THE FOOD BANK OF THE SOUTHERN TIER, DIVISION OF CATHOLIC CHARITIES OF THE DIOCESE OF ROCHESTER

Financial Statements as of December 31, 2021 Together with Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT

May XX, 2022

To the Board of Directors of
The Food Bank of the Southern Tier, Division of
Catholic Charities of the Diocese of Rochester:

Opinion

We have audited the accompanying financial statements of The Food Bank of the Southern Tier, Division of Catholic Charities of the Diocese of Rochester (the Agency), which comprise the balance sheet as of December 31, 2021, and the related statements of activities and change in net assets, 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 The Food Bank of the Southern Tier, Division of Catholic Charities of the Diocese of Rochester as of December 31, 2021 and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of The Food Bank of the Southern Tier, Division of Catholic Charities of the Diocese of Rochester and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about The Food Bank of the Southern Tier, Division of Catholic Charities of the Diocese of Rochester's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

(Continued)

Auditor's Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, 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 generally accepted 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 The Food Bank of the Southern Tier, Division of Catholic Charities of the Diocese of Rochester'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 The Food Bank of the Southern Tier, Division of Catholic Charities of the Diocese of Rochester's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Summarized Comparative Information
We have previously audited the Agency's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 9, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

THE FOOD BANK OF THE SOUTHERN TIER,
DIVISION OF CATHOLIC CHARITIES OF THE DIOCESE OF ROCHESTER

BALANCE SHEET
DECEMBER 31, 2021
(With Comparative Totals for 2020)

	2021	2020
ASSETS		
CURRENT ASSETS:		
Cash	$ 6,963,967	$ 6,043,660
Investments	3,285,481	1,881,829
Accounts receivable	78,632	70,339
Grants receivable	840,603	376,086
Prepaid expenses	34,664	54,723
Current portion of pledges receivable, net	8,800	10,000
Inventory - donated	1,127,081	1,417,169
Inventory - purchased	535,025	538,649
Total current assets	12,874,253	10,392,455
PLEDGES RECEIVABLE, net of current portion	-	8,800
INVESTMENTS - ENDOWMENT	116,347	101,182
PROPERTY AND EQUIPMENT, net	2,823,158	3,153,368
Total assets	$ 15,813,758	$ 13,655,805
LIABILITIES AND NET ASSETS		
LIABILITIES:		
Accounts payable	$ 484,209	$ 353,527
Accrued liabilities	211,248	299,607
Deferred revenue - donated inventory	1,127,081	1,417,169
Deferred revenue - other	154,983	169,664
Total liabilities	1,977,521	2,239,967
NET ASSETS:		
Without donor restrictions		
Undesignated	3,269,577	10,718,298
Board designated	9,942,494	470,246
Total without donor restrictions	13,212,071	11,188,544
With donor restrictions	624,166	227,294
Total net assets	13,836,237	11,415,838
Total liabilities and net assets	$ 15,813,758	$ 13,655,805

The accompanying notes are an integral part of these statements.

THE FOOD BANK OF THE SOUTHERN TIER,
DIVISION OF CATHOLIC CHARITIES OF THE DIOCESE OF ROCHESTER

STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for 2020)

	2021			
	Without Donor Restrictions	With Donor Restrictions	Total	2020
OPERATING SUPPORT AND REVENUE:				
Food-in-kind assistance	$ 11,366,706	$ -	$ 11,366,706	$ 11,344,514
Grants and contracts	5,160,925	-	5,160,925	5,115,680
Contributions	4,771,045	465,000	5,236,045	6,192,595
Program fees	541,929	-	541,929	2,277,490
Other income	25,036	-	25,036	48,454
Investment income appropriated for operations	-	-	-	4,022
Net assets released from restrictions	83,293	(83,293)	-	-
Total operating support and revenue	21,948,934	381,707	22,330,641	24,982,755
OPERATING EXPENSES:				
Program	18,681,049	-	18,681,049	19,290,151
Management and general	655,285	-	655,285	613,554
Fundraising	992,726	-	992,726	962,085
Total operating expenses	20,329,060	-	20,329,060	20,865,790
SURPLUS OF OPERATING SUPPORT AND REVENUE OVER OPERATING EXPENSES	1,619,874	381,707	2,001,581	4,116,965
OTHER CHANGES IN NET ASSETS:				
Net appreciation of investments	403,653	15,165	418,818	187,122
Investment return appropriated for operations	-	-	-	(4,022)
CHANGE IN NET ASSETS	2,023,527	396,872	2,420,399	4,300,065
NET ASSETS - beginning of year	11,188,544	227,294	11,415,838	7,115,773
NET ASSETS - end of year	$ 13,212,071	$ 624,166	$ 13,836,237	$ 11,415,838

The accompanying notes are an integral part of these statements.

THE FOOD BANK OF THE SOUTHERN TIER,
DIVISION OF CATHOLIC CHARITIES OF THE DIOCESE OF ROCHESTER

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for 2020)

	2021				
	Program Services	Management and General	Fundraising	Total	2020
Food-in-kind assistance	$ 11,366,706	$ -	$ -	$ 11,366,706	$ 11,344,514
Purchased food	3,718,825	-	-	3,718,825	4,608,048
Compensation	1,714,448	344,708	409,416	2,468,572	2,232,768
Employee benefits	424,383	80,480	122,938	627,801	544,637
Contract and professional services	287,085	223,409	33,087	543,581	525,866
Depreciation	380,532	-	-	380,532	389,295
Direct mail	-	-	313,218	313,218	280,540
Specific assistance	214,764	-	-	214,764	193,022
Occupancy	114,175	2,450	-	116,625	88,889
Maintenance and repairs	110,590	-	-	110,590	113,969
Supplies	53,558	776	38,219	92,553	108,466
Transportation	87,920	81	451	88,452	104,232
Advertising and public relations	43,164	978	41,390	85,532	150,681
Insurance	76,737	1,063	-	77,800	70,361
Conferences, training and meetings	31,115	798	530	32,443	15,848
Special events	-	-	31,764	31,764	37,989
Other	57,047	542	1,713	59,302	56,665
Total operating expenses	$ 18,681,049	$ 655,285	$ 992,726	$ 20,329,060	$ 20,865,790

The accompanying notes are an integral part of these statements.

THE FOOD BANK OF THE SOUTHERN TIER,
DIVISION OF CATHOLIC CHARITIES OF THE DIOCESE OF ROCHESTER

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(With Comparative Totals for 2020)

	2021	2020
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	$ 2,420,399	$ 4,300,065
Adjustments to reconcile change in net assets to net cash flow from operating activities:		
Depreciation	380,532	389,295
Change in discount on pledges receivable	-	99
Net appreciation of investments	(418,818)	(187,122)
Changes in:		
Accounts receivable	(8,293)	12,666
Grants receivable	(464,517)	(86,765)
Prepaid expenses	20,059	(5,673)
Inventory	3,624	(194,839)
Accounts payable	130,682	142,503
Accrued liabilities	(88,359)	54,154
Deferred revenue	(14,681)	36,481
Net cash flow from operating activities	1,960,628	4,460,864
CASH FLOW FROM INVESTING ACTIVITIES:		
Proceeds from sale of property and equipment	-	175,000
Purchases of property and equipment	(50,321)	(308,105)
Purchases of investments	(1,000,000)	-
Net cash flow from investing activities	(1,050,321)	(133,105)
CASH FLOW FROM FINANCING ACTIVITIES:		
Capital campaign cash receipts	10,000	37,450
Net cash flow from financing activities	10,000	37,450
CHANGE IN CASH	920,307	4,365,209
CASH - beginning of year	6,043,660	1,678,451
CASH - end of year	$ 6,963,967	$ 6,043,660

The accompanying notes are an integral part of these statements.

1. THE ORGANIZATION

The Food Bank of the Southern Tier (the Agency) is a division of Catholic Charities of the Diocese of Rochester (CCDR). The Agency is a not-for-profit organization that distributes quality food through its hunger relief agencies in Broome, Chemung, Schuyler, Steuben, Tioga, and Tompkins Counties, New York and develops innovative programs to address the problem of hunger.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting
The Agency's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Financial Reporting
The Agency reports its net assets and changes therein in the following classifications:

- Net assets without donor restrictions are net assets that are not subject to donor-imposed stipulations. The Board of Directors, through voluntary resolutions, has designated portions of the Agency's net assets without donor restrictions to be used exclusively for specific purposes.

- Net assets with donor restrictions are net assets whose use by the Agency is limited by donor-imposed stipulations. This includes stipulations that can be fulfilled or removed by actions of the Agency pursuant to the stipulations or by the passage of time, as well as donor-imposed stipulations that do not expire. In cases where the donor-imposed stipulation does not expire, generally the donor of these net assets permits the Agency to use all or part of the investment return on the related assets to support program activities.

Operations
The statement of activities and change in net assets presents the changes in net assets of the Agency from operating activities and from non-operating activities. Operating revenues and expenses relate primarily to the acquisition of food and related goods and the provision of that food and related goods to organizations and individuals. Operating activities also includes outreach and other programmatic activities related to addressing food insecurity.

Non-operating activities reflect transactions not related to current year operations. These include contributions from donors to be invested perpetually by the Agency to generate a return that will support operations, contributions from donors restricted for acquisition of property and equipment, income or losses on the Agency's investment portfolio, and gains or losses on disposals of property and equipment.

Cash
Cash consists of bank demand deposit accounts which, at times, may exceed federally insured limits. The Agency has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property and Equipment
Property and equipment is stated at cost, if purchased, or fair value at the date of donation. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets, which range from three to thirty years. The Agency capitalizes individual property and equipment items with a cost or fair value at the date of donation greater than $1,000 that have a useful life greater than one year.

Investments
Investments are stated at fair value. Investment securities are exposed to various risks, such as interest rate, market, economic conditions, world affairs and credit risks. Due to the level of risk associated with certain investment securities, it is possible that changes in their values could occur in the near term and such changes could materially affect the net assets of the Agency.

Fair Value Measurement
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. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability or, in the absence of a principal market, the most advantageous market for the asset or liability.

GAAP establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

- Level 1 Inputs - Valuations are based on quoted prices in active markets for identical assets or liabilities that the Agency has the ability to access. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

- Level 2 Inputs - Valuations are based on quoted prices in markets that are not active or for which all significant inputs are observable, either directly or indirectly. In addition, investment securities valued based on the net asset value of the underlying investment pool are classified as being valued based on level 2 inputs.

- Level 3 Inputs - Valuations are based on unobservable inputs for determining the fair values of assets or liabilities that reflect an entity’s own assumptions about the assumptions that market participants would use in pricing the assets or liabilities.

Program Fees and Receivables
The Agency recognizes program fees revenue in the period in which the performance obligations defined by the terms of contracts with customers are satisfied. The Agency’s performance obligations fall under its overall mission to develop and operate programs that address the problem of hunger and food insecurity. The Agency’s performance obligations include distributing quality food through community organizations.

Program fees are recognized at the amount to which the Agency expects to be entitled. The Agency requests that participating not-for-profit agencies contribute various amounts depending on the type of product received for each pound of product they receive. This revenue is used to cover the cost of food handling as well as general operating expenses. This revenue is included in program fees on the accompanying statement of activities and change in net assets. Program service fees also include revenue related to wholesale distribution of food throughout the community. The performance obligation related to program service fees is satisfied as the food and other goods are distributed.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Program Fees and Receivables (Continued)
The Agency determines the transaction price based on the volume and/or weight of food and related goods distributed in each distribution transaction. The Agency expects to collect established net charges. The Agency performs an assessment of a customer's ability to pay for services prior to providing services. Based on this, the Agency has determined that there are no implicit price concessions provided to those the Agency serves.

Because performance obligations are met as program services are provided, there are no service fees allocated to performance obligations that are unsatisfied or partially unsatisfied at the end of the reporting period. Program service revenue is charged and collected periodically. Amounts that remain uncollected at the end of a reporting period are recorded as accounts receivable. Amounts for which no payments have been received for several months are considered delinquent and when appropriate collection efforts are exhausted, the account is written-off. The Agency did not record an allowance for doubtful accounts in 2021 or 2020.

Contributions and Pledges Receivable
All contributions are considered to be available without restriction unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes or in perpetuity are reported as support that increases net assets with donor restrictions. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with restrictions are reclassified as net assets without restrictions and reported as net assets released from restrictions in the accompanying statement of activities and changes in net assets. Conditional promises to give are not included as support until the conditions are met.

The Agency records an allowance for doubtful pledges receivable based on experience and a review of specific accounts. An allowance of $1,000 and $1,000 was recorded for the years ended December 31, 2021 and 2020, respectively. Accounts are written-off when reasonable collection efforts have been exhausted. No amounts were written off in the years ended December 31, 2021 or 2020.

Food-In-Kind Assistance
Noncash assets, such as food in-kind, are recorded at their fair values on the date received. The Agency's policy is to record food-in kind as revenue as it is distributed; undistributed food is recorded as both inventory and deferred revenue upon receipt.

Grants and Contracts
Revenue from grants and contracts is recognized when conditions from the grantor are met and there are no barriers to be overcome. Amounts received in advance of such conditions being met are reported as deferred revenue.

Donated Services
Volunteers have donated significant amounts of time in support of the Agency's program activities. The value of these services is not reflected in the accompanying financial statements as they do not meet the criteria for recognition.

Income Taxes
The Agency is a division of CCDR, a not-for-profit corporation that is exempt from income taxes as an organization qualified under Section 501(c)(3) of the Internal Revenue Code. CCDR has also been classified by the Internal Revenue Service as an entity that is not a private foundation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Advertising
Advertising costs are charged to expense as incurred.

Allocation of Certain Expenses
The statement of functional expenses presents expenses by both functional and natural classification. Certain categories of expenses are attributable to one or more program or supporting functions, and these expenses are allocated to the reported functional columns. Natural expenses that are allocated across functional classifications include compensation and employee benefits, which are allocated based on time and effort, and occupancy, which are allocated based on the approximate occupation and utilization of the Agency’s facilities and buildings and equipment.

Due from Affiliate
Funds in excess of the Agency’s current needs may be loaned to other agencies of CCDR under terms specified in a promissory note between the Agency and the borrower. Current need is defined as one month’s operating expense based on the annual budget process. CCDR’s Finance Director has discretion in coordination with the Agency’s President/CEO and/or Business Director with oversight from the Finance Committee, to manage the lending and repayment of surplus funds.

The Agency will lend surplus funds to agencies of CCDR, only if they have an established line of credit with a financial institution and could draw upon funds from another source in order to repay the Agency. Interest will be paid at least on a quarterly basis. Interest owed shall not be added to the outstanding indebtedness. Interest will be at the prime rate less 1%. The amounts loaned to each affiliate and their outstanding balance will be tracked by the CCDR Finance Department. At December 31, 2021 and 2020, there were no amounts due under this arrangement.

Inventory
Inventory purchased by the Agency is stated at the lower of cost or net realizable value. Cost is determined using the first-in, first-out (FIFO) method. Foods donated by The Emergency Food Assistance Program are valued by the New York State Office of General Services. Foods donated through a national food bank network and by various local sources are valued using a price per pound developed by the network. This value is included in inventory - donated on the balance sheet.

Comparative Information
The financial statements include certain prior year summarized comparative information in total but not by net asset class or functional expense classification. Such information does not include sufficient detail to constitute a presentation in accordance with GAAP. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended December 31, 2020, from which the summarized information was obtained.

Estimates
The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Reclassifications
Certain reclassifications have been made to the 2020 financial statements to conform to the current year presentation.

3. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Agency is substantially supported by revenue generated by its operations and contributions without donor restrictions. In addition, some support is received in the form of restricted contributions from donors. Because a donor restriction requires resources to be used in a particular manner or in a future period, the Agency must maintain sufficient resources to meet those responsibilities to its donors. Thus, financial assets may not be available for general expenditure within one year. As part of the Agency's liquidity management, it structures its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Agency invests cash not needed for short-term programmatic, administrative, or property and equipment needs. Such investments can be liquidated on short notice if necessary.

The Agency's financial assets available to meet cash needs for general expenditures within one year were as follows at December 31:

	2021	2020
Financial assets at December 31	$ 11,293,830	$ 8,491,896
Less: Financial assets unavailable for general expenditures within one year, due to:		
Designations by the Board for specific purposes	(9,942,494)	(470,246)
Restricted by donor in perpetuity	(104,324)	(91,207)
Subject to satisfaction of donor restrictions	(519,842)	(136,087)
Financial assets available to meet cash needs for general expenditures within one year	$ 727,170	$ 7,794,356

Should the need for additional cash availability arise, the Agency has a line-of-credit agreement with a bank that allows for total borrowings of $400,000 (Note 7). Additionally, the Agency has arrangements with other CCDR divisions; Catholic Charities of Chemung/ Schuyler, Catholic Charities of Steuben/Livingston, and Catholic Charities of Tompkins/Tioga, whereby the divisions may borrow from and lend to each other to meet short-term needs (Note 9).

The Agency's general cash expenditures within one year do not include the amounts reported as food-in-kind assistance income or expense. Food-in-kind assistance represents the estimated value of food received and distributed without cash outlay. Therefore, the $11,366,706 and $11,344,514, reported as food-in-kind assistance for the years ended December 31, 2021 and 2020, respectively, representing approximately 56% and 54% of total operating expenses for 2021 and 2020, respectively, does not represent a cash expenditure (Note 8).

4. PLEDGES RECEIVABLE

The Agency has outstanding pledges due within one year in the amount of $8,800 net of allowances of $1,200.

5. INVESTMENTS

Investments were measured at fair value utilizing Level 2 inputs on a recurring basis and consisted of the following at December 31:

	2021	2020
The Communis Fund of the Diocese of Rochester (Communis)	$ 3,401,828	$ 1,983,011

The following table summarizes investments measured at fair value on a recurring basis as of December 31, 2021 and 2020, segregated by the level of the valuation inputs within the fair value hierarchy utilized to measure fair value:

	2021			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Communis	$ -	$ 3,401,828	$ -	$ 3,401,828

	2020			
	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	Total Fair Value
Communis	$ -	$ 1,983,011	$ -	$ 1,983,011

Communis was organized by the Roman Catholic Diocese of Rochester (the Diocese) for the purpose of offering Diocesan organizations the opportunity to invest collectively to maximize investment opportunities and returns consistent with the duties of stewardship following the mandates of The Code of Canon Law of the Roman Catholic Church. Communis provides Diocesan organizations with the opportunity to invest in a diversified portfolio managed by one or more professional investment managers chosen by the Board of Directors selected by Communis' members. Income is allocated to investors based on the percentage of the net asset value of their individual funds to the total investment balance.

The Agency utilizes information received from Communis regarding the composition of the pooled investment fund and the value of securities held in the fund. Communis values the securities in the fund based on quoted market prices, when available. At times Communis may include fixed income securities for which no quoted market prices are available. Such fixed income securities are valued by Communis based on information on comparative securities, prevailing interest rates, and other factors. The Agency believes the valuation information received from Communis is reliable.

Under the terms of its arrangement with Communis, the Agency may make additional investments in Communis, but is under no obligation to do so. Withdrawals can be made at will, and are executed monthly with 15 days advance notice.

5. INVESTMENTS (Continued)

In some cases, withdrawals may be limited by specific donor stipulations and governed by the Agency's endowment spending policy. See Note 12 regarding the Agency's endowment funds.

There have been no changes to valuation techniques during 2021 or 2020.

6. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at December 31:

	2021	2020
Land	$ 117,106	$ 117,106
Buildings and improvements	3,066,605	3,056,732
Furnishings and fixtures	300,897	300,897
Equipment	1,453,249	1,412,799
Vehicles	1,286,030	1,286,030
	6,223,887	6,173,564
Less: Accumulated depreciation	(3,400,729)	(3,020,196)
Total	$ 2,823,158	$ 3,153,368

Depreciation on property and equipment was $380,532 and $389,295 for the years ended December 31, 2021 and 2020, respectively.

7. FINANCING ARRANGEMENTS

Line of Credit
The Agency has a line of credit agreement with Chemung Canal Trust Company. The Agency may borrow up to $400,000 under the terms of the line of credit agreement. Amounts borrowed bear interest at 5.00%. There were no amounts outstanding under the terms of this agreement at December 31, 2021 or 2020.

8. FOOD-IN-KIND ASSISTANCE

The Agency receives donated food commodities through The Emergency Food Assistance Grant Program of the U.S. Department of Agriculture (USDA) as administered by the New York State Office of General Services. During the years ended December 31, 2021 and 2020, the Agency received food valued by the USDA at $4,667,424 and $6,202,018 with ending inventory of $469,602 and $987,387, respectively.

The Agency also receives donated food commodities from food producers through the efforts of a national food bank network (Feeding America) and by various local sources. That donated food is valued on a per pound basis based upon an amount assigned by Feeding America. During the years ended December 31, 2021 and 2020, the Agency received food valued at $6,699,282 and $5,142,496 with an ending inventory of $657,479 and $429,782 respectively. The food received by the Agency is then distributed to eligible food pantries, soup kitchens and other qualified nonprofit agencies.

9. RELATED PARTY TRANSACTIONS

Insurance

Prior to July 1, 2009, the Agency participated in the Diocesan pooled self-insurance program for property and liability coverage, in conjunction with all agencies of CCDR. As a participant in this program, the Agency paid insurance premiums to the Diocese and received insurance coverage to certain deductible limits for property and general liability, professional misconduct, officers' and directors', employee disability, and workers' compensation insurances.

Effective July 1, 2009, CCDR withdrew from the Diocesan pooled self-insurance program. At that date, all CCDR divisions, including the Agency, purchased commercial insurance from a third-party carrier. In addition, CCDR Diocesan Services Division assumed the estimated liability from the Diocese for known outstanding claims as of June 30, 2009, as well as assets from the Diocese related to accumulated premium deposits as of that date. The Agency has recorded no liability related to this insurance program.

Effective July 1, 2015, CCDR determined that CCDR Diocesan Services Division would purchase a bulk commercial insurance plan covering all CCDR divisions, including the Agency, and each division would reimburse CCDR Diocesan Services Division through monthly invoices for their portion of the coverage.

Payments made to CCDR Diocesan Services Division totaled $62,167 and $54,430 for the years ended December 31, 2021 and 2020, respectively. The Agency recorded prepaid insurance related to this arrangement of $3,511 and $3,382 as of December 31, 2021 and 2020, respectively. Expense associated with these payments is included in benefits and insurance expenses on the accompanying statement of functional expenses.

Services from CCDR

Under its bylaws, the Agency is required to contract certain services from CCDR. For the years ended December 31, 2021 and 2020, contract and professional services expense included approximately $252,000 and $247,000, respectively, paid to CCDR for administrative, accounting, compliance and human resource services.

Services from the Diocese

The Agency purchases information technology management and support services from the Diocese. For the years ended December 31, 2021 and 2020 information technology management and support services expense was approximately $26,000 and $28,000, respectively. These expenses are included in contract and professional services expense in the accompanying statement of functional expenses.

Interdivisional Borrowing/Lending Arrangement

The Agency has arrangements with other CCDR divisions: Catholic Charities of Chemung/Schuyler, Catholic Charities of Steuben/Livingston, and Catholic Charities of Tompkins/Tioga. The divisions borrow from and lend to each other for short-term needs. Interest at prime minus one percent (2.25% at December 31, 2021) is charged on those borrowings. There were no amounts due under these borrowing arrangements at December 31, 2021 and 2020.

10. RETIREMENT PLAN

The Agency participates in a defined contribution pension plan that is administered through CCDR. All employees who work a minimum of 1,000 hours per year are eligible to participate after one year of service and attaining the age of twenty-one. Employees are vested after five years of service. In addition, the Agency has discretion to contribute at least 3% and no more than 6% of an eligible employee's compensation. The Agency contributed 6% of eligible employees' compensation for 2021 and 2020. Pension expense for the years ended December 31, 2021 and 2020 was approximately $119,000 and $108,000, respectively.

11. NATURE, PURPOSE, AND AMOUNT OF RESTRICTIONS ON NET ASSETS

Net assets with donor restrictions were available for the following purposes at December 31:

	2021	2020
Net assets with donor restrictions that can be satisfied by action of the Agency or the passage of time:		
SIF Program Agency Capacity	$ 185,000	$ -
NYS Health Foundation	120,000	-
SIF Good Food Acquisition	50,000	-
SIF Service Insights	50,000	-
Truck campaign	42,819	95,392
SIF Healthcare Partnerships	35,000	-
SIF Client Driven Services	25,000	-
Backpack campaign	-	18,280
Mobile food pantry	-	12,440
Unappropriated endowment appreciation	12,023	9,975
	519,842	136,087
Net assets restricted by donor in perpetuity:		
Endowment funds	104,324	91,207
	$ 624,166	$ 227,294

Net assets with donor restrictions were released from restrictions as follows for the years ended December 31:

	2021	2020
Truck campaign	$ 52,573	$ 39,496
Backpack campaign	18,280	-
Mobile food pantry	12,440	-
	83,293	39,496
Investment income appropriated for operations	$ -	$ 4,022

12. ENDOWMENT FUNDS

The Agency's endowment includes contributions perpetually restricted by donors, as well as accumulated unappropriated earnings on those amounts. The Agency's endowment net asset balance consists of funds with donor-imposed restrictions stating that the funds must be held in perpetuity and accumulated unappropriated earnings on these amounts, and are included in net assets with donor restrictions in the accompanying balance sheet.

Changes in endowment net assets were as follows for the years ended December 31:

		Other		
	Partners in Faith	Donor Contributed Corpus	Accumulated Unappropriated Earnings	Total
Endowment net assets, January 1, 2020	$ 81,748	$ 5,060	$ 8,604	$ 95,412
Appropriations	(3,507)	-	(515)	(4,022)
Investment value change	7,906	-	1,886	9,792
Endowment net assets, December 31, 2020	86,147	5,060	9,975	101,182
Appropriations	-	-	-	-
Investment value change	13,117	-	2,048	15,165
Endowment net assets, December 31, 2021	$ 99,264	$ 5,060	$ 12,023	$ 116,347

Interpretation of Relevant Laws

The Agency's Board of Directors has interpreted the applicable provisions of the New York Prudent Management of Institutional Funds Act (NYPMIFA) 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 Agency classifies as endowment net assets (a) the original value of the gifts donated to the endowment, (b) the original value of subsequent gifts to the endowment, and (c) accumulations of investment income of the endowment are added to the fund in accordance with the direction of the donor gift instrument.

Return Objectives and Risk Parameters

The Agency 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 related to donor-restricted funds that the Agency must hold in perpetuity.

12. ENDOWMENT FUNDS (Continued)

Endowment Earnings
The Agency's policy is to utilize its endowment earnings in accordance with the donor's intent. Any unspent endowment earnings in any given year become part of the Agency's net assets with donor restrictions based on specific donor stipulations. The portion of the Agency's endowment balances received from the Diocese of Rochester as part of the Partners in Faith initiative have been received with the stipulation that they must be invested in Communis. Due to this stipulation, all earnings or losses on the Partners in Faith endowment balance are recorded as increases or decreases in net assets associated with the Partners in Faith endowment. Earnings or losses on other endowment funds are recorded as increases or decreases in net assets with donor restrictions, in the absence of other specific donor stipulations. The Agency can withdraw funds from the Partners in Faith endowment when amounts are appropriated in accordance with the Agency's endowment management and endowment spending policies.

Spending Policy and How the Investment Objectives Relate to Spending Policy
Under the terms of the Agency's endowment spending policy, annual income to be available for distribution is defined as 5.0% of the endowment fund's average market value for the previous 20 calendar quarters. In establishing this policy, the Agency considered the long-term expected return on its endowment. This is consistent with the Agency's objective to preserve principal, while providing a sustainable source of income for the Agency's programs. In 2020, the amount appropriated from endowment funds was $4,402. In 2021, no amounts were appropriated for expenditure from endowment funds, and therefore no disbursements were made. The Agency's spending policy permits spending from underwater endowments.

Strategies Employed for Achieving Objectives
The Agency's Partners in Faith endowment assets are required by the donor to be invested in Communis. Therefore, the Agency does not have discretion to employ its own strategy related to investment objectives for Partners in Faith investments. For all other endowment balances, the Agency has elected to invest in Communis. The Agency believes this will create consistent, balanced returns that are consistent with NYPMIFA.

13. BOARD DESIGNATED FUNDS

Prior to 2021, the Agency's Board, through voluntary resolution, maintained the Board Restricted Property Reserve Fund (the Property Fund). The Property Fund was intended to provide funds for major repair/maintenance of permanent fixture-type items owned by the Agency. During 2021 the entire balance of $470,246 was released from designation in conjunction with the establishment of new designated funds during 2021.

In 2021 the Agency's Board, through voluntary resolution, established the following designated funds:

Operating Reserve Fund
The Operating Reserve Fund is the portion of available unrestricted net assets that the Board has designated to reserve as a cushion against unexpected negative financial events, including loss of income or large unbudgeted expenses. If net assets are available, Operating Reserves will be Board Designated in an amount necessary to fund three months of operating expenses. This calculation shall occur annually at the end of each fiscal year and, unless the Fund has been drawn upon, that amount of net assets will constitute a Board designation for the following fiscal year. Operating Expenses will be derived from the current-year projected budget.

13. BOARD DESIGNATED FUNDS (Continued)

Capital Asset Replacement Fund
The Capital Asset Replacement Fund is the portion of available unrestricted net assets that the Board has designated to reserve to provide a ready source of funds for the replacement of major physical assets. Major assets are defined as capital assets with an original cost greater than $5,000 and having a useful life of three years or more (FBST's capitalization criteria). Assets eligible to access the Fund fall into three primary categories: Building, Fleet and Equipment

If net assets are available, the Capital Asset Replacement Fund will be Board Designated in an amount equal to the present value of all listed capital assets, based on each asset's estimated replacement cost and expected useful life. This calculation shall occur annually at the end of each fiscal year and that amount of net assets will constitute a Board designation for the following fiscal year.

Strategic Investment Fund
The Strategic Investment Fund's goal is to provide funding to develop and grow strategic programming. Investments will support innovation and help the Agency advance its mission in alignment with strategic goals. This Fund is not intended to be used as a permanent source of capital but rather to provide early-stage funding to programs that can become self-sustaining.

The amount to be designated in the Strategic Investment Fund will be established at the end of each fiscal year and the fund balance will be updated annually as draws occur.

Designated Balances
Activity in Board Designated funds was as follows for the year ended December 31, 2021:

	Balance January 1, 2021	Designations	Reductions	Balance December 31, 2021
Property reserve	$ 470,246	$ -	$ (470,246)	$ -
Operating reserve	-	1,191,404	-	1,191,404
Capital asset replacement	-	2,360,578	-	2,360,578
Strategic investment	-	6,390,512	-	6,390,512
Total	$ 470,246	$ 9,942,494	$ (470,246)	$ 9,942,494

14. CONCENTRATIONS

The Agency received 17% and 11% of its total support and revenue from New York State contracts in both 2021 and 2020, respectively. Accounts and grants receivable related to these services were 70% and 38% of total receivables at December 31, 2021 and 2020, respectively.

15. CONTINGENCIES

Child Victims Act

In 2019, New York State signed into law the Child Victims Act (CVA). This legislation impacted the statute of limitations in New York applicable to actions alleging child abuse, and revived most previously time-barred claims.

Through the date the financial statements were available to be issued, CCDR has been named as a defendant in a number of claims commenced under the CVA. Some of these actions jointly name CCDR with the Diocese and/or other organizations. Aggregate demands for damages from these suits are presently not determinable. During the timeframe of the alleged abuses, CCDR had insurance coverage administered through the Diocese.

On September 12, 2019, the Diocese filed a voluntary petition for reorganization under Chapter 11 of the Federal Bankruptcy Code. Although CCDR is not part of the Diocesan bankruptcy, the CVA cases naming CCDR are currently stayed. CCDR believes the lawsuits against it will be managed in the Diocesan bankruptcy given CCDR's participation in Diocesan-administered insurance programs.

At present, CCDR is not certain as to the amount of commercial insurance coverage available to it to meet any potential obligations related to the CVA actions commenced against it. No amounts have been recorded for settlement of the CVA cases because the potential financial impact on CCDR is not presently determinable. However, the ultimate resolution of these claims potentially could have a material adverse impact on CCDR's results of operations and financial position.

Third-Party Payors

Third-party payors, especially governmental funders, have substantially increased their scrutiny of payments made to their designated service providers. Specific areas for review by the governmental payors and their investigative personnel include appropriate billing practices, reimbursement maximization strategies, technical regulation compliance, etc. The stated purpose for these reviews is to recover reimbursements that the payors believe may have been inappropriate.

The Agency has reviewed its internal records and policies with respect to such matters. However, due to the nature of these matters, it is difficult to estimate the ultimate liability, if any, which they may incur for such matters.

COVID-19

The United States is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The overall consequences of COVID-19 on a national, regional, and local level are unknown, but it has the potential to result in a significant economic impact. The impact of this situation on the Agency and their future results and financial position is not presently determinable.

16. SUBSEQUENT EVENTS

Subsequent events have been evaluated through May XX, 2021, which is the date the financial statements were available to be issued.