounts and grants receivable represent amounts that have been billed under agency contracts or contribution commitments but not collected as of the date of the financial statements. The accounts and grants receivable represent amounts owed by government agencies, private foundations, and others. Accounts and grants receivable are stated at the amount management expects to be collected from the outstanding balance. As of June 30, 2020, and 2019, management has determined, based on historical experience that all amounts are fully collectible and no allowance for doubtful accounts is necessary.

**Inventory**

Inventory, which consists primarily of food, beverages, and other sundry items, is valued based on actual cost for purchased items and management's estimate of the average wholesale value per pound of food for donated items. Management's estimate is based on the results of a product valuation survey by Feeding America. When evidence exists that the net realizable value of inventory is lower than its cost, the difference is recognized as a loss in the statement of activities in the period in which it occurs.

**Property and Equipment**

Property and Equipment are carried at cost or, if donated, at the approximate fair value at the date of donation. We capitalize property and equipment purchases in excess of \$1,000. Lesser amounts are expensed. Depreciation is computed using the straight-line method over 5 to 40 years of the useful life of the asset.

Donations of the property and equipment are recorded as contributions at fair value at the date of donation. Such donations are reported as increases in unrestricted net assets unless the donor has restricted the donated asset 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 contributions. Absent donor stipulations regarding how long those donated assets must be maintained, we report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. We reclassify restricted net assets to unrestricted net assets at that time.

**Investments**

We report investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values in the Statement of Financial Position. Unrealized gains and losses are included in the change in net assets in the accompanying Statement of Activities. Fair values are based on quoted market values or dealer quotes. Realized gains and losses on disposition of these investments are based upon original cost.

**Investment Income and Gains**

Investment income and gains restricted by donors are reported as increases in unrestricted net assets if the restrictions are met (either a stipulated time period ends, or a purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

**Maui Food Bank, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

**Designation of Net Assets without Donor Restrictions**

It is the policy of our Board of Directors to review our plans for future property improvements and acquisitions from time to time and to designate appropriate sums of net assets without donor restrictions to assure adequate financing of such improvements and acquisitions.

**Government Grants**

Generally, grants are recognized as revenues when received. Cost reimbursement grants are recognized on the accrual basis as revenues only to the extent of disbursements that are allowable for reimbursement.

**Revenue and Revenue Recognition**

All contributions and grants received are recorded as increases in net assets without donor restrictions and net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. Contributions of assets other than cash are recorded at their estimated fair value.

**Promises to Give**

Unconditional promises to give are recognized as revenues in the period received as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Conditional promises to give are recognized only when conditions on which they depend on are substantially met and the promises become unconditional.

**Donated Goods and Services**

We receive services donated by the general public in carrying out our purpose. Unpaid volunteers assist in the warehousing, boxing, weighing, and carrying of food for agencies. The value of these contributed services is not reflected in the financial statements because they do not meet the criteria for recognition under FASB ASC Section 958-605-50, *Not-for-Profit Entities – Revenue Recognition*. We receive donations of food, beverages, and other household goods, which are capitalized as inventory and recorded as unrestricted revenue. Upon distribution, inventory is decreased and expensed as cost of goods sold. Donated investments and other noncash donations are recorded as contributions at their fair values at the date of donation.

**Functional Allocation of Expenses**

The cost of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities and detailed in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Maui Food Bank, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

**Income Taxes**

We are exempt from federal income tax under Section 501(c)3 of the Internal Revenue Code. However, income from certain activities not directly related to our tax-exempt purpose is subject to taxation as unrelated business income. In addition, we qualify for the charitable contribution deduction under Section 170(b)(1)(A) and have been classified as an organization other than a private foundation under Section 509(a)(2). For federal income tax purposes, our tax years 2017 through 2020 remain open for possible examination by the Internal Revenue Service.

**Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates the estimates and assumptions based on new information. Management believes that the estimates and assumptions are reasonable in their circumstances; however, actual results could differ from those estimates. The most significant estimate is the valuation of inventory. Actual results could differ from those estimates, and those differences could be material.

**Note 2 – Financial Assets & Liquidity Resources**

The following information represents our financial assets reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date due to donor restrictions or internal board designations.

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Cash and cash equivalents	\$ 3,175,741	\$ 1,879,632
Certificates of deposit	190,421	188,540
Accounts receivable	14,331	14,765
Grants receivable	40,438	43,211
Investments	629,370	615,032
Total Financial Assets	<u>4,050,301</u>	<u>2,741,180</u>
Donor restricted funds	509,946	489,560
Board designated funds	1,354,115	1,412,739
Total restricted & designated funds	<u>1,864,061</u>	<u>1,902,299</u>
Financial assets available to meet general expenditures within one year	<u>\$ 2,186,240</u>	<u>\$ 838,881</u>

We believe the funds above are sufficient to cover our annual cash requirements for general expenditures. We have a \$25,000 line of credit available that can be used if required, see Note 8. If these sources of funds are not sufficient, the Board can pass a resolution to utilize board designated funds as needed.

**Maui Food Bank, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

**Note 3 – Financial Instruments and Credit Risk**

We manage deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. The Federal Deposit Insurance Corporation (FDIC) deposit insurance covers deposits at a failed FDIC-insured institution up to \$250,000 per depositor. The National Credit Union Administration (NCUA) provides deposit insurance coverage for federally insured credit union members up to \$250,000 per depositor. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, we have not experienced any losses in any of these accounts. As of June 30, 2020 and 2019, our uninsured cash balances were \$2,195,714 and \$1,012,888, respectively.

Credit risk associated with accounts receivable and promises to give is considered limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from customers, governmental agencies, and foundations supportive of our mission. Investments are made by diversified investment managers whose performance is monitored by management. Although the fair values of investments are subject to fluctuation on a year-to-year basis, management believes that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

**Note 4 – Grants Receivable**

Grants receivable consisted of the following:

	<u>2020</u>	<u>2019</u>
County of Maui Hunger Relief Grant	\$ 40,000	\$ 40,000
Commodity Supplemental Food Program	<u>438</u>	<u>3,211</u>
Total Grants Receivable	<u>\$ 40,438</u>	<u>\$ 43,211</u>

**Maui Food Bank, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

**Note 5 – Inventory**

At June 30, 2020, donated inventory was valued based on the results of a product valuation survey provided by Feeding America and dated December 31, 2019. The survey assigned values of \$1.74 per pound of packaged food and \$1.49 per pound of United States Department of Agriculture (USDA) food only products. Purchased inventory is stated at cost.

At June 30, 2019, inventory was valued at \$1.62 per pound. The value was based on the results of the Feeding America survey for the year ended December 31, 2018.

The inventory balance consists of the following:

	<b>2019</b>	
	<b>Pounds</b>	<b>Value</b>
Packaged food	70,869	\$ 114,808
USDA food only	31,444	50,939
Purchased food	10,120	16,394
Total Inventory	112,433	\$ 182,141
	<b>2020</b>	
	<b>Pounds</b>	<b>Value</b>
Packaged food	39,473	\$ 68,683
USDA food only	46,931	69,927
Purchased food	141,795	131,814
Total Inventory	228,199	\$ 270,424

**Note 6 – Buildings and Equipment**

Buildings and equipment consist of the following at June 30 2020 and 2019:

	<b>2020</b>	<b>2019</b>
Land	\$ 663,800	\$ 663,800
Building	573,304	573,304
Capital improvements	2,347,853	2,347,853
Vehicles	471,459	358,499
Equipment	112,208	87,653
Furniture and fixtures	53,686	53,686
	4,222,310	4,084,795
Less accumulated depreciation	(1,861,002)	(1,635,770)
	\$ 2,361,308	\$ 2,449,025

Depreciation expense for the years ended June 30, 2020, and 2019, amounted to \$225,232 and \$220,488, respectively.

**Maui Food Bank, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

**Note 7 – Investments and Fair Value Measurements**

Investments are the only assets measured at fair value on a recurring basis. Realized and unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Valuation techniques used to measure fair value are prioritized into the following hierarchy:

**Level 1** – Quoted prices in active markets for identical assets.

**Level 2** – Quoted prices for similar assets in active or inactive markets, or inputs derived from observable market data by correlation such as appraisals or other means such as calculations based on contractual rates and published tables.

**Level 3** – Unobservable inputs that reflect management’s assumptions and best estimates based on available date.

We use Level 1 measurements whenever possible, as they result in the most reliable measure of fair value.

Investments are stated at fair value. The fair values of all our investments are measured using Level 1 inputs.

Investments at June 30, 2020 and 2019, consist of the following investment types:

<b>Description</b>	<b>2020</b>	<b>2019</b>
	<b>Level 1</b>	<b>Level 1</b>
Money market funds	\$ 47,755	\$ 35,652
Equity mutual funds	338,643	341,435
Fixed income mutual funds	219,515	210,443
Alternative investment mutual funds	23,457	27,502
Total Investments	\$ 629,370	\$ 615,032

**Note 8 – Line of Credit**

We have secured a line of credit of \$25,000 from First Hawaiian Bank. The interest rate is 7.15% per annum and is secured by certain assets of ours. There was no amount due on the line of credit at June 30, 2020 and 2019.



**Maui Food Bank, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

**Note 9 – Net Assets with Board Designations**

Our board of directors have chosen to place the following limitations on unrestricted net assets:

	<u>2020</u>	<u>2019</u>
Designated for operating reserves	\$ 810,000	\$ 810,000
Designated for capital reserves	144,115	202,739
Designated for the emergency fund	300,000	300,000
Designated for the Molokai & Lanai emergency fund	100,000	100,000
	<u>\$ 1,354,115</u>	<u>\$ 1,412,739</u>

**Note 10 – Net Assets with Donor Restrictions**

As of June 30, net assets with donor restrictions consists of the following:

	<u>2020</u>	<u>2019</u>
<b>Restricted for the following uses:</b>		
Aloha Backpack Buddies	\$ 419,177	\$ 376,060
Vehicle Replacement Project	-	28,500
Charity Walk	5,769	-
	<u>424,946</u>	<u>404,560</u>
<b>Implicit time restrictions:</b>		
Grants receivable	40,000	40,000
<b>Endowment</b>	45,000	45,000
	<u>45,000</u>	<u>45,000</u>
<b>Net Assets with Donor Restrictions</b>	<u>\$ 509,946</u>	<u>\$ 489,560</u>

Net assets were released from donor or time restrictions by incurring expenses or receipt of funds satisfying the purpose or time restrictions as follows:

	<u>2020</u>	<u>2019</u>
Aloha Backpack Buddies	\$ 102,640	\$ 83,181
Vehicle Replacement Project	28,500	16,500
County of Maui Hunger Relief Grant	40,000	40,000
	<u>\$ 171,140</u>	<u>\$ 139,681</u>

**Maui Food Bank, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

**Note 11 – Endowment**

We adhere to the Uniform Prudent Management Act (UPMIFA), which provides guidance and authority to charitable organizations concerning the management and investment of funds held by those organizations and imposes additional duties on those who manage and invest such funds.

We have one restricted endowment fund at June 30, 2020 and 2019, which is reflected in the Statement of Financial Position as restricted cash and net assets with donor restrictions perpetual in nature. In accordance with our agreement with the Harry and Jeanette Weinberg Foundation, \$45,000 must be held in a fund whereby the income from the fund is to be used solely for the maintenance and upkeep of the Harry and Jeanette Weinberg Center.

There was no activity in the endowment fund for the years ended June 30, 2020 and 2019.

**Note 12 – Advertising and Marketing**

We use advertising and marketing to promote our services in the State of Hawaii. The costs of advertising and marketing are expensed as incurred. During the years ended June 30, 2020 and 2019, advertising and marketing costs totaled \$138,387 and \$130,748, respectively.

**Note 13 – Accrued Paid Leave**

Employees begin accruing paid time off (PTO) upon hire. The benefit amount is dependent upon years of service. If an employee is terminated or voluntarily chooses to separate from us, the employee will be paid all PTO up to, but not to exceed, 45 days total. As of June 30, 2020 and 2019, the balances of the accrued paid leave were \$64,268 and \$51,132, respectively.

**Note 14 – Donated Goods, Services, and Facilities**

Donated goods, services, and facilities are recognized as contributions in accordance with ASC 958-605-25-16. Donated professional services are reflected in the statement of activities at their fair value at the date of the donation. The contribution of services is recognized if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by us.

However, many individuals volunteer their time and perform a variety of tasks that benefit us with specific assistance programs, solicitations, and various committee assignments that are not recognized as contributions in the financial statements, because the recognition criteria under ASC 958-605-25-16 were not met.

During the years ended June 30, 2020 and 2019, we received a total of \$5,209,391 and \$3,845,297, respectively, of in-kind contributions of food and services that were recognized on the statement of activities.

**Maui Food Bank, Inc.**  
**Notes to the Financial Statements**  
**June 30, 2020 and 2019**

**Note 15 – Shared Maintenance Contribution**

Agencies that receive food from us are assessed a shared maintenance contribution (SMC) per pound of food taken, which helps to cover a portion of our operation costs. These amounts are recorded as revenue on the Statement of Activities. During the years ended June 30, 2020 and 2019, we received a total of \$86,260 and \$106,349, respectively, in shared maintenance contributions.

**Note 16 – Employee Benefits**

We sponsor a retirement plan under Section 403(b) of the Internal Revenue Code that covers all eligible employees. The plan calls for matching contributions to the individual retirement accounts of qualified employees of up to 15% of the employees' compensation for employees who have completed one year of service. For the years ended June 30, 2020 and 2019, our matching contributions totaled \$58,163 and \$49,679, respectively. Employer matching contributions vest incrementally based on years of service after the eligible employee completes three years of service.

**Note 17 – Contingencies**

We receive a portion of our revenue from government grants and contracts, all of which are subject to audit by the applicable governing bodies. Generally, the determination of amounts received under these programs is based on the allowable costs provided in the contracts. These contracts may be audited by the appropriate agencies. Until such audits have been completed, there exists a contingency to refund any amount received in excess of allowable cost. Such contingencies diminish with the passage of time. No provision has been made for any liabilities that may arise from such audits since the amounts, if any, cannot be determined at this date.

**Note 18 – Subsequent Events**

We have evaluated subsequent events through July 20, 2021, in connection with the preparation of these financial statements, which is the date these financial statements were available to be issued.

Beginning around March 2020, the COVID-19 has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. We are carefully monitoring the situation and evaluating our options during this time. No adjustments have been made to these financial statements as a result of this uncertainty.