

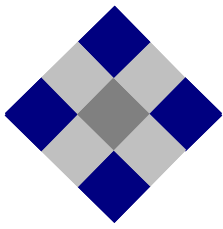
BANCO DE ALIMENTOS PUERTO RICO, INC.

Audited Financial Statements

June 30, 2022, and 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
BANCO DE ALIMENTOS PUERTO RICO, INC.
Carolina, Puerto Rico

Opinion

We have audited the accompanying financial statements of **BANCO DE ALIMENTOS PUERTO RICO, INC.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2022 and 2021, and the related statements of activities and changes in net assets, and cash flows for the years 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 **BANCO DE ALIMENTOS PUERTO RICO, INC.** as of June 30, 2022 and 2021 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 Organization and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. 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 these 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 Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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.

INDEPENDENT AUDITORS' REPORT-(CONTINUED)

Auditors' Responsibilities for the Audit of the Financial Statements – (Continued)

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 GAAS will always detect a material misstatement when it exists.

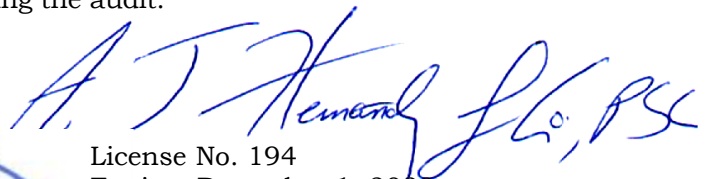
The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

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 GAAS, 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 Organization'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 Organization'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.


License No. 194
Expires December 1, 2022

San Juan, Puerto Rico
September 30, 2022

Stamp No.
E495012
has been affixed
to the original report.



BANCO DE ALIMENTOS PUERTO RICO, INC.

Statements of Financial Position

As of June 30, 2022, and 2021

	<u>2022</u>	<u>2021</u>
Current Assets:		
Cash and Cash Equivalents	\$ 9,408,284	\$ 6,070,505
Accounts Receivable, Net	4,321	4,692
Inventory	458,792	1,337,673
Short Term Investments	2,499,891	-
Prepaid Expenses	<u>17,481</u>	<u>38,903</u>
 Total Current Assets	 12,388,769	 7,451,773
Property and Equipment, Net	4,910,742	5,298,541
Long Term Investments	250,019	-
Other Restricted Assets:		
Investments in Certificate of Deposit	265,489	7,525,050
Deposits	<u>4,869</u>	<u>6,268</u>
 Total Assets	 <u><u>\$ 17,819,888</u></u>	 <u><u>\$ 20,281,632</u></u>

The Notes to Financial Statements are an integral part of these Statements.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Statements of Financial Position

As of June 30, 2022, and 2021

LIABILITIES AND NET ASSETS

	<u>2022</u>	<u>2021</u>
Current Liabilities:		
Accounts Payable - Trade	\$ 123,001	\$ 42,779
Other Payable	3,222	1,222
Payroll Withholdings	54,187	40,280
Accrued Expenses	9,304	112,837
Deferred Income	<u>7,234,860</u>	<u>869,847</u>
Total Current Liabilities	7,424,574	1,066,965
Note Payable	<u>-</u>	<u>122,782</u>
Total Liabilities	<u>7,424,574</u>	<u>1,189,747</u>
Net Assets:		
Without Donor Restrictions		
Available for Operations	5,219,083	6,268,294
Board-Designated as Reserves for Contingies and Future Expenditures	265,489	7,525,050
Net Investment in Property and Equipment	<u>4,910,742</u>	<u>5,298,541</u>
Total Net Assets	<u>10,395,314</u>	<u>19,091,885</u>
Total Liabilities and Net Assets	<u>\$ 17,819,888</u>	<u>\$ 20,281,632</u>

The Notes to Financial Statements are an integral part of these Statements.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Statements of Activities and Changes in Net Assets

For the Years Ended June 30, 2022, and 2021

	2022			2021		
	Without Donor Restrictions	With Donor Restriction	Total	Without Donor Restrictions	With Donor Restriction	Total
<u>SUPPORT AND REVENUES</u>						
Donated Food and Non-Foods	\$ 23,562,038	\$ -	\$ 23,562,038	\$ 19,686,889	\$ -	\$ 19,686,889
Grants and Contributions	1,949,436	3,227,599	5,177,035	10,268,379	1,840,511	12,108,890
In-kind Donations	-	3,000	3,000	-	5,800	5,800
Shared Maintenance Fees	352,295	-	352,295	347,298	-	347,298
Interest Income	31,314	-	31,314	16,731	-	16,731
Other Revenues	126,685	-	126,685	22,789	-	22,789
	<u>26,021,768</u>	<u>3,230,599</u>	<u>29,252,367</u>	<u>30,342,086</u>	<u>1,846,311</u>	<u>32,188,397</u>
Net Assets Released From Restrictions	3,230,599	(3,230,599)	-	1,846,311	(1,846,311)	-
Total Support and Revenues	<u>29,252,367</u>	<u>-</u>	<u>29,252,367</u>	<u>32,188,397</u>	<u>-</u>	<u>32,188,397</u>
<u>OPERATING AND ADMINISTRATIVE EXPENSES</u>						
Donated Food Distributed and Waste	24,440,919	-	24,440,919	19,245,243	-	19,245,243
Proposal Expense	1,732,361	-	1,732,361	-	-	-
Salaries, Wages and Payroll Taxes	858,784	-	858,784	724,353	-	724,353
Food Purchases and Transportation	857,234	-	857,234	1,233,963	-	1,233,963
Gas and Travel Expenses	48,142	-	48,142	41,759	-	41,759
Supplies	42,739	-	42,739	63,379	-	63,379
Office Expense	6,808	-	6,808	34,250	-	34,250
Professional Services	71,402	-	71,402	55,376	-	55,376
Professional Services - In-Kind	3,000	-	3,000	5,800	-	5,800
Insurance	61,444	-	61,444	58,380	-	58,380
Utilities	104,003	-	104,003	97,886	-	97,886
Depreciation and Amortization	619,370	-	619,370	565,272	-	565,272
Repair and Maintenance	105,104	-	105,104	87,696	-	87,696
Advertising Expenses	70,419	-	70,419	105,548	-	105,548
Loss on Disposal of Fixed Assets	-	-	-	7,572	-	7,572
Other Expenses	107,386	-	107,386	46,682	-	46,682
Total Operating and Administrative Expenses	<u>29,129,115</u>	<u>-</u>	<u>29,129,115</u>	<u>22,373,159</u>	<u>-</u>	<u>22,373,159</u>
Change in Net Assets	123,252	-	123,252	9,815,238	-	9,815,238
Net Assets at Beginning of Year	<u>19,091,885</u>	<u>-</u>	<u>19,091,885</u>	<u>9,276,647</u>	<u>-</u>	<u>9,276,647</u>
Prior Period Adjustment	(8,819,823)	-	-	-	-	-
Net Assets at End of Year	<u>\$ 10,395,314</u>	<u>\$ -</u>	<u>\$ 19,215,137</u>	<u>\$ 19,091,885</u>	<u>\$ -</u>	<u>\$ 19,091,885</u>

The Notes to Financial Statements are an integral part of these Statements.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Statements of Cash Flows

For the Years Ended June 30, 2022, and 2021

	2022	2021
<u>CASH FLOWS FROM OPERATING ACTIVITIES:</u>		
Change in Net Assets	\$ 123,252	\$ 9,815,238
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation and Amortization	619,370	565,272
Interest Income on Certificate of Deposit	(100)	(10,668)
Net realized and unrealized loss on investments	374	-
Loss on Disposal of Property and Equipment	-	7,572
Forgiveness Debt	(122,782)	(102,000)
Changes in Assets and Liabilities:		
(Increase) Decrease in Accounts Receivable	371	(3,133)
(Increase) Decrease in Inventory	878,881	(441,646)
(Increase) Decrease in Prepaid Expenses	21,422	(21,900)
(Increase) Decrease in Deposits	1,399	5,251
Increase (Decrease) in Accounts Payable - Trade	82,222	29,658
Increase (Decrease) in Other Payable	-	(2,042)
Increase (Decrease) in Accrued Payroll Taxes	13,797	(830)
Increase (Decrease) in Accrued Expenses	(103,534)	5,550
Increase (Decrease) in Deferred Revenues	(2,454,810)	353,238
Net Cash (Used) Provided by Operating Activities	(940,138)	10,199,560
<u>CASH FLOWS FROM INVESTING ACTIVITIES:</u>		
Acquisition of Property and Equipment	(231,570)	(275,635)
Proceeds from Sale of Equipment	-	1,000
Purchase of Investments	(2,748,670)	(7,000,000)
Proceeds from Investments	7,258,157	-
Net Cash Provided (Used) in Investing Activities	4,277,917	(7,274,635)
<u>CASH FLOWS FROM FINANCING ACTIVITIES:</u>		
Proceeds from Note Payable	-	122,782
Net Increase in Cash	3,337,779	3,047,707
Cash at Beginning of Year	6,070,505	3,022,798
Cash at End of Year	\$ 9,408,284	\$ 6,070,505

The Notes to Financial Statements are an integral part of these Statements.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2022, and 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General

The accompanying financial statements include the accounts and transactions of **BANCO DE ALIMENTOS PUERTO RICO, INC.**, (a non-profit organization) (the Organization). The Organization is organized under the laws of the Commonwealth of Puerto Rico in 1988. Its purpose is to distribute food and hygiene products to children, sick and the needy people of Puerto Rico. The Organization is the leading institution in the distribution of food through the collaboration of the food industry and the largest network of nonprofit agencies in Puerto Rico.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles.

Basis of Presentation

Net Assets Without Donor Restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net Assets With Donor Restrictions: Net assets subject to stipulations imposed by donors, and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Use of Estimates

The preparation of financial statements is in conformity with accounting principles generally accepted in the United States of America, which 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.

Cash and Cash Equivalents

Cash and cash equivalents include investments in highly liquid debt instruments with an original maturity of three months or less.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2022, and 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Concentrations of Credit Risk

The Organization maintains cash balances in seven checking accounts and four certificates of deposits at two financial institutions. These accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to a combined total of \$250,000 per institution. As of June 30, 2022, and 2021, the cash balances in these financial institutions have exceeded FDIC insured limits. The Organization has not experienced any losses and believes it is not exposed to any significant credit risk on such accounts. It is the Organization policy to maintain a minimum of nine months of projected cash operating expenses in reserve.

Accounts Receivable

Receivables are due from individuals, other agencies and organizations and are stated at unpaid balances, less an allowance for doubtful accounts. The allowance is based on its assessment of the current status of the respective accounts, and using historical experience applied to an aging of accounts receivable. Accounts are written off after reasonable efforts have been made to collect. Management believes all amounts are fully collectible and has not established an allowance as of June 30, 2022, and 2021.

Inventory

Inventory consists of purchased and donated food products for distribution. Purchased food is stated at the lower of cost using first in, first out (FIFO) or net realizable value. Donated food is stated at the approximate average wholesale of one pound based upon a study performed by Feeding America.

Property and Equipment

Purchased property and equipment are stated at cost and donated assets are valued at their estimated fair value on the date donated. Depreciation is computed using the straight-line method based on the estimated useful lives of the assets. Expenditures for maintenance and repairs, including the replacement of minor items, are expensed as incurred, and major additions to property and equipment are capitalized. Upon withdrawal, sale or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and gains, or losses are included on the statement of activities.

Revenue Recognition

Donated Goods: The value of donated food is reflected in the financial statements at the approximate average wholesale value of one pound of donated product at the national level, which was determined to be \$1.92 and \$1.79 per pound for 2022 and 2021, respectively. This valuation is based on a cost study performed by Feeding America, the nation's leading domestic hunger-relief charity. During the years ended June 30, 2022, and 2021, the Organization received donated food amounted 12,271,895 pounds and 10,998,262 pounds, respectively. The dollar amount of these pounds is \$23,562,038 and \$19,686,889 respectively, and is included in the financial statements.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2022, and 2021

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)

Grants and Contributions: The Organization recorded grants and contributions as support with donor restrictions or without donor restrictions depending upon the existence and/or nature of donor restrictions. Support that is restricted by the donor is reported as an increase in net assets with donor restrictions, as applicable. Within net assets with donor restrictions, amounts are reclassified to net assets without donor restrictions when restrictions expire by passage of time or the fulfillment of the stipulated purpose. Restrictions on gifts of land, building, or equipment or contributions restricted for the purchase of those assets expire when the asset is placed in service unless the donor stipulated otherwise. Amounts collected in advance but unearned are reflected in the statement of financial position as deferred to the applicable period in which the related services are performed or expenditures are incurred, respectively.

In-Kind Donations: The Organization receives donations of time and services from volunteers related to program operations, special events, among others. However, donated services are recorded in the financial statements only to the extent that those services create or enhance a nonfinancial asset or meet the following criteria: a) the service requires specialized skills, b) the service is provided by individuals who possess those skills, and c) the service would typically need to be purchased if not contributed. In-kind donations of property and equipment and supplies used directly by the Organization are valued at their estimated fair values at the time of the donation.

Shared Maintenance Fees: The Organization recognized shared maintenance fees when earned. These fees are charged to agencies (charities) up to 19 cents per pound to share in the cost of soliciting, collecting, storing, and distributing food to the people who need it, when they need it, and where they need it. For the period ended June 30, 2022, the Organization charged up to 15 cents per pound for dry and freezer products, and 0 cents (no charge) for produce, dairy and bakery products.

Other Income: Membership dues, delivery fees, special events and miscellaneous revenues are recorded when received and considered other income on these financial statements.

Income Taxes

The Organization is exempt from Federal income taxes under section 501(c) (3) of the Internal Revenue Code and exempt from State income taxes under section 101(6) of the Puerto Rico Revenue Code.

Reclassification

Certain reclassifications have been made to the prior year financial statements in order to conform with the current year presentation.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2022, and 2021

1. **ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, (Continued)**

Date of Management Review

In preparing these financial statements, Fundación's management has evaluated the transaction and other events and transactions for potential recognition or disclosures through September 30, 2022, the date the financial statements were available to be issued.

2. **INVENTORY**

Inventory consists of donated food and purchased food. Donated food was valued at \$1.92 and \$1.79 per pound for the years ended June 30, 2022, and 2021, respectively. This valuation is based on a cost study performed by Feeding America. Purchased food is valued at the most recent purchase price. As of June 30, 2022, and 2021, inventory amounted to \$458,792 and \$1,337,673 respectively. Donated and purchased food inventory in pounds for the years ended June 30, 2022, and 2021 were as follows:

	<u>2022</u>	<u>2021</u>
Beginning Inventory	1,176,574	649,227
Donated Food Received	12,271,895	10,998,262
Purchased Food	<u>1,258,641</u>	<u>1,673,692</u>
	14,707,110	13,321,181
Less: Food Distribution & Adjustments	(14,099,625)	(12,043,419)
Waste	<u>(97,925)</u>	<u>(101,188)</u>
Ending Inventory	<u><u>509,560</u></u>	<u><u>1,176,574</u></u>

3. **PROPERTY AND EQUIPMENT**

As of June 30, 2022, and 2021, the Property and Equipment consisted of the following:

	<u>2022</u>	<u>2021</u>
Building	\$ 2,000,000	\$ 2,000,000
Building Improvements	3,076,942	3,016,250
Motor Vehicles	849,750	807,005
Machinery and Equipment	787,980	659,846
Software	41,400	41,400
	<u>6,756,072</u>	<u>6,524,501</u>
Less: Accumulated Depreciation and Amortization	<u>(1,845,330)</u>	<u>(1,225,960)</u>
Property and Equipment, Net	<u><u>\$ 4,910,742</u></u>	<u><u>\$ 5,298,541</u></u>

Depreciation and amortization expense amounted to \$619,370, and \$565,272 in 2022 and 2021, respectively.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2022, and 2021

4. INVESTMENT IN CERTIFICATES OF DEPOSIT

As of June 30, 2022, and 2021, the Organization maintains one (1) and four (4) certificates of deposits valued at the principal plus accrued interests amounting to \$265,489 and \$7,525,050, respectively. Since these certificates of deposit are not available for immediate withdrawal, they have not been classified as a cash equivalent. Interest income earned from these certificates of deposit amounted to \$100 and \$10,668, for the years ended June 30, 2022, and 2021, respectively.

5. DEFERRED INCOME

Deferred revenue consists of unearned revenue which was the result of grants received that have not been expended as of June 30, 2022, and 2021. Certain unexpended grants could be required under the grant terms to be returned to the funding entity. However, the liability for deferred revenue will be met by expending funds during the subsequent fiscal year rather than by a cash outflow. As of June 30, 2022, and 2021, deferred revenue amounted to \$7,234,860 and \$869,847, respectively, as follows:

	<u>2022</u>	<u>2021</u>
Deferred Revenues with Donor Restrictions	\$ 629,611	\$ 869,847
Deferred Revenues without Donor Restrictions	6,605,249	-
Total	<u>\$ 7,234,860</u>	<u>\$ 869,847</u>

6. OTHER INCOME

On March 27, 2020, former U.S. President Trump signed the Coronavirus Aid, Relief and Economic Security Act (the "CARES Act"), which, among other things, outlines the provisions of the Paycheck Protection Program (the "PPP") administered by the Small Business Administration ("SBA"). The Company determined that it met the criteria to be eligible to obtain a loan under the PPP. On May 31, 2020 and on February 28, 2021, the Organization obtained two loans from a commercial bank in the amount of \$102,000 and \$122,782 respectively, pursuant to the Paycheck Protection Program ("PPP") of the U.S. Small Business Administration ("SBA") under Division A, Title I of the CARES Act.

Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all, or a portion of the loan granted under the program. Such forgiveness will be determined, subject to limitations, based on the use of loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities.

The Organization submitted its applications for the forgiveness of the PPP loans. On December 21, 2020 and on October 22, 2021, the loans were 100% forgiven by the SBA. As a result, as of June 30, 2022 and June 30, 2021 the Organization recorded income from forgiveness of debt in the amounts of \$102,000 and \$122,782, respectively.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2021, and 2020

7. GRANTS AND CONTRIBUTIONS

Grants and Contributions over \$3,000 from other organizations consist of the following:

	2022	2021
AAFAF	\$ 75,000	\$ -
3M Foundation	-	-
Abbott Fund Disaster	45,000	-
Abbott Fund Other	20,000	-
Abbott Fund Child Hunger	-	20,000
Abbott Laboratories	10,000	15,000
ADSEF	677,444	-
AEO Inc. / American Eagle	14,699	7,239
Alexander Andon - WG&S	-	-
Alfredo Ramos Sotomayor	-	-
American Airlines	-	-
American Express	-	4,500
Asociación La Isla Foundation / Vicente Carlo Bravo	-	7,944
Autogermana	5,000	11,500
B. Fernández & Hnos., Inc.	5,000	-
Ballester Hermanos	4,500	3,792
Baxter	50,000	-
Bayer Fund	80,000	80,000
Benevity Fund	8,709	37,147
CAF America	-	-
CAH Foundation	25,000	100,000
Campbell Soup Foundation	20,000	25,000
Carlos J. Delgado	-	-
Carol For A Cause Campaign	-	4,000
Chicago Community Foundation	-	-
Chick-Fil-A	200,000	-
Coca Cola (The Minute Maid)	-	14,500
CONAGRA	-	51,097
ConPRmetidos, Corp	-	-
Construction Thermal Services, Inc.	-	-
Corteva	-	3,000
Costco	-	47,340
Crocs	60,335	28,704
CVS Health	6,394	8,421
Dalio Family Feud	-	5,000
Dana Ellen	5,000	-
Daniel T Erat	10,000	-
Danone	-	10,000
Delta Dental of Puerto Rico	5,000	10,000
DLA Piper (Perto Rico) LLC	-	5,000

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2022, and 2021

7. GRANTS AND CONTRIBUTIONS, (Continued)

	<u>2022</u>	<u>2021</u>
Edgewell	-	5,000
Encanto Restaurants	10,000	-
Enterprise Rent A Car	45,000	50,000
Enterprises Holdings Foundation	20,000	30,000
Eurgel Berry	5,000	-
Feeding America	173,142	3,717
Feeding America Covid 19-Relief	-	587,083
Feeding America Disaster Relief Round	-	179,703
Feeding America Living Our Values	-	10,000
Feeding America Multi-Donor Strategy	-	255,000
Ferrero	-	5,000
Fidelity / Mickelsen Family Foundation	-	10,000
First Bank	-	4,999
Fondo Legislativo	66,370	100,000
Fondos Unidos	60,922	50,265
Fundación Angel Ramos	50,000	50,000
Fundación Francisco Carvajal	-	139,977
Fundación Plaza las Américas	10,000	-
Fundación Plaza del Caribe	-	10,000
Fundación Triple-S	-	-
FY20 Holiday Campaign-1364	-	5,000
FY21 3M Company Food Sourcing	-	12,000
FY21 M/S C/H Covid-19 C/C-93	-	100,000
Generall Mills	-	-
Goldman Sachs Philantropy Fund	-	-
Greatergood.org	-	20,000
HEB	-	-
Herman o West Foundation	18,170	-
Integro, Inc.	-	25,000
ITA Global Services LLC	-	-
Jeff Bezos	-	-
John Brenton Shaw	-	5,000
José Arellanos	5,100	-
Last Week Tonight / Avalon Television	-	4,985
Marril Lynch/Bank of America	25,000	-
Master Card	40,000	-
Mackenzie Scott	-	9,000,000
Macys	-	32,474
McMaster-Carr Supply Company	10,000	10,000
MCS Foundation	-	80,000
Medtronic	50,000	50,000

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2022, and 2021

7. GRANTS AND CONTRIBUTIONS, (Continued)

	2022	2021
Mickelsen Family Foundation	12,000	-
MMM Holdings, LLC.	-	-
Morgan Stanley	155,000	33,684
Nestle	-	5,000
New Fortress Energy, LLC.	-	-
New Jersey Hispanic Bar Foundation, Inc.	-	6,000
Oscar Cadiz	-	5,000
Penfed	11,211	-
Pfizer	-	-
P&G	-	7,500
Plaza Provision Company	4,500	-
Puerto Rico Rice	-	3,000
Puerto Rico Supplies Group	23,500	-
Raytheon Technologies Cov	-	200,000
Red Nose	10,000	17,087
Rushmore Loan Management Services	-	22,546
Share Our Strength Prenote (No Kid Hungry)	50,000	50,000
Sol Puerto Rico	-	16,700
State Giving Grants Walmart	-	8,500
Stephen F. Wiggins, The Wiggins Foundation Inc.	-	5,000
Tepper	-	-
The American Online Giving Foundation	-	-
The Coca Cola Foundation	-	24,970
The DLA Piper Foundation	-	-
The TJX Foundation	72,594	31,097
The UPS Foundation	-	25,000
The Wiggings Foundation -S. Wiggins	10,000	-
Timothy K. Carvell	-	10,000
Titin Foundation Inc.	-	9,975
UBS	-	-
Unidos Por Puerto Rico	-	-
Universidad Carlos Albizu	-	-
V. Suárez & Co., Inc.	5,000	-
Vanessa Rodríguez	20,000	-
Walmart	160,852	-
Wells Fargo	-	40,022
West Pharmaceutical	-	-
Yoplait	-	65,575
	\$ 2,450,442	\$ 11,921,043
Total		

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2022, and 2021

8. IN-KIND DONATIONS

The Organization receives donations of time and services from volunteers related to program operations, special events, among others. During the year ended June 30, 2022, the Organization 1,996 volunteers donated 10,910 hours. However, the financial statements do not reflect the value of these donated services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Services meeting the criteria for recognition in the financial statements amounted to \$3,000 and \$5,800 for the years ended June 30, 2022, and 2021, respectively.

9. FUNCTIONAL ALLOCATION OF EXPENSES

Functional classification is a method of reporting expenses according to the purpose for which costs are incurred. Natural classification is a method of grouping expenses according to the kinds of economic benefits received in incurring those expenses.

The costs of providing program services and other activities have been summarized on a natural basis in the statement of activities and changes in net assets. The expenses of the Organization are reported in the table below by their functional and natural classifications. Expenses which apply to more than one functional category have been allocated based on estimates made by management.

The expenses of the Organization for the years ended June 30, 2022, and 2021 are allocated to the natural and functional classifications as follows:

	Total		Program Expenses		General and Administrative		Fundraising Expenses	
	2022	2021	2022	2021	2022	2021	2022	2021
Donated Food Distributed and Waste	\$ 24,440,919	\$ 19,245,243	\$ 24,440,919	\$ 19,245,243	\$ -	\$ -	\$ -	\$ -
Proposal Expense	1,732,361	-	1,732,361	-	-	-	-	-
Salaries and Wages	858,784	724,353	705,684	606,918	96,229	82,762	56,871	34,673
Rent	-	-	-	-	-	-	-	-
Food Purchases and Transportation	857,234	1,233,963	754,366	1,085,887	102,868	148,076	-	-
Gas and Travel Expenses	48,142	41,759	42,365	36,748	5,777	5,011	-	-
Supplies	42,739	63,379	17,950	26,619	24,789	36,760	-	-
Office Expenses	6,808	34,250	-	-	6,808	34,250	-	-
Professional Services	71,402	55,376	25,827	15,502	24,815	14,894	20,760	24,980
Professional Services - In-kind	3,000	5,800	3,000	5,800	-	-	-	-
Insurance	61,444	58,380	49,770	47,288	11,674	11,092	-	-
Utilities	104,003	97,886	92,563	87,119	11,440	10,767	-	-
Depreciation	619,370	565,272	606,983	553,967	12,387	11,305	-	-
Repair and Maintenance	105,104	87,696	99,849	83,311	5,255	4,385	-	-
Advertising Expenses	70,419	105,548	-	-	70,419	105,548	-	-
Loss on Disposal of Fixed Assets	-	7,572	-	-	-	7,572	-	-
Other Expenses	107,386	46,682	102,017	44,348	5,369	2,334	-	-
Total	\$ 29,129,115	\$ 22,373,159	\$ 28,673,653	\$ 21,838,749	\$ 377,831	\$ 474,757	\$ 77,631	\$ 59,653

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2022, and 2021

9. **FUNCTIONAL ALLOCATION OF EXPENSES – (CONTINUED)**

For the years ended June 30, 2022, and 2021, program expenses represented 98% while, general and administrative, and fundraising expenses represented 2% and 2%, respectively.

10. **INVESTMENTS**

Overall Investment Objective

Banco de Alimentos Puerto Rico, Inc. maintains a short-term and long-term investment portfolio. The purpose of the short-term investment portfolio is to provide sufficient liquidity to meet the financial obligations of the Organization in a timely manner. The investment objective of the long-term investment portfolio is to preserve capital and secondly to enhance the purchasing power of the long-term investments fund.

Allocation of Investment Strategies

Short-term and long-term funds are invested in low or risk-free investments with a high degree of liquidity. Short term funds should have a maturity for a period not to exceed twelve months.

The cost and fair value of short and long-term investments at June 30, 2022, are as follows:

	2022	
	Cost	Fair Value
US Government Fixed Income	\$ 2,000,000	\$ 2,000,718
Corporate Fixed Income Investments	750,000	749,192
Total	2,750,000	2,749,910
Less: Short-Term Investments	2,500,000	2,499,891
Long-Term Investments	<u>\$ 250,000</u>	<u>\$ 250,019</u>

Investments returns for the years ended June 30, 2022, are as follows:

	2022
Income from investments:	
Interest and dividends, net of fees	\$ 1,315
Gains and losses on investments:	
Net realized and unrealized loss on investments	<u>(374)</u>
Total return on investments	<u>\$ 941</u>

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2022, and 2021

10. INVESTMENTS – (CONTINUED)

Investments returns reflected in the statements of activities for the years ended June 30, 2022, are as follows:

	<u>2022</u>
Operating Activities:	
Interest Income	\$ 1,315
Other Revenues	6,546
Other Expenses	<u>(6,920)</u>
Total investment return	<u>\$ 941</u>

11. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

The Organization follows the guidance of ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 establishes 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 measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the valuation hierarchy are as follows:

- Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Organization has the ability to access at the measurement date. Level 1 assets include corporate bonds and fixed income mutual funds that consist primarily of U.S. Treasury obligations.
- Level 2 – Inputs are observable inputs over than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities. We did not have any material level 2 classifications as of June 30, 2022.
- Level 3 – Inputs are unobservable inputs for the asset or liability. We did not have any material level 3 classifications as of June 30, 2022.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2022, and 2021

11. FAIR VALUE MEASUREMENTS – (CONTINUED)

The following tables present assets that are measured at fair value on a recurring basis at June 30, 2022:

	2022			Total
	Level 1	Level 2	Level 3	
Investments:				
US Governmental Fixed Income	\$ 2,000,718	\$ -	\$ -	\$ 2,000,718
Corporate Fixed Income Investments	749,192			\$ 749,192
Total	<u>\$ 2,749,910</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,749,910</u>

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period. The Organization evaluated the significance of transfers between levels based upon the nature of the financial instrument and size of the transfer relative to total net assets available for benefits. As of June 30, 2022 there was no transfers between levels.

12. PRIOR PERIOD ADJUSTMENT

The financial statements for the year ended June 30, 2021 were corrected by management as a result of reclassification of revenues. The financial statements were adjusted to present the correct balance of the beginning retained earnings for the current fiscal year ended June 30, 2022, as follow:

Statement of Income and Retained Earnings

Retained earnings as of beginning of year, as previously presented	\$ 19,091,885
Less: Effect on reclassification of revenues	<u>(8,819,823)</u>
Retained earnings as of beginning of year, as restated	<u>\$ 10,272,062</u>

Retained earnings balance at June 30, 2021 was restated from \$19,091,885 to \$10,272,062 as a result of the effect of this prior period reclassification.

BANCO DE ALIMENTOS PUERTO RICO, INC.

Notes to Financial Statements

June 30, 2022, and 2021

13. LIQUIDITY AND AVAILABILITY OF RESOURCES

The Organization's financial assets available for general expenditures, that is, without donor or other restrictions limiting their use, within one year as of June 30, 2022, and 2021, comprise the following:

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 9,408,284	\$ 6,070,505
Accounts Receivable	4,321	4,692
 Total Financial Assets	 9,412,605	 6,075,197
 Less Those Unavailable for General Expenditures Within One Year	 <u>-</u>	 <u>-</u>
 Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	 <u>\$ 9,412,605</u>	 <u>\$ 6,075,197</u>

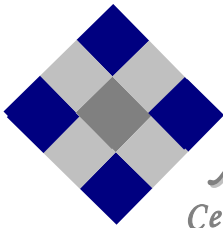
The Organization seeks to maintain liquidity to cover nine months of operating expenses.

14. COVID-19 OUTBREAK

Puerto Rico is presently in the midst of a national health emergency related to a virus, commonly known as Novel Coronavirus (COVID-19). The COVID-19 outbreak is disrupting a wide range of sectors within the industry. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The overall consequences of this outbreak on a national, regional, and local level are unknown, but it has the potential to result in a significant impact.

The impact of this situation on the Company and its future results and financial position is not presently determinable. Management is carefully monitoring the situation and evaluating its options during this time. An adverse impact is not anticipated. No adjustments have been made to these financial statements as a result of this uncertainty.

Due to COVID-19 outbreak various government incentives, grants and loans were made available for the relief of businesses. Refer to Note 6.



AJ Hernández & Co., CPA, PSC.
Certified Public Accountants & Business Consultants

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September 30, 2022

To the Board of Directors of
BANCO DE ALIMENTOS PUERTO RICO, INC.
Carolina, Puerto Rico

The stockholders and staff of AJ Hernandez & Co., CPA, PSC are pleased to announce the successful completion of an independent peer review of our accounting and auditing practice. This review was undertaken as a condition of membership in the American Institute of Certified Public Accountants (AICPA), the national organization of CPAs in public practice, industry, government, and education.

In 1988, the members of the AICPA overwhelmingly approved a proposal to require members in public practice to participate in a practice-monitoring program. With the adoption of this proposal, the AICPA implemented a peer review program of unprecedented scope in the CPA profession or any other. Our participation in peer review demonstrates our firm's desire to measure up to the profession's high standards of professionalism and our commitment to maintaining and improving the quality of our practice.

In August 2000, the Puerto Rico Society of CPAs (PRSCPA) adopted a voluntary peer review program, which follows the lead established by the AICPA.

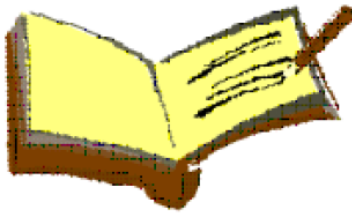
Our peer review was conducted by a team appointed by the PRSCPA. The reviewer first determined that we have an adequate quality control system, and then checked to see that professional's standards were followed in a representative sample of our accounting and auditing engagements.

After thorough study of our policies and procedures, the reviewer concluded our firm complies with the stringent quality control standards established by the AICPA and the PRSCPA. Our firm is committed to periodic peer review to foster quality performance.

Bankers, bonding agents, investors, suppliers, legal advisors, and others use the financial statements our firm audits, reviews, or compiles. We think those people, our clients, and our own staff deserves independent quality assurance that our firm provides quality services. We are proud of our peer review results and would be happy to answer any questions you might have.

Sincerely,

Andrés J. Hernández Concepción
President



MEMBERS:
AMERICAN INSTITUTE OF CERTIFIED PUBLIC
ACCOUNTANTS (AICPA)
PUERTO RICO SOCIETY OF CERTIFIED PUBLIC
ACCOUNTANTS

CPA AGUSTÍN RODRÍGUEZ NIEVES
CERTIFIED PUBLIC ACCOUNTANT

SYSTEM REVIEW REPORT

AJ Hernandez & Co., PSC
and the Peer Review Committee of
Puerto Rico Society of CPAs

I have reviewed the system of quality control for the accounting and auditing practice of AJ Hernandez & Co., PSC (the firm) in effect for the year ended December 31, 2014. My peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of my review, I considered reviews by regulatory entities, if applicable, in determining the nature and extent of my procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. My responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on my review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the Standards, engagements selected for review included engagements performed under Government Auditing Standards and ERISA.

In my opinion, the system of quality control for the accounting and auditing practice of AJ Hernandez & Co., PSC in effect for the year ended December 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of pass, pass with deficiency (ies) or fail. AJ Hernandez & Co., PSC has received a peer review rating of pass.

February 28, 2017
Toa Alta, Puerto Rico

CPA Agustín Rodríguez Nieves
License 4314

The stamp 02742250 was affixed to the original of this report.