

Financial Statements and Report of  
Independent Certified Public  
Accountants

**City Harvest, Inc.**

June 30, 2021 and 2020

**Contents**

Page

Report of Independent Certified Public Accountants	3
Financial Statements	
Statements of financial position	5
Statements of activities	6
Statements of functional expenses	7
Statements of cash flows	9
Notes to financial statements	10

---

**GRANT THORNTON LLP**

757 Third Ave., 9th Floor  
New York, NY 10017-2013

**D** +1 212 599 0100

**F** +1 212 370 4520

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS**

To the Board of Trustees of  
City Harvest, Inc.:

We have audited the accompanying financial statements of City Harvest ("City Harvest"), which comprise the statements of financial position as of June 30, 2021 and 2020, 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 the 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 financial statements based on our audits. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

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 City Harvest'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 City Harvest'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 City Harvest, Inc. as of June 30, 2021 and 2020, 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.

*Grant Thornton LLP*

New York, New York

November 15, 2021

City Harvest, Inc.

STATEMENTS OF FINANCIAL POSITION

As of June 30,

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 59,755,673	\$ 47,145,803
Contributions receivable - current portion	12,807,604	6,245,246
Grants and awards receivable	3,180,542	1,075,040
Prepaid expenses and other current assets	<u>1,265,431</u>	<u>657,816</u>
Total current assets	77,009,250	55,123,905
Investments	5,236,296	5,071,246
Inventory	1,560,792	1,533,842
Security deposits	2,098,586	1,907,756
Contributions receivable, net - long-term portion	12,208,184	2,081,279
Right-of-use asset for finance lease	123,086,908	-
Right-of-use asset for operating lease	3,494,892	-
Property and equipment, net	22,874,095	3,063,990
Funds held for others	<u>74,709</u>	<u>36,669</u>
Total assets	<u>\$ 247,643,712</u>	<u>\$ 68,818,687</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable and accrued expenses	\$ 14,336,164	\$ 5,026,516
Deferred revenue	<u>444,919</u>	<u>6,589,750</u>
Total current liabilities	14,781,083	11,616,266
Deferred rent	-	1,094,457
Finance lease obligation	127,716,974	-
Operating lease obligation	4,344,063	-
Funds held for others	<u>74,709</u>	<u>36,669</u>
Total long-term liabilities	<u>132,135,746</u>	<u>1,131,126</u>
Total liabilities	<u>146,916,829</u>	<u>12,747,392</u>
Commitments and contingencies		
<b>Net assets</b>		
Without donor restrictions		
Undesignated	25,753,195	30,403,393
Board designated	<u>28,853,682</u>	<u>16,904,878</u>
Total net assets without donor restrictions	54,606,877	47,308,271
With donor restrictions		
Time restricted	2,385,463	2,342,639
Purpose restricted	<u>43,734,543</u>	<u>6,420,385</u>
Total net assets with donor restrictions	<u>46,120,006</u>	<u>8,763,024</u>
Total net assets	<u>100,726,883</u>	<u>56,071,295</u>
Total liabilities and net assets	<u>\$ 247,643,712</u>	<u>\$ 68,818,687</u>

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

City Harvest, Inc.

STATEMENTS OF ACTIVITIES

For the years ended June 30,

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b>Public support and revenues</b>						
Public support:						
Contributions:						
Donated food (Note 7)	\$ 219,326,373	\$ -	\$ 219,326,373	\$ 131,989,473	\$ -	\$ 131,989,473
Corporations	11,871,620	91,026	11,962,646	24,687,617	216,589	24,904,206
Foundations	14,851,433	1,267,205	16,118,638	16,817,650	1,887,024	18,704,674
Individuals	26,627,478	250,000	26,877,478	23,767,305	24,668	23,791,973
Organizations	739,458	-	739,458	933,848	-	933,848
Special events (net of direct benefits to donors of \$608,522 in 2021 and \$460,967 in 2020)	1,953,238	145,000	2,098,238	1,320,050	-	1,320,050
Total public support	<u>275,369,600</u>	<u>1,753,231</u>	<u>277,122,831</u>	<u>199,515,943</u>	<u>2,128,281</u>	<u>201,644,224</u>
Revenues:						
Government grants and awards	6,259,264	-	6,259,264	1,013,658	-	1,013,658
Investment income (loss)	63,423	37,857	101,280	320,750	(39,710)	281,040
Other income	2,888,891	-	2,888,891	117,025	-	117,025
Total revenues	<u>9,211,578</u>	<u>37,857</u>	<u>9,249,435</u>	<u>1,451,433</u>	<u>(39,710)</u>	<u>1,411,723</u>
Net assets released from restrictions	<u>2,341,178</u>	<u>(2,341,178)</u>	<u>-</u>	<u>1,985,798</u>	<u>(1,985,798)</u>	<u>-</u>
Total public support, revenues and net assets released from restrictions	<u>286,922,356</u>	<u>(550,090)</u>	<u>286,372,266</u>	<u>202,953,174</u>	<u>102,773</u>	<u>203,055,947</u>
<b>Expenses</b>						
Program services:						
Emergency food operations	274,499,199	-	274,499,199	158,590,653	-	158,590,653
Other programming	5,103,851	-	5,103,851	4,592,534	-	4,592,534
Total program services	<u>279,603,050</u>	<u>-</u>	<u>279,603,050</u>	<u>163,183,187</u>	<u>-</u>	<u>163,183,187</u>
Supporting services:						
Management and general	1,287,922	-	1,287,922	963,629	-	963,629
Development	10,920,460	-	10,920,460	9,215,790	-	9,215,790
Total supporting services	<u>12,208,382</u>	<u>-</u>	<u>12,208,382</u>	<u>10,179,419</u>	<u>-</u>	<u>10,179,419</u>
Total expenses	<u>291,811,432</u>	<u>-</u>	<u>291,811,432</u>	<u>173,362,606</u>	<u>-</u>	<u>173,362,606</u>
Change in net assets before effect of non-operating activity and donated services	<u>(4,889,076)</u>	<u>(550,090)</u>	<u>(5,439,166)</u>	<u>29,590,568</u>	<u>102,773</u>	<u>29,693,341</u>
<b>Non-operating activity</b>						
Capital campaign revenue (Note 3)	<u>12,187,682</u>	<u>37,907,072</u>	<u>50,094,754</u>	<u>2,513,878</u>	<u>3,937,831</u>	<u>6,451,709</u>
Total non-operating activity	<u>12,187,682</u>	<u>37,907,072</u>	<u>50,094,754</u>	<u>2,513,878</u>	<u>3,937,831</u>	<u>6,451,709</u>
Donated services and supplies - revenue	1,925,406	-	1,925,406	2,522,626	-	2,522,626
Donated services and supplies - expenses	<u>(1,925,406)</u>	<u>-</u>	<u>(1,925,406)</u>	<u>(2,522,626)</u>	<u>-</u>	<u>(2,522,626)</u>
Change in net assets	<u>7,298,606</u>	<u>37,356,982</u>	<u>44,655,588</u>	<u>32,104,446</u>	<u>4,040,604</u>	<u>36,145,050</u>
Net assets, beginning of year	<u>47,308,271</u>	<u>8,763,024</u>	<u>56,071,295</u>	<u>15,203,825</u>	<u>4,722,420</u>	<u>19,926,245</u>
Net assets, end of year	<u>\$ 54,606,877</u>	<u>\$ 46,120,006</u>	<u>\$ 100,726,883</u>	<u>\$ 47,308,271</u>	<u>\$ 8,763,024</u>	<u>\$ 56,071,295</u>

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

City Harvest, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2021, with comparative information for 2020

	Program Services			Supporting Services			Total Expenses	
	Emergency Food Operations	Other Programming	Total	Management and General	Development	Total	2021	2020
Salaries	\$ 10,161,322	\$ 2,439,689	\$ 12,601,011	\$ 447,031	\$ 4,571,482	\$ 5,018,513	\$ 17,619,524	\$ 14,976,490
Employee benefits and payroll taxes	2,742,999	686,478	3,429,477	105,847	958,806	1,064,653	4,494,130	4,311,331
Food distributed	238,392,710	-	238,392,710	-	-	-	238,392,710	135,533,999
Food transportation and distribution	14,944,572	78	14,944,650	-	-	-	14,944,650	8,468,077
Food packaging supplies	415,746	3,768	419,514	-	-	-	419,514	299,597
Communication, printing and postage	121,387	29,039	150,426	21,052	1,178,636	1,199,688	1,350,114	1,159,132
Rent, utilities and cleaning	1,758,782	131,530	1,890,312	203,602	315,053	518,655	2,408,967	1,786,297
Promotion	3,904	1,169	5,073	952	679,667	680,619	685,692	719,230
Computer support	380,236	61,021	441,257	89,462	281,662	371,124	812,381	722,974
Professional fees	430,833	330,915	761,748	41,665	2,308,071	2,349,736	3,111,484	3,007,899
Grant expense	-	772,662	772,662	-	-	-	772,662	330,569
Office supplies and miscellaneous	604,517	459,185	1,063,702	104,160	228,810	332,970	1,396,672	1,326,398
Interest on finance lease	1,289,741	60,331	1,350,072	71,902	104,375	176,277	1,526,349	-
Provision for bad debt	151,875	24,212	176,087	42,646	61,905	104,551	280,638	330,527
Total expenses before depreciation and amortization and donated services	271,398,624	5,000,077	276,398,701	1,128,319	10,688,467	11,816,786	288,215,487	172,972,520
Depreciation and amortization	3,100,575	103,774	3,204,349	159,603	231,993	391,596	3,595,945	390,086
Donated services and supplies	94,877	17,569	112,446	27,233	1,785,727	1,812,960	1,925,406	2,522,626
Total expenses	\$ 274,594,076	\$ 5,121,420	\$ 279,715,496	\$ 1,315,155	\$ 12,706,187	\$ 14,021,342	\$ 293,736,838	\$ 175,885,232

The accompanying notes are an integral part of this financial statement.

City Harvest, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended June 30, 2020

	Program Services			Supporting Services			Total Expenses 2020
	Emergency Food Operations	Healthy Neighborhoods and Other Programming	Total	Management and General	Development	Total	
Salaries	\$ 8,206,930	\$ 2,565,936	\$ 10,772,866	\$ 342,270	\$ 3,861,354	\$ 4,203,624	\$ 14,976,490
Employee benefits and payroll taxes	2,611,510	769,935	3,381,445	45,965	883,921	929,886	4,311,331
Food distributed	135,533,999	-	135,533,999	-	-	-	135,533,999
Food transportation and distribution	8,467,952	125	8,468,077	-	-	-	8,468,077
Food packaging supplies	297,932	1,665	299,597	-	-	-	299,597
Communication, printing and postage	120,719	44,311	165,030	22,963	971,139	994,102	1,159,132
Rent, utilities and cleaning	1,054,197	202,448	1,256,645	204,440	325,212	529,652	1,786,297
Promotion	12,242	7,156	19,398	1,168	698,664	699,832	719,230
Computer support	375,448	92,819	468,267	101,884	152,823	254,707	722,974
Professional fees	722,346	267,310	989,656	94,215	1,924,028	2,018,243	3,007,899
Grant expense	464	330,105	330,569	-	-	-	330,569
Office supplies and miscellaneous	635,318	261,060	896,378	103,792	326,228	430,020	1,326,398
Provision for bad debt	186,212	41,898	228,110	40,346	62,071	102,417	330,527
Total expenses before depreciation and amortization and donated services	<u>158,225,269</u>	<u>4,584,768</u>	<u>162,810,037</u>	<u>957,043</u>	<u>9,205,440</u>	<u>10,162,483</u>	<u>172,972,520</u>
Depreciation and amortization	365,384	7,766	373,150	6,586	10,350	16,936	390,086
Donated services and supplies	<u>103,817</u>	<u>23,359</u>	<u>127,176</u>	<u>22,492</u>	<u>2,372,958</u>	<u>2,395,450</u>	<u>2,522,626</u>
Total expenses	<u>\$ 158,694,470</u>	<u>\$ 4,615,893</u>	<u>\$ 163,310,363</u>	<u>\$ 986,121</u>	<u>\$ 11,588,748</u>	<u>\$ 12,574,869</u>	<u>\$ 175,885,232</u>

The accompanying notes are an integral part of this financial statement.



City Harvest, Inc.

STATEMENTS OF CASH FLOWS

For the years ended June 30,

	2021	2020
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 44,655,588	\$ 36,145,050
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation and amortization relating to property and equipment	342,448	390,086
Amortization of right-of-use assets	3,253,497	-
Loss on disposal of property and equipment	30,488	6,723
Donated securities	(5,064,357)	(1,019,142)
Proceeds from the sale of donated securities	5,059,242	1,044,564
Net realized and unrealized loss (gain) on investments	60,357	(78,404)
Changes in assets and liabilities:		
Contributions receivable	(16,689,263)	(396,793)
Grants receivable	(2,105,502)	(306,222)
Prepaid and other current assets	(607,615)	(203,326)
Inventory	(26,950)	(23,817)
Security deposits	(190,830)	(1,584,794)
Right-of-use asset for operating lease	(4,344,064)	-
Accounts payable and accrued expenses	2,518,624	2,439,237
Deferred revenue	(6,144,831)	6,210,777
Deferred rent	(1,094,457)	(205,924)
Finance lease obligation	1,376,568	-
Operating lease obligation	5,193,235	-
Net cash provided by operating activities	<u>26,222,178</u>	<u>42,418,015</u>
<b>Cash flows from investing activities</b>		
Purchases of property and equipment	(13,392,016)	(1,979,932)
Purchase of securities	(1,848,546)	(3,199,068)
Proceeds from sales of securities	<u>1,628,254</u>	<u>6,473,976</u>
Net cash (used in) provided by investing activities	<u>(13,612,308)</u>	<u>1,294,976</u>
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	12,609,870	43,712,991
<b>Cash and cash equivalents, beginning of year</b>	<u>47,145,803</u>	<u>3,432,812</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 59,755,673</u>	<u>\$ 47,145,803</u>
<b>Supplemental disclosures for cash flow information:</b>		
Property and equipment purchases included in accounts payable and accrued expenses	<u>\$ 6,791,025</u>	<u>\$ -</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	<u>\$ 1,249,280</u>	<u>\$ -</u>
Operating cash flows from finance leases	<u>\$ 1,773</u>	<u>\$ -</u>
Financing cash flows from finance leases	<u>\$ 148,010</u>	<u>\$ -</u>
Right-of-use asset obtained in exchange for new finance lease obligation	<u>\$ 126,340,405</u>	<u>\$ -</u>
Right-of-use asset for operating lease upon ASC 842 implementation	<u>\$ 5,511,798</u>	<u>\$ -</u>

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

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS**

**June 30, 2021 and 2020**

**NOTE 1 - THE ORGANIZATION**

***Organization***

City Harvest, Inc. ("City Harvest") was incorporated in the State of New York pursuant to the Not-for-Profit Corporation Law in 1983. City Harvest was determined to be a publicly supported organization by the Internal Revenue Service and is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code") and a similar provision under New York State tax laws.

City Harvest is a member of Feeding America, the nationwide network of food banks.

***Nature of Activities***

City Harvest is New York City's largest food rescue organization, helping to feed the nearly 1.5 million New Yorkers who are struggling to put meals on their tables. This year, City Harvest rescued 132.6 million pounds of food and delivered it, free of charge, to hundreds of food pantries, soup kitchens and other community partners across the five boroughs. City Harvest's programs empower individuals through nutrition education, increase its partners' capacity, and strengthen the local food system, helping New Yorkers who are experiencing food insecurity to access, afford, and consume nutritious food.

Our principal programs are:

**Emergency Food**

City Harvest was founded on the visionary concept that excess food should feed someone who is hungry rather than be thrown away. With a fleet of 26 trucks, City Harvest rescues food that would otherwise go to waste and delivers it free of charge to community programs that provide nutritious food to New Yorkers in need. City Harvest rescues food from approximately 1,300 donors across the city and country, including farms, grocers, restaurants, and manufacturers. City Harvest focuses on sourcing fresh, local food, and approximately 60% of the food we deliver is produce. Since it was founded in 1982, City Harvest has collected more than 950 million pounds of food and distributed it to New Yorkers in need across the five boroughs.

**Other Programming**

City Harvest partners with residents, local businesses and non-profit organizations, and other community partners in high-need neighborhoods across New York City to make it easier for New Yorkers experiencing food insecurity to acquire and prepare food that is desired, usable, and nutritious, ensure that there are policies and systems that protect and strengthen local food systems for all New Yorkers, and increase the capacity among individuals and local organizations. City Harvest's community-tailored programming reaches some 400,000 New Yorkers annually across the five boroughs through its Mobile Markets, nutrition education classes and interventions, and retail partnerships.

City Harvest works with partners in communities across the city to ensure that residents stay informed about anti-hunger policies and programs, and City Harvest advocates for equity and inclusion in the decision-making process that shapes the local food system. In addition, City Harvest engages elected officials at the city, state and federal levels to help shape policies that address hunger and food insecurity.

This year, City Harvest continued to scale up its operations to respond as growing unemployment due to the COVID-19 pandemic caused the need for food assistance in New York City to surge. Over that time, City Harvest's fleet of trucks delivered this food, free of charge, to the food pantries and soup kitchens it serves (117.8 million pounds of food), City Harvest's Mobile Markets (5.2 million pounds of food), and 19 Community Partner Distributions (3.7 million pounds of food). City Harvest also partnered to open

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

Emergency Food Distribution Sites in neighborhoods where existing food pantries and soup kitchens may have had to close as a precautionary measure or due to lack of staffing. Over 26.7 million pounds of food were delivered to these sites.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***Net Asset Classifications***

The accompanying financial statements of City Harvest have been prepared in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Those standards require that net assets and revenues, gains, expenses and losses be classified as net assets without restrictions or net assets with restrictions based on the existence or absence of donor-imposed restrictions as follows:

Net Assets without Donor Restrictions

Net assets that are not subject to donor-imposed stipulations. Net assets without donor restrictions represent resources that are available in support of operations.

Net Assets with Donor Restrictions

Includes net assets subject to donor-imposed stipulations that expire with the passage of time or can be fulfilled by actions of City Harvest, pursuant to those stipulations.

Another portion of net assets with donor restrictions stipulates that the corpus of the gifts be maintained in perpetuity, but allow for the expenditure of net investment income and gains earned on the corpus for either specified or unspecified purposes.

***Functional Allocation of Expenses***

The cost of providing City Harvest's various programs and supporting services has been summarized on a functional basis in the accompanying statements of activities. The majority of expenses can be directly identified with the program or supporting service to which they relate and are charged accordingly. Other expenses including depreciation, occupancy, information technology, and administration services have been allocated among program and supporting service classifications using headcount.

Accordingly, certain costs have been allocated among the programs and supporting services in reasonable ratios determined by management.

***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, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from those estimates. The most significant estimates pertain to the valuation of donated food, operating accruals and estimated useful lives of long-lived assets.

***Cash Equivalents***

City Harvest considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. City Harvest places its temporary cash investments with high-credit quality financial institutions. At times, such investments may exceed federally insured limits. However, management believes that City Harvest does not face a significant risk of loss on these accounts due to the possible failure of these financial institutions.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

***Investments***

Investments in equity, debt and government-backed securities with readily determined fair values are reported at their fair values, with gains and losses included in the accompanying statements of activities. Net investment income is recorded as a component of net assets without donor restrictions or net assets with donor restrictions in accordance with donor intent.

Donated securities are recorded at their fair values on the dates of receipt. It is City Harvest's policy to sell donated securities immediately and, accordingly, for purposes of the accompanying statements of cash flows, donated securities and the proceeds generated from their sales are included as operating activities.

***Inventory***

Contributed food is valued on a first-in, first-out basis. Public donations are valued based on the five-year weighted-average price per pound as determined by the annual Product Valuation Survey provided by Feeding America. Purchased items are valued at cost (Note 7). Management has determined that no obsolescence reserve was required based on the nature and rapid turnover of City Harvest's inventory at June 30, 2021 and 2020.

***Property and Equipment***

Property and equipment are stated at their costs at the dates of acquisition or at their fair values at the dates of donation. Depreciation is provided using the straight-line method, applied over the assets' estimated useful lives, which range from four to 10 years. Expenditures for leasehold improvements are capitalized and amortized using the straight-line method over the shorter of the estimated useful life of the specific asset or the term of the applicable lease. Equipment acquired under capital lease arrangements is amortized using the straight-line method over the lesser of the lease term or the estimated useful life of the asset.

***Accrued Vacation***

Based on their tenure, City Harvest's employees are entitled to be paid for unused vacation time if they leave City Harvest. Accordingly, at each fiscal year end, City Harvest must recognize a liability for the amount that would be incurred if the employees with such vacation were to leave. At June 30, 2021 and 2020, this accrued vacation obligation was \$439,273 and \$280,152, respectively, and was reported in the accompanying statements of financial position as a component of accrued expenses.

***Revenue Recognition***

City Harvest recognizes revenue from contributions in accordance with Accounting Standards Codification ("ASC") 958-605. In accordance with ASC 958-605, City Harvest evaluates whether a transfer of assets is (1) an exchange transaction in which a resource provider is receiving commensurate value in return for the resources transferred or (2) a contribution. If the transfer of assets is determined to be an exchange transaction, City Harvest records the transactions as allowable costs are incurred in accordance with ASC 606. If the transfer of assets is determined to be a contribution, City Harvest evaluates whether the contribution is conditional based upon whether the agreement includes both (1) one or more barriers that must be overcome before City Harvest is entitled to the assets transferred and promised and (2) a right of return of assets transferred or a right of release of a promisor's obligation to transfer assets.

**Contributions and Pledges**

Contributions to City Harvest are recognized as revenue upon the receipt of cash or of unconditional pledges. Contributions of marketable securities are recorded at their fair values at the dates of donation. Contributions are reported as net assets with donor restrictions if they are received with purpose restrictions

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

or time considerations as to their use. Conditional contributions are recognized when the donor's conditions have been met by requisite actions of City Harvest's management or necessary events have taken place. Contributions to be received over periods longer than a single year are discounted at an interest rate commensurate with the risk involved.

Donor-restricted contributions that are received and whose restrictions are met in the same fiscal year are recorded as net assets without donor restrictions. Otherwise, once stipulated time restrictions end or purpose restrictions are accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions as net assets released from restrictions in the accompanying statements of activities.

**Grants and Awards**

Grants and awards receivable are amounts reimbursable to City Harvest under the terms of client service and other agreements with various governmental agencies. Grants are reported as net assets with donor restrictions if they are received with purpose restrictions or time considerations (barriers) as to their use. Revenues from grants and awards are recognized when costs are incurred or services have been performed and entitlement to revenue is earned. Grants received in advance are recorded as deferred revenue, and revenue is deferred until the related expenses are incurred.

**Special Events**

A portion of the gross proceeds paid by attendees at special events held as fundraising activities represents contribution revenue whereas the other portion serves as the payment of the direct cost of the benefit received by the attendee at the event. Special event income is reported net of the direct benefit to donors. Special event revenues applicable to a current year are recognized as revenue in the year a special event takes place.

**Capital Campaign**

Contributions related to the capital campaign are recognized as both with and without donor restrictions based on whether the funds are internally designated (without donor restrictions) or raised from donors (with donor restrictions).

***In-Kind Contributions***

City Harvest records donated food, marketable securities, and other noncash donations as contributions at the time of receipt, at their estimated fair values. The fair value of gifts of donated food over which City Harvest has control (i.e., variance power) is reported as public support without donor restrictions and, shortly thereafter, as expense when granted to agencies or other food banks. The estimated fair value of donated food is based upon the five-year average wholesale value of donated product at the national level, as determined by an independent study for applicable food categories for perishable and packaged food received by City Harvest (Note 7).

***Volunteers***

A number of unpaid volunteers have made significant contributions of their time supporting City Harvest. The value of this contributed time is not recorded in the financial statements because it does not meet the criteria for revenue recognition required by U.S. GAAP.

***Income Taxes***

City Harvest follows guidance that clarifies the accounting for uncertainty in tax positions taken or expected to be taken in a tax return, including issues relating to financial statement recognition and measurement.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

This guidance provides that the tax effects from an uncertain tax position can only be recognized in the financial statements if the position is more likely than not to be sustained if the position were to be challenged by a taxing authority. The assessment of the tax position is based solely on the technical merits of the position, without regard to the likelihood that the tax position may be challenged.

City Harvest is exempt from federal income tax under Section 501(c)(3) of the Code, though it is subject to tax on income unrelated to its exempt purpose, unless that income is otherwise excluded by the Code. City Harvest has processes presently in place to ensure the maintenance of its tax-exempt status, to identify and report unrelated business income, to determine its filing and tax obligations in jurisdictions for which it has nexus, and to identify and evaluate other matters that may be considered tax positions. City Harvest has determined that there are no material uncertain tax positions that require recognition or disclosure in the financial statements. In addition, City Harvest has not recorded a provision for income taxes as it has no material tax liability from unrelated business income activities.

***Fair Value Measurements***

City Harvest defines fair value in a way that focuses on an exit price between market participants in an orderly transaction. City Harvest also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective financial instrument.

***Concentrations of Credit Risk***

Cash, cash equivalents, and investments are exposed to various risks, such as interest rate, market and credit risk. City Harvest maintains its cash and cash equivalents in various bank deposit accounts which, at times, may exceed federally insured limits. City Harvest's cash accounts are placed with high credit quality financial institutions and, accordingly, City Harvest does not expect nonperformance.

***New Accounting Standards***

During February 2016, the Financial Accounting Standards Board ("FASB") issued Accounting Standards Update No. 2016-02, *Leases (Topic 842)* ("ASC 842"). Under the new standard, lessees are required to recognize the following for all leases with a term of twelve months or greater at the commencement date: (a) a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis; and (b) a right-of-use ("ROU") asset, representing the lessee's right to use, or control the use of, a specified asset for the lease term. Leases are classified as either operating or finance leases (formerly referred to as capital leases). Recognition, measurement, and presentation of expenses and cash flows arising from a lease are determined by a lease's classification. City Harvest adopted the new standard on July 1, 2020 using the modified retrospective transition approach and elected a package of practical expedients which, among other provisions, allowed City Harvest to carry forward the historical lease classification relating to its existing lease.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

**NOTE 3 - CONTRIBUTIONS RECEIVABLE, CAPITAL CAMPAIGN, AND RESILIENCY FUND**

***Contributions Receivable***

At each fiscal year end, City Harvest's pledges receivable consisted of the following:

	2021	2020
Gross amounts due in:		
One year	\$ 12,807,604	\$ 6,245,246
One to five years	12,747,409	2,462,500
	25,555,013	8,707,746
Allowance for uncollectible amounts	(405,374)	(330,527)
Discount to present value (rate of 0.24% - 2.68%)	(133,851)	(50,694)
	\$ 25,015,788	\$ 8,326,525

Due to an increase in pledges and an aging outstanding receivable balance, an allowance for uncollectible amounts has been provided starting in fiscal year 2020. Contributions receivable are nonrecurring fair value measurements. Any multi-year pledges received were recorded at the present value of the expected future cash flows using a credited adjusted discount rate. At June 30, 2021, pledge receivables included \$20,947,664 related to capital campaign.

***Capital Campaign***

In the year ended June 30, 2020, City Harvest launched a capital campaign with a goal of raising \$75 million to fund the renovation of City Harvest's new headquarters in Sunset Park, Brooklyn. This new location will allow City Harvest to unite its food rescue and delivery operations, programming and administrative staffs in one space. It will position City Harvest to work more efficiently, and rescue and deliver a greater volume of food, free of charge, to meet the need for food assistance that existed in New York City before COVID-19 and has grown dramatically because of the pandemic and its economic impact.

Capital campaign revenue recognized and costs incurred relating to the renovation of and move to City Harvest's new headquarters in the years ended June 30, 2021 and 2020 follow:

	2021	2020	Total
Capital campaign revenue	\$ 50,094,754	\$ 6,451,709	\$ 56,546,463
Less: costs relating to renovation of and move to new headquarters			
Capitalized renovation costs	(19,957,518)	(1,839,597)	(21,797,115)
Expendable costs	(865,227)	(659,762)	(1,524,989)
Total costs relating to renovation and move to new headquarters	(20,822,745)	(2,499,359)	(23,322,104)
Net capital campaign activity	\$ 29,272,009	\$ 3,952,350	\$ 33,224,359

City Harvest, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

**Resiliency Fund**

During the year ended June 30, 2021, City Harvest launched a Resiliency Fund with a goal of raising \$50 million. This fund will be used to respond to continued COVID-19 food sourcing needs, enhance programming and build capacity with partner agencies, and position City Harvest to respond to future crises the city may face. Resiliency Fund-related contribution revenues totaled \$395,000 during the year ended June 30, 2021.

**NOTE 4 - INVESTMENTS**

City Harvest's investments are classified as follows within the fair value hierarchy of the standard. At June 30, 2021 and 2020, investments at fair value were comprised of the following:

	<u>2021</u>	<u>2020</u>
Equities	\$ 216,956	\$ 168,016
Government and corporate obligations	12,825	17,412
Debt securities	<u>5,006,515</u>	<u>4,885,818</u>
Total investments	<u>\$ 5,236,296</u>	<u>\$ 5,071,246</u>

City Harvest follows the FASB standard on fair value measurements. The standard provides a consistent definition of fair value, which focuses on an exit price between market participants in an orderly transaction. The standard also prioritizes, within the measurement of fair value, the use of market-based information over entity specific information and establishes a three-level hierarchy for fair value measurements based on the transparency of information used in the valuation of the respective financial instrument.

Assets and liabilities measured and reported at fair value are classified and disclosed in one of the following categories:

- Level 1: Quoted prices in active markets for identical assets or liabilities. Level 1 assets and liabilities include debt and equity securities that are traded in an active exchange market, as well as certain U.S. Treasury securities.
- Level 2: Observable inputs other 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. Level 2 assets and liabilities include debt securities with quoted market prices that are traded less frequently than exchange-traded instruments. This category generally includes certain U.S. government and agency mortgage-backed securities, and corporate debt securities.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the asset or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation. This category generally includes certain private debt and equity instruments and alternative investments.



**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

At June 30, 2021 and 2020, City Harvest's investments were classified as follows within the fair value hierarchy standard:

	2021			
	Level 1	Level 2	Level 3	Total
Equities	\$ 195,858	\$ 21,098	\$ -	\$ 216,956
Government and corporate obligations	-	12,825	-	12,825
Debt securities	14,284	4,992,231	-	5,006,515
<b>Total investments</b>	<b>\$ 210,142</b>	<b>\$ 5,026,154</b>	<b>\$ -</b>	<b>\$ 5,236,296</b>

  

	2020			
	Level 1	Level 2	Level 3	Total
Equities	\$ 147,910	\$ 20,106	\$ -	\$ 168,016
Government and corporate obligations	-	17,412	-	17,412
Debt securities	15,395	4,870,423	-	4,885,818
<b>Total investments</b>	<b>\$ 163,305</b>	<b>\$ 4,907,941</b>	<b>\$ -</b>	<b>\$ 5,071,246</b>

**NOTE 5 - PROPERTY AND EQUIPMENT, NET**

At each fiscal year end, property and equipment, net consisted of the following:

	2021	2020
Transportation vehicles and equipment	\$ 2,495,027	\$ 2,439,965
Furniture and fixtures	527,891	578,705
Computer equipment	463,836	463,836
Office equipment	487,436	1,043,901
Leasehold improvements	1,135,571	1,135,571
Construction in progress	22,079,598	2,035,101
	27,189,359	7,697,079
Less: accumulated depreciation and amortization	(4,315,264)	(4,633,089)
	<b>\$ 22,874,095</b>	<b>\$ 3,063,990</b>

Depreciation and amortization expense relating to property and equipment for the years ended June 30, 2021 and 2020 were \$342,448 and \$390,086, respectively.

Included in construction in progress are the costs committed to the purchase of software and equipment to be utilized in the installation of a warehouse management system as well as \$21,797,114 of costs incurred related to the renovation of a new warehouse space to be occupied in fiscal year 2022.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

**NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS**

At each fiscal year end, net assets with donor restrictions were restricted for the following purposes:

	2021	2020
Restricted as to purpose:		
Emergency food	\$ 1,755,657	\$ 2,226,814
Food access	133,983	255,740
Capital campaign	41,844,903	3,937,831
	43,734,543	6,420,385
Time restricted	2,385,463	2,342,639
	\$ 46,120,006	\$ 8,763,024

At June 30, 2021 and 2020, net assets with donor restrictions as to purpose that were also time restricted totaled \$779,651 and \$1,423,439, respectively.

During each fiscal year, net assets with donor restrictions released from restrictions were due to the following purposes:

	2021	2020
Emergency food	\$ 955,178	\$ 600,000
Food access	171,000	573,324
Capital	-	7,556
	1,126,178	1,180,880
Time restricted	1,215,000	804,918
	\$ 2,341,178	\$ 1,985,798

**NOTE 7 - IN-KIND CONTRIBUTIONS**

Food products are donated to City Harvest by restaurants, corporations and individuals. These food products are subsequently distributed, free of charge, to a network of approximately 400 community food programs. City Harvest also arranges for food from its donors to be distributed directly to other food pantries or directly to agencies. In addition to donations of food products, City Harvest also accepts donations of prepared food and meals. For the years ended June 30, 2021 and 2020, City Harvest reported the value of food based on a five-year average of the annual wholesale values of donated product at the national level, as determined by an independent study, which has been calculated by City Harvest at \$1.69 and

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

\$1.68 per pound, respectively. During fiscal years 2021 and 2020, the total pounds and value of food distributed consisted of the following:

	2021		2020	
	Pounds	Value	Pounds	Value
Donated food	132,616,389	\$ 219,326,373	78,511,514	\$ 131,989,473
Purchased food	22,311,187	19,093,287	3,813,814	3,568,343
Total food contributed	154,927,576	238,419,660	82,325,328	135,557,816
Decrease in inventory	(154,454)	(26,950)	(220,685)	(23,817)
Total food distributed	<u>154,773,122</u>	<u>\$ 238,392,710</u>	<u>82,104,643</u>	<u>\$ 135,533,999</u>

In addition, City Harvest received donated services from specialized volunteers and donated supplies, which are recorded in the accompanying financial statements at their approximate fair values, as follows, for the years ended June 30, 2021 and 2020:

	2021	2020
Donated advertising services	\$ 1,746,195	\$ 2,238,379
Donated legal services	179,211	184,273
Donated supplies	-	99,974
Total donated services and supplies	<u>\$ 1,925,406</u>	<u>\$ 2,522,626</u>

In connection with City Harvest's special event auction and gala during the fiscal years 2021 and 2020, City Harvest recorded the value of donated items and services, the fair value of which was \$0 and \$77,703, respectively.

**NOTE 8 - ENDOWMENT FUND**

On September 17, 2010, the State of New York enacted the New York Prudent Management of Institutional Funds Act ("NYPMIFA"). NYPMIFA applies to donor-restricted endowments and, among other things, updates requirements governing investment conduct, expenditure of funds, delegation of management and investment, and release or modification of restrictions. Accounting guidance issued by the FASB addresses the disclosure of endowment funds and addresses the net asset classification of donor-restricted endowment funds for organizations subject to the state enacted Prudent Management of Institutional Funds Act. A key component of this guidance is a requirement to classify the portion of a donor-restricted endowment fund that is not classified as net assets with donor restrictions as such until appropriated for expenditure. In addition, the FASB issued guidance requiring new disclosures about an organization's donor-restricted and board-designated endowment funds.

***Interpretation of Relevant Law***

City Harvest's Board of Directors has interpreted the NYPMIFA as requiring City Harvest, absent explicit donor stipulations to the contrary, to act in good faith and with the care that an ordinarily prudent person in a like position would exercise under similar circumstances in making determinations to appropriate or accumulate endowment funds, taking into account both its obligations to preserve the value of the

City Harvest, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

June 30, 2021 and 2020

endowment and its obligation to use the endowment to achieve the purposes for which it was donated. City Harvest classifies as net assets with donor restrictions (held in perpetuity) (a) the original value of gifts donated to the donor-restricted endowment, (b) the original value of subsequent gifts to the donor-restricted endowment, and (c) accumulations to the donor-restricted endowment required by the applicable donor gift instrument.

The following table illustrates the composition of City Harvest's donor-restricted endowment fund, which is managed by a donor-designated asset manager, as of June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Endowment net assets, beginning of year	\$ 227,606	\$ 312,267
Investment return:		
Net realized and unrealized appreciation (depreciation)	<u>37,857</u>	<u>(39,710)</u>
Total investment return	<u>37,857</u>	<u>(39,710)</u>
Prior year release of endowment funds	<u>-</u>	<u>(44,951)</u>
Endowment net assets, end of year	<u>\$ 265,463</u>	<u>\$ 227,606</u>

Distributions of \$15,099 and \$15,979 were received by City Harvest during the years ended June 30, 2021 and 2020, respectively.

**NOTE 9 - RETIREMENT PLAN**

City Harvest offers a defined contribution plan, as defined in the Code Section 403(b), to all eligible employees who may make voluntary contributions to the plan, up to the maximum amount allowed by the Code. City Harvest contributes an amount equal to 3% of the salary for each employee who has completed one year of service. City Harvest also makes an additional matching contribution for those employees that contribute to the plan. The matching contribution for employees who have completed one year of service is a maximum of 3% of eligible compensation. City Harvest's contribution for fiscal years 2021 and 2020 was approximately \$704,000 and \$668,000, respectively.

**NOTE 10 - LEASES**

***Operating Leases***

In April 2011, City Harvest entered into a lease for a 45,000 square feet Food Rescue Facility in Long Island City, Queens. The lease provided for minimum annual base rent, as well as escalations in real estate taxes and other expenses, and expired in April 2021. Operating lease cost for such lease totaled approximately \$624,000 and \$585,000 for the years ended June 30, 2021 and 2020, respectively.

In April 2012, City Harvest entered into a 12-year lease for new administrative office space located in Midtown, Manhattan. Such lease does not contain any material residual value guarantees or restrictive covenants and has a remaining lease term of 3.25 years. The ROU asset and lease obligation were recognized at the present value of the lease payments over the lease term as of July 1, 2020. City Harvest elected to use a risk-free discount rate of 1.64%, which is based on the 10-year Treasury yield curve rate as of the lease commencement date, to determine the present value of the lease payments. Operating lease cost for such lease, which is recognized on a straight-line basis over the lease term, totaled approximately \$1.1 million for the years ended June 30, 2021 and 2020.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

As of June 30, 2020, prior to the adoption of ASC 842, the deferred rent liability resulting from recording operating lease expense using the straight-line method was presented as the deferred rent on the accompanying statement of financial position. As of June 30, 2021, under ASC 842, the deferred rent liability is reported as a reduction to right-of-use asset, net, for operating lease on the accompanying statement of financial position.

Future minimum rent obligations under City Harvest's operating lease as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>		
2022	\$	1,326,592
2023		1,375,117
2024		1,409,495
2025		<u>354,535</u>
Total minimum lease payments		4,465,739
Less: present value discount		<u>(121,676)</u>
Total operating lease obligation		4,344,063
Less: deferred rent liability		<u>(849,171)</u>
Total right-of-use asset for operating lease	\$	<u><u>3,494,892</u></u>

During the years ended June 30, 2021 and 2020, City Harvest also had effective leases for trucks that had lease terms that were each shorter than 12 months and did not include an option to purchase such trucks. City Harvest elected not to apply the recognition requirements in ASC 842 to such short-term leases and instead recognized the related lease payments as expenses on a straight-line basis over the respective lease term in the period in which the obligation for those payments is incurred. Operating lease cost for such short-term leases totaled approximately \$364,000 and \$163,000 for the fiscal years ended June 30, 2021 and 2020, respectively.

Rental expense under operating leases (which includes payments for rentals of additional trucks on an as-needed basis) for fiscal years 2021 and 2020 was approximately \$2,584,000 and \$1,860,000, respectively.

***Finance Lease***

In fiscal year 2020, City Harvest entered into a 31-year lease for a new warehouse space located in Sunset Park, Brooklyn. This lease commenced in September 2020 and has a remaining term of 30.25 years as of June 30, 2021. Lease terms include a nine-month rent abatement, a landlord allowance toward the cost of work required for City Harvest to receive an amended Certificate of Occupancy, and annual rent escalations. The right to use the space is capitalized as right-of-use asset for finance lease on the accompanying statement of financial position and amortized over the term of the lease. The corresponding obligation under the finance lease represents the present value of the rental payments. City Harvest elected to use a risk-free discount rate of 1.43%, which is based on the 30-year Treasury yield curve rate as of the lease commencement date, to determine the present value of the lease payments.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

Future minimum rent obligations under City Harvest's finance lease as of June 30, 2021 are as follows:

<u>Year Ending June 30,</u>	
2022	\$ 3,413,462
2023	3,515,866
2024	3,621,342
2025	3,729,982
2026	3,841,882
Thereafter	<u>145,621,562</u>
Total minimum lease payments	163,744,096
Less: imputed interest	(34,967,427)
Less: landlord allowance	<u>(1,059,695)</u>
Total finance lease obligation	<u>\$ 127,716,974</u>

The components of finance lease-related expense included in the statement of activities consist of the following for the year ended June 30, 2021:

Amortization of ROU asset for finance lease	\$ 3,253,497
Interest on finance lease obligation	<u>1,526,349</u>
Total finance lease cost	<u>\$ 4,779,846</u>

**NOTE 11 - LIQUIDITY AND AVAILABILITY OF FINANCIAL RESOURCES**

City Harvest regularly monitors liquidity required to meet its operating needs. For purposes of analyzing resources available to meet general expenditures over a 12-month period, City Harvest considers all expenditures related to its ongoing activities.

City Harvest regularly monitors liquidity required to meet its operating needs and other contractual commitments, while also striving to maximize the investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, City Harvest considers all expenditures related to its ongoing activities. City Harvest strives to operate with a balanced budget and anticipates collecting sufficient revenue from contributions, including donated food, individual, foundation, corporate and individuals to cover general expenditures not covered by donor-restricted resources.

**City Harvest, Inc.**

**NOTES TO FINANCIAL STATEMENTS - CONTINUED**

**June 30, 2021 and 2020**

City Harvest's financial assets available within one year of the statement of financial position date for general expenditures are as follows:

<u>Financial Assets as of June 30:</u>	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 59,755,673	\$ 47,145,803
Contributions receivable - current portion	12,807,604	6,245,246
Grants and awards receivable	3,180,542	1,075,040
Investments	5,236,296	5,071,246
Total financial assets available within one year	80,980,115	59,537,335
 Less:		
Contractual, legal or donor-imposed restrictions:		
Capital campaign pledge receivables	20,947,664	2,853,837
Cash held for capital campaign	12,239,553	1,098,518
Cash held for resiliency	395,000	-
Amounts subject to expenditure after one year	1,779,651	1,923,439
Endowment funds maintained in perpetuity	265,463	227,606
Total amounts unavailable to management for general expenditures within one year	35,627,331	6,103,400
Total financial assets available to management for general expenditures within one year	\$ 45,352,784	\$ 53,433,935

**NOTE 12 - SUBSEQUENT EVENTS**

City Harvest evaluated its June 30, 2021 financial statements for subsequent events through November 15, 2021, the date the financial statements were available to be issued. Management is not aware of any subsequent events which would require recognition or disclosure in the financial statements.

**NOTE 13 - COVID-19**

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. City Harvest has been impacted by the pandemic during the fiscal year. As the number of New York City residents experiencing food insecurity increased, City Harvest sourced over 72 million more pounds of food than in the prior year to respond to the increased need. This included an increase of approximately \$15,500,000 spent on purchased food. This increase in the pounds of food that City Harvest distributed also required an increase in funding that was received through donated food, which increased by approximately \$87,300,000 from the prior year. The extent of the impact of COVID-19 on City Harvest's operational and financial performance will continue to depend on certain developments, including the duration and spread of the outbreak and its impact on the organization's donors, employees and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact City Harvest's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

In April 2020, City Harvest applied for and received a Paycheck Protection Program ("PPP") loan in the amount of approximately \$2,904,000. This loan was forgiven by the Small Business Administration in June 2021. This amount is included in the other income line on the accompanying statement of activities.