

**TOLEDO NORTHWESTERN OHIO
FOOD BANK, INC.**

AUDITED FINANCIAL STATEMENTS

Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Toledo Northwestern Ohio Food Bank, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Toledo Northwestern Ohio Food Bank, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Toledo Northwestern Ohio Food Bank, Inc. as of December 31, 2020 and 2019, and the changes in its net assets, functional expenses and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we also issued our report dated August 1, 2022, on our consideration of Toledo Northwestern Ohio Food Bank, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the Organizations' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Toledo Northwestern Ohio Food Bank, Inc.'s internal control over financial reporting and compliance.

DeMarco & Associates CPAs, LLC

August 1, 2022

TOLEDO NORTHWESTERN OHIO FOOD BANK, INC.
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

ASSETS		2020	2019
Current assets			
Cash and cash equivalents	\$	2,178,851	\$ 1,908,067
Accounts receivable		51,829	19,649
Inventory - food		2,614,991	1,600,664
Prepaid insurance		574	-
Prepaid mailing list		149,332	155,055
Prepaid - other		6,846	5,561
Total current assets		<u>5,002,423</u>	<u>3,688,996</u>
Property and equipment - net		1,272,756	1,131,439
Other assets			
Investments		4,756,038	2,564,117
Deposits		538	538
Loan receivable		13,500	13,500
Gift cards		1,858	3,000
Total other assets		<u>4,771,934</u>	<u>2,581,155</u>
Total assets	\$	<u><u>11,047,113</u></u>	\$ <u><u>7,401,590</u></u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$	103,074	\$ 139,181
Grants payable		(4,653)	(4,490)
Total current liabilities		<u>98,421</u>	<u>134,691</u>
Net assets			
Without donor restrictions			
Undesignated		10,948,692	7,192,168
With donor restrictions		-	74,731
Total net assets		<u>10,948,692</u>	<u>7,266,899</u>
Total liabilities and net assets	\$	<u><u>11,047,113</u></u>	\$ <u><u>7,401,590</u></u>

The accompanying notes are an integral part of these financial statements.

TOLEDO NORTHWESTERN OHIO FOOD BANK, INC.
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	2020		
	Without Donor Restrictions	With Donor Restrictions	2020 Totals
Support and revenue			
Donated food and goods	\$ 16,502,299	\$ -	\$ 16,502,299
Shared maintenance fees	251,706	-	251,706
Contributions and grants	4,071,713	-	4,071,713
Special events	79,435	-	79,435
Investment income	302,753	-	302,753
Net assets released from restrictions	74,731	(74,731)	-
Total support and revenue	21,282,637	(74,731)	21,207,906
Expenses			
Food program	16,916,639	-	16,916,639
Management and general	286,451	-	286,451
Fundraising	323,023	-	323,023
Total expenses	17,526,113	-	17,526,113
Change in net assets	3,756,524	(74,731)	3,681,793
Net assets - beginning of year	7,192,168	74,731	7,266,899
Net assets - end of year	\$ <u>10,948,692</u>	\$ <u>-</u>	\$ <u>10,948,692</u>

	2019		
	Without Donor Restrictions	With Donor Restrictions	2019 Totals
Support and revenue			
Donated food and goods	\$ 11,749,750	\$ -	\$ 11,749,750
Shared maintenance fees	263,755	-	263,755
Contributions and grants	1,910,661	24,321	1,934,982
Special events	68,997	-	68,997
Investment income	423,838	-	423,838
Net assets released from restrictions	29,657	(29,657)	-
Total support and revenue	14,446,658	(5,336)	14,441,322
Expenses			
Food program	12,679,949	-	12,679,949
Management and general	251,023	-	251,023
Fundraising	319,751	-	319,751
Total expenses	13,250,723	-	13,250,723
Change in net assets	1,195,935	(5,336)	1,190,599
Net assets - beginning of year	5,996,233	80,067	6,076,300
Net assets - end of year	\$ <u>7,192,168</u>	\$ <u>74,731</u>	\$ <u>7,266,899</u>

The accompanying notes are an integral part of these financial statements.

TOLEDO NORTHWESTERN OHIO FOOD BANK, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended December 31, 2020 and 2019

	Food Program Services	Management and General	Fundraising	2020 Totals
Food	\$ 15,777,243	\$ -	\$ -	\$ 15,777,243
Salaries	377,789	-	21,565	399,354
Payroll taxes and employee benefits	16,639	-	582	17,221
Management fees	274,091	111,758	19,072	404,921
Utilities	61,984	-	-	61,984
Depreciation	172,769	-	-	172,769
Repairs and maintenance	80,212	11,354	-	91,566
Insurance	35,899	3,550	-	39,449
Real estate taxes	7,000	-	-	7,000
Rent	28,800	-	-	28,800
Fuel	51,815	-	-	51,815
Freight	22,840	-	-	22,840
Licenses and taxes	3,506	-	-	3,506
Mileage	420	-	-	420
Grants to others	-	-	-	-
Office supplies	-	36,209	-	36,209
Dues and subscriptions	-	15,068	-	15,068
Printing and postage	-	17,838	-	17,838
Professional fees	-	24,082	128,333	152,415
Outside services	-	16,789	-	16,789
Training and education	-	-	-	-
Waste collection	-	6,442	-	6,442
Advertising	-	8,321	123,757	132,078
Bank service charges	-	4,373	-	4,373
Miscellaneous	-	99	-	99
Board volunteer expense	-	-	-	-
Retirement	-	30,568	-	30,568
Credit card fees	5,632	-	-	5,632
Special events expense	-	-	29,714	29,714
	<u>-</u>	<u>-</u>	<u>29,714</u>	<u>29,714</u>
Total expenses	<u>\$ 16,916,639</u>	<u>\$ 286,451</u>	<u>\$ 323,023</u>	<u>\$ 17,526,113</u>

	Food Program Services	Management and General	Fundraising	2019 Totals
Food	\$ 11,471,318	\$ -	\$ -	\$ 11,471,318
Salaries	417,571	-	23,836	441,407
Payroll taxes and employee benefits	60,757	-	2,125	62,882
Management fees	322,343	95,636	20,660	438,639
Utilities	49,325	-	-	49,325
Depreciation	149,619	-	-	149,619
Repairs and maintenance	59,690	12,698	-	72,388
Insurance	28,105	2,795	-	30,900
Real estate taxes	4,645	-	-	4,645
Rent	26,400	-	-	26,400
Fuel	49,742	-	-	49,742
Freight	25,049	-	-	25,049
Licenses and taxes	2,984	-	-	2,984
Mileage	5,450	-	-	5,450
Grants to others	4,384	-	-	4,384
Office supplies	-	20,591	-	20,591
Dues and subscriptions	-	13,361	-	13,361
Printing and postage	-	34,374	-	34,374
Professional fees	-	25,934	138,205	164,139
Outside services	-	5,116	-	5,116
Training and education	-	3,425	-	3,425
Waste collection	-	3,336	-	3,336
Advertising	-	4,774	71,009	75,783
Bank service charges	-	5,436	-	5,436
Miscellaneous	-	5,508	-	5,508
Board volunteer expense	-	4,854	-	4,854
Retirement	-	13,185	-	13,185
Credit card fees	2,567	-	-	2,567
Special events expense	-	-	63,916	63,916
Total expenses	\$ <u>12,679,949</u>	\$ <u>251,023</u>	\$ <u>319,751</u>	\$ <u>13,250,723</u>

The accompanying notes are an integral part of these financial statements.

TOLEDO NORTHWESTERN OHIO FOOD BANK, INC.
STATEMENTS OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 3,681,793	\$ 1,190,599
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Unrealized gain on investments	(224,755)	(334,426)
Depreciation	172,769	149,619
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(32,180)	18,188
Inventory	(1,014,327)	(322,739)
Prepaid and other assets	5,006	(17,154)
Increase (decrease) in:		
Accounts payable	(36,107)	19,552
Grants payable	(163)	(4,087)
Net cash provided by operating activities	<u>2,552,036</u>	<u>699,552</u>
Cash flows from investing activities		
Purchases of property and equipment	(314,086)	(226,363)
Purchases of investments	(4,867,519)	(1,724,111)
Proceeds on sale of investments	2,900,353	1,207,916
Net cash used in investing activities	<u>(2,281,252)</u>	<u>(742,558)</u>
Net increase (decrease) in cash and cash equivalents	270,784	(43,006)
Cash and cash equivalents at beginning of year	<u>1,908,067</u>	<u>1,951,073</u>
Cash and cash equivalents at end of year	<u><u>\$ 2,178,851</u></u>	<u><u>\$ 1,908,067</u></u>
Supplemental disclosure of non-cash flow information		
Purchase of building	\$ -	\$ (271,512)
Loan receivable received through purchase of building	\$ -	\$ 271,512

The accompanying notes are an integral part of these financial statements.

TOLEDO NORTHWESTERN OHIO FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

Note A – Significant accounting policies

Nature of operations

Toledo Northwestern Ohio Food Bank, Inc. (the Food Bank) is a nonprofit organization established to feed the hungry of Northwest Ohio by soliciting surplus food from local grocery suppliers, manufacturers and other producers in the Feeding America network and distributing these donations to qualified community charities with feeding programs for the needy. The Food Bank is a member of the Feeding America network, which provides certain performance guidelines and procedures. These guidelines and procedures facilitate program management, control, and comparability.

Basis of presentation

The financial statements of the Food Bank have been prepared on the accrual basis of accounting. Under this method of accounting, revenues and expenses are identified with specific periods of time and are recorded as incurred, along with acquired assets, without regard to the date of receipt or the payment of cash.

Use of estimates in the preparation of financial statements

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Cash and cash equivalents

The Food Bank considers all highly liquid investments purchased including certificates of deposits with an original maturity of three months or less to be cash and/or cash equivalents and are deemed to approximate fair value. Cash balances are insured by the Federal Deposit Insurance Corporation up to \$250,000. While the Food Bank's cash balances do at times exceed federally insured limits, the Food Bank feels it is not exposed to any significant risk.

Accounts receivable

At December 31, 2020 and 2019, all accounts receivable were deemed collectible by management of the Food Bank; therefore, there was no allowance for uncollectible accounts. Management uses the direct write-off method to account for uncollectible receivables. Amounts are written off to bad debt expense at the time they are determined by management to be uncollectible.

Investments

The Food Bank's investments and certain cash equivalents are held by a national investment banking and financial services company and managed by an investment advisor in accordance with the terms of an investment advisor agreement.

Investments are recorded at fair market value as determined by quoted market prices of securities held. Unrealized appreciation or depreciation of investments based upon the quoted market values at December 31, 2020 and 2019 are recorded as an increase or decrease in net assets.

TOLEDO NORTHWESTERN OHIO FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

Note A – Significant accounting policies (continued)

Inventory

Food donated to the Food Bank is capitalized as inventory and recorded at estimated values of \$1.79 and \$1.74 per pound for the years ended December 31, 2020 and 2019, respectively. The estimated values are based on the annual Feeding America's Product Valuation Summary of the average wholesale market price. In addition to donated food, the Food Bank also maintains an inventory of purchased food which is recorded at cost. Upon distribution, the food is recorded as a decrease in unrestricted net assets and an expense under food.

Property and equipment

Property and equipment is recorded at historical cost, or if donated, at estimated fair value at the date of donation. Property and equipment purchased or donated with a value in excess of \$500 is capitalized. Depreciation is provided over the estimated useful lives of the assets by application of the straight-line method.

Revenue recognition

Contributions of cash are recorded as public support when received. All contributions and revenue are available for unrestricted use unless specified by the donor. Contributions of food that will be resold by the Food Bank are capitalized as inventory and recorded as an unrestricted contribution. Revenue is also recorded as shared maintenance fees when the donated food is sold.

Functional allocation of expenses

The costs of providing the various programs have been summarized on a functional basis in the statement of activities and in the statement of functional expenses. Expenses are allocated to program services, management and general and fundraising on the following basis:

- Management and general expenses are allocated on the basis of periodic time and expense studies.
- Personnel expenses are allocated on the basis of direct salaries.
- Building and occupancy costs are allocated on the basis of square footage.
- Deprecation is allocated on the basis of usage of the building, furniture and equipment.

Advertising

Advertising is charged to operations when incurred. Advertising expense for December 31, 2020 and 2019 was \$132,078 and \$75,783, respectively.

The Food Bank has capitalized the acquisition cost of mailing lists purchased from a professional fundraiser. Management believes these lists have a useful life of three years. The costs of the mailing lists were \$78,862 and \$84,194 in 2020 and 2019, respectively.

TOLEDO NORTHWESTERN OHIO FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

Note A – Significant accounting policies (continued)

Advertising (continued)

Amortization expense of \$84,586 and \$72,880 in 2020 and 2019, respectively is included in professional fees.

Net assets

Net assets, revenues, gains and losses are classified based upon the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net assets without donor restrictions

Net assets that are available for use in general operations and not subject to donor or grantor-imposed restrictions.

Net assets with donor restrictions

Net assets that are subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Income and other taxes

The Internal Revenue Service has determined that the Food Bank is qualified as exempt under Section 501(c)(3) of the Internal Revenue Code and has also determined that the Food Bank is publicly supported. As a result, no provision for federal or state income taxes has been made.

FASB ASC #740, *Income Taxes*, requires entities to disclose in their financial statements the nature of any uncertainties in their tax position. Tax years including the year ended December 31, 2017 and later are subject to examination by tax authorities. Areas that IRS and state authorities consider when examining tax returns of a charity include, but may not be limited to, tax-exempt status and the existence and amount of unrelated business income. The Food Bank does not believe that it has any uncertain tax positions with respect to these or other matters and has not recorded any unrecognized tax benefits or liability for penalties and interest.

The Food Bank is not aware of any circumstances or events that make it reasonably possible that tax benefits may increase or decrease within 12 months of the date of these financial statements.

TOLEDO NORTHWESTERN OHIO FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

Note A – Significant accounting policies (continued)

Donated services

The Foodbank has many volunteers who donate their time to the Foodbank's activities. It is the policy of the Foodbank not to record the value of these donated services since they do not meet the criteria of generally accepted accounting principles (GAAP) which state, "Contributions of services shall be recognized if the services received, 1) create or enhance nonfinancial assets; or 2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation."

New accounting pronouncements

In February 2016, the FASB issued ASU 2016-02, *Leases* (Topic 842). This update requires that a lessee recognize assets and liabilities on the balance sheet for all leases with a lease term of more than twelve months, with the result being the recognition of a right to use asset and a lease liability. Recognition and presentation of expenses will depend on the classification of the lease as either finance or operating. For lessors, the guidance requires the separation of lease and non-lease components for certain contracts and redefines the scope of non-lease components to include maintenance services. When separated, non-lease components will be accounted for in accordance with revenue recognition guidance (ASC 606). ASU 2016-02 will also require quantitative and qualitative disclosures to supplement the amounts recorded in the financial statements to enable a better understanding of the Company's leasing activities. ASU 2016-02 is effective for fiscal years beginning after December 15, 2019 and is to be applied retrospectively. As a result of the global pandemic, In May 2020, the FASB voted to defer the effective date for this ASU for private companies and non-profit organizations. The guidance will now be effective for fiscal years beginning after December 15, 2021. The Company is still evaluating the impact this update will have on its financial position and results of operations and related disclosures.

Subsequent events

Subsequent events were evaluated through August 1, 2022, the date the financial statements were issued.

Note B – Liquidity and availability of financial assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statement of Financial Position are outlined in the following table. These assets include operating cash, contract receivables and other receivables, not yet received.

	2020	2019
Cash and cash equivalents	\$ 2,178,851	\$ 1,908,067
Accounts receivable	51,829	19,649
Investments	4,756,038	2,564,117
Total	<u>\$ 6,986,718</u>	<u>\$ 4,491,833</u>

TOLEDO NORTHWESTERN OHIO FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

Note C – Property and equipment

Property and equipment at December 31, 2020 and 2019 consisted of the following:

	2020	2019
Buildings and improvements	\$ 1,047,659	\$ 1,034,975
Office furniture and fixtures	43,768	43,768
Office equipment	200,377	189,746
Warehouse equipment	245,622	215,884
Vehicles	1,300,179	1,058,729
Total costs	2,837,605	2,543,102
Less accumulated depreciation	1,564,849	1,411,663
Net property and equipment	\$ 1,272,756	\$ 1,131,439

Depreciation expense for the years ended December 31, 2020 and 2019 was \$172,769 and \$149,619, respectively.

Note D – Line of credit

The Food Bank has an unsecured line of credit with a bank which permits borrowings up to \$250,000 with interest at the bank's prime rate (3.25% at December 31, 2020). The Food Bank had no outstanding borrowings on its line of credit as of December 31, 2020 and 2019. Interest expense related to the line of credit was \$0 for both years ended December 31, 2020 and 2019.

Note E – Net assets

Net assets are comprised of net assets without donor restrictions and net assets with donor restrictions. The net assets without donor restrictions have not been designated by the Board of Directors for specific purposes.

Net assets with donor restrictions at December 31, 2020 and 2019 consisted of unspent funds for future program operations.

Note F – Concentrations

During the year ended December 31, 2020, one donor accounted for approximately 15% of food donations. During the year ended December 31, 2019, two donors accounted for approximately 24% of food donations.

Note G – Leases

During 2013, the Food Bank began leasing additional off-site warehouse storage on a month-to-month basis. Monthly rental payments are \$2,400 per month. The lessee is responsible for all utilities. Rental expense for the years ended December 31, 2020 and 2019 was \$28,800 and \$26,400, respectively.

TOLEDO NORTHWESTERN OHIO FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

Note H – Retirement plan

Effective January 1, 2012, the Food Bank established a 401(k) defined contribution retirement plan, which covers substantially all employees. Eligible employees may defer a portion of their salaries to the plan. In addition, the Food Bank makes a discretionary contribution based upon years of service and Board recommendations. Employer contributions to the plan in 2020 and 2019 were \$30,568 and \$13,185, respectively.

Note I – Related party transactions

Second Harvest is a nonprofit management company that has been organized to share management and accounting functions among its members. It's membership consists of Toledo Northwestern Ohio Food Bank, Inc. and James C. Caldwell Community Center. Related party transactions consisted of the following:

- The Food Bank paid management fees of \$404,921 and \$438,639 to Second Harvest Community Services of Northwest Ohio (Second Harvest) for the years ended December 31, 2020 and 2019, respectively.
- Accounts receivable/loan receivable due from Second Harvest to the Food Bank was \$13,500 as of December 31, 2020 and 2019, respectively.

Note J – Investments

As of December 31, 2020 and 2019, investments consisted of marketable securities managed by a third party brokerage firm. Each of these securities is stated at current market values. The change during the period in the aggregate market value of marketable securities held at the end of the period is reported as the appreciation or depreciation of investments. Investments consisted of the following as of December 31, 2020 and 2019, measured at quoted prices in active markets for identical assets (level 1):

	2020	2019
Mutual funds	\$ 2,174,849	\$ 1,101,033
Closed end and exchange traded funds	2,581,189	1,463,084
Total investments	<u>\$ 4,756,038</u>	<u>\$ 2,564,117</u>

Investment income for the years ended December 31, 2020 and 2019 consisted of the following:

	2020	2019
Interest and dividends	\$ 77,998	\$ 89,412
Realized appreciation (depreciation)	(70,808)	18,871
Unrealized appreciation (depreciation)	295,563	315,555
Total	<u>\$ 302,753</u>	<u>\$ 423,838</u>

TOLEDO NORTHWESTERN OHIO FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

Note K – Fair Value Measurements

FASB ASC 820, *Fair Value Measurements and Disclosures*, (ASC 820) establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820 are described as follows:

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

Level 2: Inputs to the valuation methodology include

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

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

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

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

The following table sets forth by level, within the fair value hierarchy, the Food Bank's assets at fair value as of December 31, 2020 and 2019:

<i>Assets at fair value as of December 31, 2020</i>	<u>Level 1</u>
Investments – mutual funds	\$ 2,174,849
Investments – close end and exchanged traded funds	\$ 2,581,189
<i>Assets at fair value as of December 31, 2019</i>	<u>Level 1</u>
Investments – mutual funds	\$ 1,101,033
Investments – close end and exchanged traded funds	\$ 1,463,084

TOLEDO NORTHWESTERN OHIO FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
Years Ended December 31, 2020 and 2019

Note L – Acquisition

The Food Bank acquired assets of the James C. Caldwell Community Center (the Center) on July 22, 2019 for cash of \$3,438 and exchange for the elimination of a receivable from the Center of \$271,512. Assets acquired include:

Building	\$ 225,000
Personal property	<u>19,950</u>
	<u>\$ 274,950</u>

The acquisition was to acquire more warehouse space for the Food Bank to use for inventory and supplies and to also expand the operations of the Food Bank. There was no contingent consideration in the purchase agreement.