

**PHILABUNDANCE**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**YEAR ENDED SEPTEMBER 30, 2020**  
**(WITH COMPARATIVE TOTALS**  
**FOR SEPTEMBER 30, 2019)**



[CLAconnect.com](http://CLAconnect.com)

WEALTH ADVISORY  
OUTSOURCING  
AUDIT, TAX, AND  
CONSULTING

**PHILABUNDANCE  
TABLE OF CONTENTS  
YEAR ENDED SEPTEMBER 30, 2020**

<b>INDEPENDENT AUDITORS' REPORT</b>	<b>1</b>
<b>FINANCIAL STATEMENTS</b>	
<b>CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>	<b>3</b>
<b>CONSOLIDATED STATEMENT OF ACTIVITIES</b>	<b>4</b>
<b>CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES</b>	<b>5</b>
<b>CONSOLIDATED STATEMENT OF CASH FLOWS</b>	<b>6</b>
<b>NOTES TO CONSOLIDATED FINANCIAL STATEMENTS</b>	<b>8</b>



## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Philabundance  
Philadelphia, Pennsylvania

### **Report on the Consolidated Financial Statements**

We have audited the accompanying consolidated financial statements of Philabundance (a nonprofit organization), which comprise the consolidated statement of financial position as of September 30, 2020, 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 Consolidated 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 auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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**

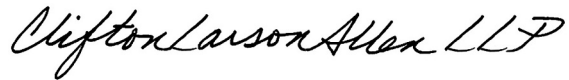
In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Philabundance as of September 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles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

**Change in Accounting Principle**

As discussed in Note 1 to the consolidated financial statements, Philabundance has adopted Accounting Standards Update (ASU) No. 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (Topic 958)* and ASU No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Our opinion is not modified with respect to these matters.

**Report on Summarized Comparative Information**

We have previously audited Philabundance's 2019 consolidated financial statements, and we expressed an unmodified opinion on those audited consolidated financial statements in our report dated March 4, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.



**CliftonLarsonAllen LLP**

Plymouth Meeting, Pennsylvania  
June 14, 2021

**PHILABUNDANCE**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2020**  
(WITH COMPARATIVE TOTALS FOR SEPTEMBER 30, 2019)

<b>ASSETS</b>	2020	2019
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 21,674,371	\$ 4,203,548
Restricted Cash	-	12,193
Operating Investments (Note 2)	122,200	111,764
Accounts Receivable, Net	1,596,172	584,087
Grants Receivable	91,058	21,362
Current Portion of Pledges Receivable (Note 1)	485,012	242,500
Inventory	3,595,145	1,988,596
Other Current Assets	23,200	23,200
Prepaid Expenses, Deposits and Other	208,576	238,976
Note Receivable (NMTC)	-	5,039,250
Total Current Assets	27,795,734	12,465,476
<b>NONCURRENT ASSETS</b>		
PCK Restricted Cash (Capital)	1,257,636	1,756,843
Endowment and Other Investments (Note 2)	1,617,378	1,195,540
Capital Pledges Receivable, Current Portion (Note 1)	203,468	454,156
Pledges Receivables, Less Current Portion (Note 1)	308,892	229,041
Property and Equipment, Net (Note 4)	17,747,049	11,492,712
Operating Lease Right-Of-Use Assets	459,162	606,824
Beneficial Interest (Note 5)	14,460	14,665
Total Noncurrent Assets	21,608,045	15,749,781
Total Assets	\$ 49,403,779	\$ 28,215,257
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current Maturities of Long-Term Debt (Note 7)	\$ 125,581	\$ 6,964,580
Current Portion of Operating Lease Liabilities (Note 11)	177,650	180,539
Paycheck Protection Program Loan - Refundable Advance	1,531,200	-
Accounts Payable and Accrued Expenses	2,507,561	1,412,423
Security Deposit	23,093	23,068
Deferred Income	596,103	376,144
Total Current Liabilities	4,961,188	8,956,754
<b>LONG-TERM LIABILITIES</b>		
Long-Term Debt, Less Current Maturities (Note 7)	1,786,125	1,911,692
Self-Amortizing Long-Term Debt - PCK 2.0 (Note 7)	4,341,298	-
Operating Lease Liabilities, Net of Current Portion (Note 11)	281,512	426,285
Total Long-Term Liabilities	6,408,935	2,337,977
Total Liabilities	11,370,123	11,294,731
<b>NET ASSETS</b>		
Without Donor Restrictions	30,929,565	11,955,099
With Donor Restrictions	7,104,091	4,965,427
Total Net Assets	38,033,656	16,920,526
Total Liabilities and Net Assets	\$ 49,403,779	\$ 28,215,257

See accompanying Notes to Consolidated Financial Statements.

**PHILABUNDANCE**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**YEAR ENDED SEPTEMBER 30, 2020**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
<b>OPERATING REVENUE</b>				
In-Kind Food (Note 1)	\$ 67,298,424	\$ -	\$ 67,298,424	\$ 38,620,710
In-Kind Goods and Services	459,004	-	459,004	861,210
Grants and Contributions	20,950,877	16,867,893	37,818,770	16,519,826
Endowment Distribution Income	70,402	-	70,402	62,167
Fees for Service	5,355,596	-	5,355,596	1,885,785
Rental Income	43,345	-	43,345	140,377
Loss on Sale of Building and Equipment	(2,528,533)	-	(2,528,533)	-
Community Purchase Program	894,443	-	894,443	1,348,190
Less: Costs of Goods Sold	(956,408)	-	(956,408)	(1,296,254)
Gross Profit	(61,965)	-	(61,965)	51,936
Net Assets Released from Restrictions	14,729,229	(14,729,229)	-	-
Total Operating Revenue	106,316,379	2,138,664	108,455,043	58,142,011
<b>EXPENSES</b>				
Program Services	79,690,806	-	79,690,806	47,075,280
Management and General	5,063,469	-	5,063,469	2,913,478
Fundraising	4,645,162	-	4,645,162	3,781,515
Total Expenses	89,399,437	-	89,399,437	53,770,273
<b>CHANGE IN NET ASSETS FROM OPERATING ACTIVITIES</b>	16,916,942	2,138,664	19,055,606	4,371,738
<b>NONOPERATING ACTIVITIES</b>				
Interest Income and Dividends	(14,320)	-	(14,320)	29,826
Change in Beneficial Interest	(205)	-	(205)	(334)
Realized Gain on Investments	24,186	-	24,186	-
Unrealized Gain on Investments	140,772	-	140,772	11,465
Other Income	106,341	-	106,341	123,592
Gain on NMTC Closing	1,800,750	-	1,800,750	-
Total Nonoperating Activities	2,057,524	-	2,057,524	164,549
<b>CHANGE IN NET ASSETS</b>	18,974,466	2,138,664	21,113,130	4,536,287
Net Assets - Beginning of Year	11,955,099	4,965,427	16,920,526	12,384,239
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 30,929,565</u>	<u>\$ 7,104,091</u>	<u>\$ 38,033,656</u>	<u>\$ 16,920,526</u>

See accompanying Notes to Consolidated Financial Statements.

**PHILABUNDANCE**  
**CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED SEPTEMBER 30, 2020**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019)

	Program Services	Management and General	Fundraising	2020 Total	2019 Total
Payroll and Related Costs	\$ 5,433,415	\$ 2,996,701	\$ 1,389,747	\$ 9,819,863	\$ 8,242,233
Agency Support	98,502	-	-	98,502	14,667
Credit Card and Bank Fees	-	351,642	-	351,642	123,703
Depreciation and Amortization	355,047	123,830	84,205	563,082	529,171
Donated Food	66,131,471	-	-	66,131,471	37,804,767
Dues and Subscriptions	48,920	18,403	21,710	89,033	123,325
Facilities	604,796	236,311	192,199	1,033,306	803,381
Food Acquisition	4,411,712	-	-	4,411,712	1,549,034
Freight	146,455	-	-	146,455	111,660
Information Technology	106,290	40,735	132,008	279,033	130,982
Interest	-	84,842	-	84,842	228,861
Mailing Services	888	23	1,019,311	1,020,222	886,516
Marketing and Design	13,855	1,461	853,295	868,611	214,864
Meetings and Training	47,024	8,120	7,849	62,993	126,707
Miscellaneous	70,949	931,790	11,089	1,013,828	102,834
Printing	3,412	965	496,496	500,873	501,282
Professional Fees	370,931	181,784	349,593	902,308	789,938
Supplies	678,088	21,346	44,188	743,622	349,617
Telecommunications	95,881	39,107	27,776	162,764	174,475
Temporary Help	337,920	26,409	15,696	380,025	242,049
Transportation	735,250	-	-	735,250	720,207
<b>Total Expenses</b>	<b>79,690,806</b>	<b>5,063,469</b>	<b>4,645,162</b>	<b>89,399,437</b>	<b>53,770,273</b>
Community Purchase Program	956,408	-	-	956,408	1,296,254
<b>Total Functional Expenses</b>	<b>\$ 80,647,214</b>	<b>\$ 5,063,469</b>	<b>\$ 4,645,162</b>	<b>\$ 90,355,845</b>	<b>\$ 55,066,527</b>

See accompanying Notes to Consolidated Financial Statements.

**PHILABUNDANCE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**YEAR ENDED SEPTEMBER 30, 2020**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019)

	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 21,113,130	\$ 4,536,287
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Realized Gain on Investments	(24,186)	-
Unrealized Gain on Investments	(140,772)	(11,465)
Change in Beneficial Interest	205	334
Depreciation	563,082	489,097
Amortization	-	40,074
Loss on Disposal of Equipment	2,528,533	-
Cash Payments for Operating Leases	(162,753)	(169,876)
Forgiveness of NMTC Debt	(6,840,000)	-
Forgiveness of NMTC Receivable	5,039,250	-
(Increase) Decrease in:		
Accounts Receivable	(1,048,053)	(62,583)
Grants Receivable	(69,696)	(21,362)
Pledges Receivable	(71,675)	526,303
Inventory	(1,606,549)	(792,377)
Other Current Assets	-	(11,175)
Prepaid Expenses, Deposits and Other	31,400	144,128
Increase (Decrease) in:		
Accounts Payable and Accrued Expenses	106,969	(168,403)
Security Deposit	25	3,068
Deferred Income	219,959	152,013
Paycheck Protection Program Loan - Refundable Advance	1,531,200	-
Net Cash Provided by Operating Activities	21,170,069	4,654,063
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Investments	(374,006)	(69,134)
Purchase of Property and Equipment	(8,569,272)	(1,864,345)
Proceeds from Sale of Equipment	409,210	-
Proceeds from Sale of Investments	106,690	502,416
Net Cash Used by Investing Activities	(8,427,378)	(1,431,063)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments on Long-Term Debt	(124,566)	(123,571)
Proceeds on Self-Amortizing Long-Term Debt - PCK 2.0	4,341,298	-
Net Cash Provided (Used) by Financing Activities	4,216,732	(123,571)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS AND RESTRICTED CASH</b>	16,959,423	3,099,429
Cash and Cash Equivalents and Restricted Cash - Beginning of Year as Restated	5,972,584	2,873,155
<b>CASH AND CASH EQUIVALENTS AND RESTRICTED CASH - END OF YEAR</b>	\$ 22,932,007	\$ 5,972,584

See accompanying Notes to Consolidated Financial Statements.



**PHILABUNDANCE**  
**CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)**  
**YEAR ENDED SEPTEMBER 30, 2020**  
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2019)

	2020	2019
<b>SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING</b>		
Accounts Payable for Capital Projects	\$ 1,004,306	\$ 445,448
<b>SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION</b>		
Noncash Transaction:		
Amounts in Accounts Receivables, Prepaid Expenses and Accounts Payable and Accrued Expenses offset against Loss on Disposal of Equipment	\$ (18,831)	\$ -
Cash Paid for Interest	\$ 84,842	\$ 228,861
<b>RECONCILIATION OF CASH AND CASH EQUIVALENTS AND RESTRICTED CASH TO CONSOLIDATED STATEMENT OF FINANCIAL POSITION</b>		
Cash and Cash Equivalents	\$ 21,674,371	\$ 4,203,548
Restricted Cash	1,257,636	1,769,036
Total Cash and Cash Equivalents and Restricted Cash	\$ 22,932,007	\$ 5,972,584

*See accompanying Notes to Consolidated Financial Statements.*

**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations and Principles of Consolidation**

Philabundance is a Pennsylvania nonprofit founded in 1984 with the simple belief that no one should go hungry while healthy food goes to waste. Our mission is to drive hunger from our communities today and to end hunger for good. In addition to food distribution, we strive to reduce food waste, increase access to nutritious meals, and tackle the root causes of hunger.

Philabundance provides food to thousands of people each week through a network of over 350 agency partners – food pantries, cupboards, and emergency kitchens – over a nine-county service area in Pennsylvania (Bucks, Chester, Delaware, Montgomery, and Philadelphia counties) and New Jersey (Burlington, Camden, Gloucester, and Salem counties).

During the pandemic, Philabundance has increased our efforts by doubling the amount of food we provide to our agency partners, working with key partners to make food more accessible, and making thousands of meals each week. In this year we also opened a new home for our Philabundance Community Kitchen, a culinary arts and life skills program that was able to also make nutritious ready-to-eat meals for people who are unhoused, seniors, and restaurant workers struggling to make ends meet. We have also continued our innovative Ending Hunger For Good work.

Philabundance recognizes that food distribution alone is not enough that our clients are not hungry again in the future. We are reimagining how we distribute food through our new “Food Plus” model, which provides clients with food plus other essential services such as education, financial literacy, and housing.

Seeing a 60% increase in need, Philabundance is continuing to make strategic investments in our agency partners, our programs, our staffing, and our own equipment so we can continue to meet the increased need.

In addition to the in-kind donations of food, revenues are also primarily derived from contributions (largely from individual donors), grants, and fees for services provided, including government contracts.

Philabundance owned real estate through its other related organization, F&S Chester, RE, Inc. The space formerly occupied by Fare & Square, LLC is leased to an unrelated third party, Cousins Fresh Market, to continue operations to serve the community. On February 12, 2020, F&S Chester RE, Inc. entered into an agreement of sale with Cousins Fresh Market to sell the real estate located in Chester, Pennsylvania for \$425,000. The sale closed on June 19, 2020.

The accompanying consolidated financial statements include the accounts of Philabundance and F&S Chester, RE, Inc. and are collectively referred to as the Organization. All intercompany transactions and balances have been eliminated in consolidation.

**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

**Basis of Financial Statements**

The accompanying financial statements are accounted for on the accrual method of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

**Basis of Presentation**

The Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions depending upon the existence or absence of donor-imposed stipulations.

Net assets without donor restrictions are net assets not subject to donor-imposed stipulations. Net assets without donor restrictions may be designated for specific purposes by action of the board of directors. Net assets with donor restrictions are those contributions which have been limited by donors to a specific time period or purpose or have been restricted by donors to be maintained in perpetuity.

**Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Revenue Recognition**

Grants and contributions without donor restrictions are reported as revenue in the year in which payments are received and/or unconditional promises are made.

The Organization reports gifts of cash and other assets as restricted revenue if they are received with donor stipulations that limit the use of the donated assets. When a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Conditional government grants and contract funds are recorded as revenue when earned. Revenue is earned when eligible expenditures, as defined in each contract, are made. Funds received but not yet earned are shown as deferred revenue. Expenditures under government contracts are subject to review by the granting authority. To the extent, if any, that such a review reduces expenditures allowable under these contracts, the Organization will record such disallowance at the time the final assessment is made.

Community Purchase Program sales are recognized as revenue at the time they occur.

Rental income is recognized on a straight-line basis. All leases between the Organization and the tenants of the property are operating leases.

**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

**Fees for Services**

The Organization provides food access and delivery services for other nonprofit food distribution organizations on a fee basis. Revenue from these services is recognized as earned on the date of delivery.

**Valuation of In-Kind Donations**

Entities receiving contributions are to recognize them at the estimated fair value of the assets received. The estimated fair value of donated food is based on the average wholesale value per pound of donated product type as determined by an independent annual survey commissioned by Feeding America, a national hunger relief, public policy, and advocacy organization.

Details of the estimated food value donations are shown in the following table for the years ended September 30:

	Year Ended September 30, 2020			Year Ended September 30, 2019		
	Value per Pound	Total Pounds	Total Value	Value per Pound	Total Pounds	Total Value
Nonfood	\$ 12.59	396,714	\$ 4,994,629	\$ 6.72	377,060	\$ 2,533,843
Baby Food	9.05	28,602	258,848	7.88	78,710	620,235
Beverage	1.04	415,714	432,343	0.52	330,046	171,624
Bread/Bakery	2.62	2,482,065	6,503,010	2.14	2,256,295	4,828,471
Cereal	3.22	163,690	527,081	2.99	173,903	519,970
Meals, Soups, Entrees	2.19	837,553	1,834,241	2.33	245,584	572,211
Dairy	2.25	6,496,308	14,616,693	1.42	2,677,637	3,802,245
Dessert	2.30	13,259	30,496	1.98	8,885	17,592
Fresh Fruits/Vegetables	0.70	18,675,329	13,072,730	0.78	8,766,638	6,837,978
Fruit: Canned and Frozen	1.59	603,716	959,908	1.47	191,340	281,270
Grain	1.33	123,219	163,881	1.05	624	655
Health/Beauty	21.59	-	-	8.52	55,045	468,983
Juice	1.31	528,463	692,287	0.92	470,979	433,301
Meat	1.71	4,051,265	6,927,663	2.77	3,230,095	8,947,363
*Mixed Foods	1.74	5,737,150	9,982,641	1.62	3,230,677	5,233,697
Nondairy	1.71	18,279	31,257	1.24	-	-
Nutritional Aid	3.66	64,729	236,908	4.02	134,348	540,079
Paper-Household	7.48	2,145	16,045	2.12	3,690	7,823
Paper-Personal	3.88	-	-	3.21	4,828	15,498
Pasta	1.09	203,117	221,398	1.16	189,310	219,600
Pet Food/Pet Care	1.08	6,754	7,294	-	-	-
Prepared and Perishable Food	1.49	941,755	1,403,215	1.62	603,670	977,945
Protein	2.09	712,195	1,488,487	1.22	444,098	541,800
Rice	2.66	120,840	321,434	1.19	28,283	33,657
Snack Food	3.47	201,192	698,136	3.18	183,099	582,255
Condiments	1.90	465,699	884,828	1.61	63,224	101,791
Vegetables-Canned and Frozen	1.89	525,382	992,971	1.14	290,198	330,824
Total	1.54	<u>43,815,134</u>	<u>\$ 67,298,424</u>	1.61	<u>24,038,266</u>	<u>\$ 38,620,710</u>

\* Mixed food: Philabundance receives substantial donations (such as from canned food drives) which are received in a mixed state and later sorted into individual categories prior to distribution.

**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

**Valuation of In-Kind Donations (Continued)**

Contributed services meeting certain criteria are recognized at fair value.

Donated services are recognized as contributions if the services: (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and otherwise would be purchased by the Organization. During the year ended September 30, 2020, the Organization received \$176,450 in donated services. The Organization also receives donations of various goods throughout the year. The value of all other in-kind donations was \$282,554.

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments in traditional bank accounts, money market funds, and certificates of deposit with a maturity of three months or less when purchased to be cash equivalents. At times, cash in bank may exceed Federal Deposit Insurance Corporation (FDIC) insurable limits.

As of September 30, 2020, restricted cash consisted of \$1,257,636 designated for Philabundance Community Kitchen (PCK).

**Accounts Receivable**

The Organization uses the allowance method to provide for losses on accounts receivable which is based on management's judgment considering historical information. Services are provided on an unsecured basis. Past due accounts are reviewed for collectibility and written off as necessary. In addition, an allowance is provided for other accounts when a significant pattern of uncollectibility has occurred. When all collection efforts have been exhausted, the accounts are written off against the related allowance. At September 30, 2020 the allowance for uncollectible accounts was \$10,519.

**Fair Value of Financial Instruments**

The Organization follows the fair value measurements standard. This standard applies to reported balances that are required or permitted to be measured at fair value under an existing accounting pronouncement. It emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

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

*Level 2* – Inputs that include quoted prices for similar assets and liabilities in active markets and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument. Fair values for these instruments are estimated using pricing models, quoted prices of securities with similar characteristics, or discounted cash flows.

**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

**Fair Value of Financial Instruments (Continued)**

*Level 3* – Inputs that are unobservable inputs for the asset or liability, which are typically based on an entity’s own assumptions, as there is little, if any, related market activity.

**Investments**

Investments are recorded at fair value. Fair value measurement is based upon quoted prices, if available. If quoted prices are not available, fair values are measured using independent pricing models or other model-based valuation techniques such as the present value of future cash flows, adjusted for credit rating, prepayment assumptions, and other factors such as credit loss assumptions.

The investments in shares of mutual funds are valued at the net asset value of shares held by the Organization at year-end.

Investments are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of investments will occur in the near-term and that such changes could be material.

**Pledges Receivable**

Pledges that are expected to be collected within one year are recorded at their net realizable value. Pledges that are expected to be collected beyond one year are recorded at their net present value of estimated future cash funds. Due to the current average potential earnings, recognition of a discount to net present value is deemed unnecessary due to its immateriality.

As of September 30, 2020, pledges receivable consisted of:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 688,480
2022	263,250
2023	31,250
2024	20,000
Total Pledges Receivable	1,002,980
Less: Discount to Net Present Value	(5,608)
Total	\$ 997,372

Philabundance provides for uncollectible pledges using the allowance method, which is based on management’s judgment concerning analysis of individual pledges. Past due pledges receivable are individually analyzed for collectibility and written off when all efforts have been exhausted. As of September 30, 2020 all pledges receivable are deemed collectible.

**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

**Inventory**

Donated inventory is recorded at the estimated fair value as determined by Feeding America and consists primarily of food available for distribution. Purchased inventory is recorded at the lower of cost or net realizable value.

**Property and Equipment and Depreciation**

Physical property and equipment are stated at cost at the date of acquisition or fair value at the date of donation in the case of gifts. Depreciation is provided using the straight-line method over the estimated useful lives of the assets. Philabundance capitalizes all fixed assets over \$2,500 with an estimated life greater than one year. Donated equipment with a nominal value at the date of donation, which will be distributed or disposed of, is not recorded. Property and equipment has useful lives as follows:

Building and Improvements	40 Years
Vehicles	5 to 7 Years
Computers	3 to 5 Years
Equipment	5 Years
Furniture and Fixtures	5 Years

**Leases**

Operating leases are included in operating lease right-of-use (ROU) assets and operating lease liabilities in the consolidated statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent our obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As most of the leases do not provide an implicit rate, the Organization's incremental borrowing rate is used in determining the present value of lease payments. The implicit rate is used when readily determinable. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. Our lease terms may include options to extend or terminate the lease when it is reasonably certain that we will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

**Expenses**

The cost of providing various programs and other activities has been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on direct charges or time and effort.

**Income Taxes**

Philabundance is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code (IRC). Philabundance has been classified as an organization that is not a private foundation under Section 509(a)(1) of the IRC and qualifies for the maximum charitable contributions deduction for individual donors. F&S Chester, RE Inc. is a taxable Pennsylvania corporation.

**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

**Income Taxes (Continued)**

The Organization follows the income tax standard for uncertain tax positions. The Organization believes there are no uncertain tax positions that need to be disclosed in the financial statements. The Organization is not aware of any activities that would jeopardize its tax-exempt status.

**Comparative Financial Information**

The consolidated financial statements include certain prior year summarized comparative totals which do not include detail by net asset classification and detailed expenses by functional classification. Such information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with the Organization's September 30, 2019 financial statements, from which the comparative totals were derived.

**Change in Accounting Principle**

As of October 1, 2019, the Organization adopted the Financial Accounting Standards Board's (FASB) Accounting Standards Update (ASU) No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. The amendments in this update require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents. Amounts generally described as restricted cash and restricted cash equivalents should be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The Organization has adjusted the presentation of these financial statements accordingly. ASU No. 2016-18 has been applied retrospectively to all periods presented.

As a result of the adoption of ASU No. 2016-18, the statements of cash flows of the Organization as of September 30, 2019 were restated as follows:

	After Adoption of ASU No. 2016-18	As Originally Presented
Increase in Restricted Cash	\$ -	\$ (849,907)
Net Cash Used by Investing Activities	(1,431,063)	(2,280,970)
Net Increase in Cash and Cash Equivalents and Restricted Cash	3,099,429	-
Cash and Cash Equivalents and Restricted Cash, Beginning	2,873,155	-
Cash and Cash Equivalents and Restricted Cash, Ending	5,972,584	-
Net Increase in Cash and Cash Equivalents	-	2,249,522
Cash and Cash Equivalents - Beginning of Year	-	1,954,026
Cash and Cash Equivalents - End of Year	-	4,203,548



**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

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

**Change in Accounting Principle (Continued)**

As of October 1, 2019, the Organization adopted the accounting guidance in FASB ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The new guidance is intended to clarify and improve accounting guidance for contributions received and contributions made. The amendments in this ASU should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization's financial statements reflect the application of this guidance for the year ended September 30, 2020. No cumulative-effect adjustment to net assets was recorded because the adoption did not impact the Organization's previously reported contributions.

**Subsequent Events**

In preparing these consolidated financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 14, 2021, the date the financial statements were available to be issued.

**NOTE 2 INVESTMENTS**

Investments consist of the following at September 30, 2020:

	Cost	Fair Value
Equity Mutual Funds	\$ 759,801	\$ 1,454,227
Fixed Income Mutual Funds	225,009	284,351
Preferred Stock	1,000	1,000
Total	\$ 985,810	\$ 1,739,578

**NOTE 3 FAIR VALUE MEASUREMENTS**

Philabundance uses fair value measurements to record fair value adjustments to investments and the beneficial interest. For additional information on how Philabundance measures fair value, refer to Note 1 – Summary of Significant Accounting Policies.

The following table presents Philabundance's fair value hierarchy for those assets measured at fair value on a recurring basis as of September 30, 2020.

	Level 1	Level 2	Level 3	Total
Marketable Securities:				
Equity Mutual Funds	\$ 1,454,227	\$ -	\$ -	\$ 1,454,227
Fixed Income Mutual Funds	284,351	-	-	284,351
Preferred Stock	1,000	-	-	1,000
Total Investments	1,739,578	-	-	1,739,578
Beneficial Interest	-	-	14,460	14,460
Total	\$ 1,739,578	\$ -	\$ 14,460	\$ 1,754,038

**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 3 FAIR VALUE MEASUREMENTS (CONTINUED)**

The change in Level 3 assets for the year ended September 30, 2020 is as follows:

	Beneficial Interest
Balance - October 1, 2019	\$ 14,665
Change in Value of Beneficial Interest	(205)
Balance - September 30, 2020	<u>\$ 14,460</u>

**NOTE 4 PROPERTY AND EQUIPMENT**

The following is a summary of property and equipment at September 30, 2020:

	Amount
Land	\$ 1,222,831
Buildings and Improvements	16,135,697
Furniture and Fixtures	1,687,562
Equipment	1,047,855
Computer Hardware and Software	696,738
Vehicles	742,212
Construction in Progress	19,883
Total	<u>21,552,778</u>
Less: Accumulated Depreciation	3,805,729
Total Property and Equipment	<u>\$ 17,747,049</u>

**NOTE 5 BENEFICIAL INTEREST**

During the year ended September 30, 2003, Philabundance transferred \$10,000 of unrestricted funds to The Philadelphia Foundation (a community foundation). Under the terms of organizational endowment fund agreement, the community foundation will provide an annual distribution to Philabundance as long as Philabundance maintains its present 501(c)(3) status. Accordingly, the projected income is classified as part of net assets without donor restrictions at September 30, 2020. Given the nature of the promises as well as the inability to compute the present value of the income stream, the beneficial interest has been recorded on the consolidated statement of financial position at the market value of Philabundance's proportionate share. As of September 30, 2020, the value of the beneficial interest was \$14,460. The decrease in the beneficial interest of \$205 is recorded in the consolidated statement of activities as a change in net assets without donor restrictions for the year ended September 30, 2020.

**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 6 LINE OF CREDIT**

On October 16, 2009, Philabundance negotiated financing for its construction project (see Note 7). As part of the financing, a \$500,000 operating line of credit was made available. On April 22, 2020, the availability on the line of credit was increased to \$2,500,000. The line of credit is unsecured but is supported by a negative pledge on the property located at 302 West Berks Street, Philadelphia, Pennsylvania. Any advances are payable on demand and accrue interest at a rate of 1.89% at September 30, 2020. As of September 30, 2020, no amount was outstanding on the line of credit. The line of credit expired on April 30, 2021.

**NOTE 7 LONG-TERM DEBT AND SUBSEQUENT EVENT**

**Construction/Permanent Mortgage**

On October 16, 2009, Philabundance entered into a \$4,000,000 construction/permanent mortgage loan with Citizens Bank to refinance existing term debt and fund building renovations. The loan included a 24-month interest only drawdown period during construction of which \$1,948,401 was borrowed (maximum available was \$2,000,000). The \$1,948,401 borrowed was repaid in full during fiscal 2011. The remaining portion of the construction loan was converted to a \$2,000,000 permanent mortgage to be amortized over a 20-year period beginning October 16, 2011, with a call option beginning at the end of years 5, 10, and 15. The call option was not exercised at the end of year 5. The note includes various restrictive covenants and required interest only payments during the initial 24-month drawdown period for building renovations during which the loan served as a nonrevolving construction line of credit.

The loan requires monthly installments of principal in equal amounts to cause the permanent mortgage loan to be fully amortized between the conversion date and the loan maturity date and interest at a rate of 2.90% at September 30, 2020. The loan is collateralized by real property owned by Philabundance at 3600-3614, 3616-3640 and 3642-3644 South Galloway Street, Philadelphia, Pennsylvania. The outstanding balance on the loan was \$1,108,334 as of September 30, 2020. The loan was repaid on February 26, 2021.

**Subordinate Financing**

A second loan, in the amount of \$1,000,000, was also negotiated on October 16, 2009 with The Reinvestment Fund. The loan is a 22-year note which required interest only payments for the first 24 months and thereafter carries a fixed rate of 4% for the remaining 20 years. After the initial interest only period, monthly installments of principal and interest, in the amount of \$4,774 will be due on the outstanding principal balance during the preceding month and based upon a hypothetical term of 240 months. A balloon payment of \$468,605 is due on September 30, 2031, which is the maturity date. The lender has call options at the end of years 10 and 15. The call option was not exercised at the end of year 10. The outstanding balance on the loan was \$803,372 as of September 30, 2020.

The loan is collateralized by a second priority Mortgage, Security Agreement, and Fixture Filing covering real property owned by Philabundance at 3600-3614, 3616-3640 and 3642-3644 South Galloway Street, Philadelphia, Pennsylvania.

**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 7 LONG-TERM DEBT AND SUBSEQUENT EVENT (CONTINUED)**

**Subordinate Financing (Continued)**

Interest expense for the above loans amounted to \$77,930 for the year ended September 30, 2020.

**New Market Tax Credit (NMTC) Financing**

On October 19, 2012, Philabundance entered into a New Market Tax Credit (NMTC) financing transaction to provide the funding to acquire real estate and develop a nonprofit grocery store in Chester, Pennsylvania. As part of this transaction, Philabundance made a loan of \$5,039,250 to 481 Investment Fund LLC Fund (the Fund). The loan is due February 1, 2042 and carries an annual interest rate of 1%.

In conjunction with Philabundance's loan, 481 Corporation, a Maine corporation, contributed \$2,115,750 to the Fund. 481 Corporation received NMTC's in return for its investment in the Fund. The Fund used the collective proceeds to fund two Community Development Entities (CDE), TRF NMTC Fund, XXI, LP and NFF New Markets Fund XVIII, LLC.

F&S Chester, RE, Inc. entered into a \$3,000,000 loan agreement with TRF NMTC Fund, XXI, LP and a \$3,840,000 loan agreement with NFF New Markets Fund XVIII, LLC. The TRF loan consists of two tranches, Loan A and Loan B, both of which have an interest rate of 2.064%, simple interest, each maturing on November 1, 2019. The NFF loan also consists of two tranches, Loan A and Loan B, both of which have an interest rate of 1.275%, simple interest, each maturing on November 1, 2019.

The NMTCs were allocated in this transaction pursuant to Section 45D of the IRC. After the seven-year NMTC period expired on October 19, 2019, 481 Corporation exercised its put option and assigned all of its 99.99% membership interest in the Fund to Philabundance for \$1,000 and the TRF fund manager assigned all of its 0.01% membership interest in the Fund to Philabundance for \$100 and the Fund was liquidated and its assets distributed to Philabundance. In conjunction with this event, the CDE's were liquidated and their assets distributed to the fund. Immediately after the exit transactions were completed, Philabundance became the holder of F&S Chester, RE, Inc.'s notes payable. On October 22, 2019, the NMTC loans payable of \$6,840,000 and the NMTC loan receivable of \$5,039,250 were discharged resulting in a gain of \$1,800,750 for the year ended September 30, 2020.

The interest income to Philabundance on its loan to the fund was \$11,478 for the year ended September 30, 2020. For the year ended September 30, 2020, the interest expense for F&S Chester, RE, Inc. for the TRF loan and NFF loan was \$25,392.

**PHILABUNDANCE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 7 LONG-TERM DEBT AND SUBSEQUENT EVENT (CONTINUED)**

**Self-Amortizing Long-Term Debt - PCK 2.0**

On April 23, 2019, Philabundance entered into an agreement with Philadelphia Redevelopment Authority to borrow a sum not to exceed \$4,000,000 for the new construction of a building as well as \$679,999 for the acquisition of land located at 2224-38 N. 10<sup>th</sup> Street, Philadelphia, Pennsylvania . The construction loan consists of \$2,500,000 funded through Community Development Block Grant (CDBG) funds from the United States Government and \$1,500,000 funded under the Choice Neighborhoods Initiative Implementation (CNI) grants.

The land and building are to be used to provide culinary arts job training programs to students at least 51% of whom are low to moderate income persons. The amount disbursed to Philabundance was \$3,661,299 under this loan agreement as of September 30, 2020. The remaining balance of \$338,701 is expected to be disbursed in fiscal year 2021. The term of the construction loan will be for a 25 year period commencing as of the date of the agreement. The loan bears no interest. Beginning on the 21<sup>st</sup> anniversary of the agreement until the end of the term of the loan, the principal balance of the loan shall be reduced without payment by an amount equal to 20% of the original principal amount of the loan, provided Philabundance complies with the terms and conditions of the agreement.

The term of the land acquisition loan will be for a 10 year period commencing on the date of completion of the construction of the project. Beginning on the 5th anniversary of the construction completion and for each successive annual anniversary until the end of the term of the loan, the principal balance of the loan shall be reduced without payment by an amount equal to \$113,333, provided Philabundance complies with the terms and conditions of the agreement.

Principal amounts due for the mortgages and loans for the next five years and thereafter are as follows:

<u>Year Ending September 30.</u>	<u>Citizens</u>	<u>The Reinvestment Fund</u>	<u>PCK 2.0 Philadelphia Redevelopment Authority</u>	<u>Total</u>
2021	\$ 100,000	\$ 25,581	\$ -	\$ 125,581
2022	100,000	26,623	-	126,623
2023	100,000	27,708	-	127,708
2024	100,000	28,837	-	128,837
2025	100,000	30,011	-	130,011
Thereafter	608,334	664,612	4,341,298	5,614,244
Total	<u>\$ 1,108,334</u>	<u>\$ 803,372</u>	<u>\$ 4,341,298</u>	<u>\$ 6,253,004</u>

**PHILABUNDANCE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 8 PAYCHECK PROTECTION PROGRAM LOAN**

On April 29, 2020, the Organization received an unsecured Paycheck Protection Program (PPP) loan of \$1,531,200 granted by the Small Business Administration (SBA) under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). This PPP loan may be forgiven by the SBA if the organization satisfies certain performance barriers, as outlined in the loan agreement and the CARES Act. Therefore, the Organization has classified this loan as a conditional contribution for accounting purposes. The Organization recognized the PPP loan as a refundable advance for the year ended September 30, 2020 due to the performance barriers that have not been met as of September 30, 2020. The SBA has not formally forgiven any portion of the Organization's obligation under this PPP loan.

If the SBA determines that a portion of the PPP loan proceeds will not be forgiven, the Organization would be obligated to repay those funds to the SBA at an interest rate of 1% over a period of two years, with payments deferred for up to six months.

**NOTE 9 RESTRICTED NET ASSETS**

Net assets with donor restrictions are restricted for the following as of September 30, 2020:

	Amount
Subject to Expenditure for Specific Purpose:	
Building	\$ 327,677
COVID Response	3,916,129
Food Purchases	977,734
Fuel	130,561
Other Programs	711,834
Total Purpose Restricted	6,063,935
Subject to Passage of Time:	
For Periods after September 30, 2020	55,512
Subject to Philabundance Spending Policy and Appropriations:	
Investment in Perpetuity (including Amounts Above Original Gift Amounts), the Income From Which is Expendable to Support:	
Children	600,000
General Operations	384,644
Subtotal	984,644
Total	\$ 7,104,091

**Board Restricted Net Assets**

Philabundance governing board has designated net assets without donor restrictions for the following purpose:

Food Purchases	\$ 1,197,241
----------------	--------------

**PHILABUNDANCE  
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS  
SEPTEMBER 30, 2020**

**NOTE 10 ENDOWMENT**

Philabundance's endowment consists of a fund restricted in perpetuity to continue the purpose of the organization. As required by U.S. GAAP, net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Philabundance considers the following factors when making a determination to appropriate or accumulate donor-restricted endowment funds; the duration and preservation of the fund, the purposes of Philabundance and the donor-restricted endowment fund, general economic conditions, the possible effect of inflation and deflation, the expected total return from income, and the appreciation of investments and the investment policies of Philabundance.

In addition Philabundance is guided in its total return policy by Commonwealth of Pennsylvania Act 141, which dictates the amount of allowable distributions to be made from a restricted endowment. The act states that the annual distribution cannot exceed 7% of the principal (value of the principal is the fair market value of the endowment assets averaged over a period of three or more preceding years).

Philabundance's endowment funds consist of a general endowment of \$1,022,020 and Giant endowment of \$664,760 income from the Giant endowment is restricted for a specific purpose, and is therefore not available for general expenditure.

Endowment activity for the year ended September 30, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment Net Assets:			
October 1, 2019	\$ 528,180	\$ 966,359	\$ 1,494,539
Investment Income	3,691	25,412	29,103
Net Realized and Unrealized Gains	105,508	57,630	163,138
Distribution of Endowment Income	(48,877)	(21,525)	(70,402)
September 30, 2020	<u>\$ 588,502</u>	<u>\$ 1,027,876</u>	<u>\$ 1,616,378</u>

**NOTE 11 RETIREMENT PLAN**

Philabundance has a qualified retirement plan under IRC Section 403(b) covering eligible employees. Philabundance provides a 50% employer match on voluntary employee contributions up to 4% of the employee's salary. In addition, Philabundance contributes 1% of each employee's salary amount. These contributions are made after each payroll. Contributions by Philabundance for the year ended September 30, 2020 were \$127,731.

**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 12 LEASES**

Philabundance leases vehicles and office equipment under operating leases, which have a noncancelable term exceeding one year. Operating lease expense was \$178,001 for the year ended September 30, 2020. Maturities of lease liabilities were as follows:

<u>Year Ending September 30,</u>	<u>Amount</u>
2021	\$ 177,650
2022	152,378
2023	133,685
2024	32,218
2025	12,031
Total Lease Payments	<u>507,962</u>
Less Imputed Interest	<u>(48,800)</u>
Total	<u><u>\$ 459,162</u></u>

**NOTE 13 LIQUIDITY MANAGEMENT**

To help manage unanticipated liquidity needs, Philabundance has a committed line of credit in the amount of \$2.5 million that it could draw upon.

The Organization's financial assets available for general expenditure within one year of the consolidated financial position date of September 30, 2020 are as follows:

Cash and Cash Equivalents	\$ 21,674,371
Accounts Receivable	1,596,172
Pledges Receivable	485,012
Short-term Investments	51,798
Other Investments Appropriated for Current Use	70,402
Total	<u><u>\$ 23,877,755</u></u>

**NOTE 14 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS**

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers*. The core principle of this ASU is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, which deferred the effective date of ASU 2014-09 by one year. In June 2020, the FASB issued ASU 2020-05, *Revenue from Contracts with Customers (Topic 606)*, which further deferred the effective date by one year making the guidance effective for Philabundance's fiscal year ending September 30, 2021.



**PHILABUNDANCE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 15 RISKS AND UNCERTAINTIES**

The Coronavirus Disease 2019 (COVID-19) has recently affected global markets, supply chains, employees of companies, and our communities. Specific to the Organization, COVID-19 may impact various parts of its fiscal year 2021 operations and financial results. Management believes the Organization is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as of September 30, 2020.

