

FARM SHARE, INC.
**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT**
JUNE 30, 2021 AND 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Farm Share, Inc.
Homestead, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Farm Share, Inc. (the "Organization") (a nonprofit organization), 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization 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.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards and state financial assistance, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and Chapter 10.650, *Rules of the Auditor General of the State of Florida*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 3, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Verdyq, De Armas, & Trujillo LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
November 3, 2021

FARM SHARE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2021 AND 2020

ASSETS		
CURRENT ASSETS	2021	2020
Cash and cash equivalents	\$ 4,641,958	\$ 1,468,865
Accounts and grants receivable	1,491,880	3,256,284
Inventory	6,256,821	9,309,413
Prepaid expenses and other assets	104,591	94,209
TOTAL CURRENT ASSETS	12,495,250	14,128,771
 INVESTMENTS	 8,009,135	 6,067,225
 PROPERTY AND EQUIPMENT, net	 2,673,056	 2,438,882
 TOTAL ASSETS	 \$ 23,177,441	 \$ 22,634,878
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable and accrued expenses	\$ 330,096	\$ 216,594
Note payable - current	-	-
TOTAL CURRENT LIABILITIES	330,096	216,594
 NOTES PAYABLE, long term	 -	 410,561
 NET ASSETS		
Without donor restriction	22,847,345	22,007,723
TOTAL NET ASSETS	22,847,345	22,007,723
 TOTAL LIABILITIES AND NET ASSETS	 \$ 23,177,441	 \$ 22,634,878

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

FARM SHARE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restriction</u>
REVENUE AND SUPPORT	
Operations:	
Government grants and contracts	\$ 10,313,049
Contributions	1,095,668
Program Income	221,306
Total operating revenue and support	<u>11,630,023</u>
In-kind contributions:	
Contributed food and goods	207,404,874
Donated facilities and services	827,597
Total in-kind contributions	<u>208,232,471</u>
 TOTAL REVENUE AND SUPPORT	 <u>219,862,494</u>
EXPENSES	
Operations:	
Program services:	
Transportation and distribution costs	8,866,628
Total program services	<u>8,866,628</u>
Supporting services:	
Management and general	266,109
Fundraising and development	613,972
Total supporting services	<u>880,081</u>
Total operating costs	9,746,709
In-kind distributions:	
Distributed food and goods	210,457,466
Donated facilities and services	827,597
Total in-kind distributions	<u>211,285,063</u>
 TOTAL EXPENSES	 <u>221,031,772</u>
CHANGE IN NET ASSETS BEFORE OTHER INCOME	
From operations/monetary	1,883,314
From in-kind/non-monetary	(3,052,592)
TOTAL CHANGES IN NET ASSETS BEFORE OTHER INCOME	<u>(1,169,278)</u>
OTHER INCOME	
Interest and dividend income	118,637
Investment income	1,455,615
Miscellaneous income	434,648
TOTAL OTHER INCOME	<u>2,008,900</u>
CHANGE IN NET ASSETS	
From operations/monetary	3,892,214
From in-kind/non-monetary	(3,052,592)
TOTAL CHANGES IN NET ASSETS	<u>839,622</u>
NET ASSETS - BEGINNING OF YEAR	<u>22,007,723</u>
NET ASSETS - END OF YEAR	<u>\$ 22,847,345</u>

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

FARM SHARE, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Without Donor Restriction</u>
REVENUE AND SUPPORT	
Operations:	
Government grants and contracts	\$ 9,989,838
Contributions	<u>705,573</u>
Total operating revenue and support	10,695,411
In-kind contributions:	
Contributed food and goods	182,129,306
Donated facilities and services	<u>771,406</u>
Total in-kind contributions	182,900,712
 TOTAL REVENUE AND SUPPORT	 <u>193,596,123</u>
 EXPENSES	
Operations:	
Program services:	
Transportation and distribution costs	<u>7,595,942</u>
Total program services	7,595,942
Supporting services:	
Management and general	247,234
Fundraising and development	<u>349,377</u>
Total supporting services	596,611
Total operating costs	8,192,553
In-kind distributions:	
Distributed food and goods	181,266,949
Donated facilities and services	<u>771,406</u>
Total in-kind distributions	182,038,355
 TOTAL EXPENSES	 <u>190,230,908</u>
 CHANGE IN NET ASSETS BEFORE OTHER INCOME	
From operations/monetary	2,502,858
From in-kind/non-monetary	<u>862,357</u>
TOTAL CHANGES IN NET ASSETS BEFORE OTHER INCOME	3,365,215
 OTHER INCOME	
Interest and dividend income	134,278
Investment income	55,799
Miscellaneous income	<u>6,285</u>
TOTAL OTHER INCOME	196,362
 CHANGE IN NET ASSETS	
From operations/monetary	2,699,220
From in-kind/non-monetary	<u>862,357</u>
TOTAL CHANGES IN NET ASSETS	3,561,577
 NET ASSETS - BEGINNING OF YEAR	 <u>18,446,146</u>
 NET ASSETS - END OF YEAR	 <u>\$ 22,007,723</u>

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

FARM SHARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

Description	Transportation and Distribution	Supporting Services		Total
		Management and General	Fundraising and Development	
Salaries, taxes, and benefits	\$ 2,855,606	\$ 54,410	\$ 144,886	\$ 3,054,902
Professional fees	150,204	123,964	131,732	405,900
Trucking and hauling	1,945,143	-	-	1,945,143
Storage and warehouse	109,528	-	-	109,528
Fuel, oil and propane	496,725	-	-	496,725
Repairs and maintenance	514,225	-	-	514,225
Lease transportation	11,917	-	-	11,917
Other transportation and distribution	1,267,485	-	-	1,267,485
Insurance	264,381	5,396	-	269,777
Rent	259,130	5,288	-	264,418
Utilities	337,274	6,883	-	344,157
Information technology costs	78,403	1,600	-	80,003
Office supplies and equipment	46,761	954	-	47,715
Marketing and promotion	-	-	337,354	337,354
Taxes, licenses and fees	-	56,801	-	56,801
Depreciation expense	529,846	10,813	-	540,659
TOTAL	\$ 8,866,628	\$ 266,109	\$ 613,972	\$ 9,746,709

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

FARM SHARE, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

Description	Transportation and Distribution	Supporting Services		Total
		Management and General	Fundraising and Development	
Salaries, taxes, and benefits	\$ 2,377,565	\$ 52,530	\$ 83,849	\$ 2,513,944
Professional fees	152,324	102,406	128,761	383,491
Trucking and hauling	1,940,473	-	-	1,940,473
Storage and warehouse	216,128	-	-	216,128
Fuel, oil and propane	565,160	-	-	565,160
Repairs and maintenance	401,503	-	-	401,503
Lease transportation	8,837	-	-	8,837
Other transportation and distribution	533,868	-	-	533,868
Insurance	194,802	3,976	-	198,778
Rent	245,837	5,017	-	250,854
Utilities	337,930	6,897	-	344,827
Information technology costs	83,005	1,694	-	84,699
Office supplies and equipment	51,342	1,048	-	52,390
Marketing and promotion	-	-	136,767	136,767
Taxes, licenses and fees	-	63,724	-	63,724
Depreciation expense	487,168	9,942	-	497,110
TOTAL	\$ 7,595,942	\$ 247,234	\$ 349,377	\$ 8,192,553

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

FARM SHARE, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 839,622	\$ 3,561,577
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	540,659	497,112
Unrealized and realized gains on investments, net	(1,455,615)	(57,999)
Forgiveness of paycheck protection plan	(410,561)	-
(Increase) decrease in assets:		
Accounts and grants receivable	1,764,404	(2,248,698)
Inventory	3,052,592	(862,357)
Prepaid expenses	(10,382)	(57,164)
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	113,502	(233,802)
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>4,434,221</u>	<u>598,669</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(774,833)	(388,062)
Purchases of investment securities, net	(486,295)	(257,831)
NET CASH USED IN INVESTING ACTIVITIES	<u>(1,261,128)</u>	<u>(645,893)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from notes payable	-	410,561
Payments made on notes payable	-	-
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>-</u>	<u>410,561</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	3,173,093	363,337
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>1,468,865</u>	<u>1,105,528</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 4,641,958</u>	<u>\$ 1,468,865</u>

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

FARM SHARE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

Farm Share, Inc. (the “Organization”) (“Farm Share”) is a non-profit organization and was incorporated under the laws of the State of Florida on July 8, 1992 as a 501(c)(3) corporation that is tax-exempt under the provision of the Internal Revenue Code. The Organization’s mission is to alleviate hunger and fight poverty by recovering and distributing healthy and nutritious fruits, vegetables, proteins and other non-perishable food to Florida families, children, seniors and individuals in need. The goal of the Organization is that no Floridian goes hungry and no food goes to waste.

Farm Share recovers and distributes annually more than 119 million pounds of food to more than 21 million households throughout the state of Florida utilizing its network of more than 2,000 partner agencies and fleet of semi-trucks and refrigerated box trucks. 90% of Farm Share’s food is distributed through its partner agency network. Farm Share also holds more than 600 annual direct Community Food Distribution Events that focus on distributing healthy and nutritious food-to-food desert communities statewide. Farm Share accomplishes all of this while managing to keep its administrative costs at less than 1% of the value of all donations received annually.

In addition to the 119 million pounds of food that passes through its warehouses each year, Farm Share also helps generate an additional 11 million pounds of non-perishable food products as a result of its partnership with the National Association of Letter Carriers. Farm Share helps to logistically plan, coordinate, market and promote this one-day food drive that generates millions of pounds of food that is collected and distributed locally by partner agencies.

Farm Share is the statewide leader in acquiring and distributing healthy and nutritious fresh fruits and vegetables to persons in need. Thanks to its relationships and partnerships with Florida’s farmers, the Organization was able to recover nearly 25 million pounds of fruits and vegetables each year that would otherwise not make it to market and be thrown away. This is a win/win for the farmers, hungry Floridians and the environment.

Farm Share also distributes all of its fruits, vegetables, canned goods and proteins free of charge to both its partner agencies and individuals and families in need. Other food banks charge a shared maintenance fee and/or delivery fee as a condition of receiving their food. These costs can make it impossible for local soup kitchens, food pantries, church organizations and others to acquire this food to feed their communities. This especially affects those agencies serving the poorest communities that are in the most need. By not charging any fees, Farm Share is able to make sure these communities continue to be fed and have access to life sustaining food.

Lastly, Farm Share is also a leader in disaster relief operations. During times of natural or man-made disasters, Farm Share is a first responder organization that provides immediate food, water and other disaster supplies to the affected communities. During Hurricane Irma Farm Share provided more than 1.8 million pounds of these supplies within the first 10 days after Irma made landfall. During Michael Farm Share provided more than 2.1 million pounds of supplies within the first 13 days. Most recently Farm Share responded to the COVID-19 pandemic distributing more than 4 million pounds of food weekly during the pandemic’s peak and more than 135 million pounds of food during the 12 months from March 2020 to March 2021.

FARM SHARE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due to the nature of the Organization's food banking activities, a large portion of its revenue and expenses result from contributed food and other goods and their subsequent distribution. Contributed food and goods on-hand at the end of the fiscal year are held as inventory. Depending on the timing of these contributions and distributions, this fluctuation in inventory can create large non-monetary gains and losses from fiscal year to fiscal year. This presentation has been segregated in the body of the financial statements to better disclose the nature of these monetary and non-monetary activities.

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Resources are classified for accounting and reporting purposes into two classes of net assets, according to externally imposed restrictions:

- *Net assets without donor restriction*: The portion of the net assets of the Organization that is subject only to the broad limits resulting from the nature of the organization, the environment where it operates, and the purposes specified in its articles of incorporation or bylaws. In some cases, the use of these resources is also subject to limits resulting from contractual agreements with suppliers, creditors, and others entered into by the Organization in the course of its business. The Organization has the greatest ability to choose when using these resources.
- *Net assets with donor restriction*: The portion of the net assets of the Organization that is subject to either donor-imposed time restrictions or donor-imposed purpose restrictions. These restrictions limit the Organization's choices when using these resources because the Organization has a fiduciary responsibility to its donors to follow the donor's instructions.

Cash and Cash Equivalents

Cash and cash equivalents include highly liquid short-term investments with remaining maturities at date of purchase of three months or less. Cash equivalents include investments in money market funds that are carried at cost plus accrued interest, which approximates fair value.

The Organization maintains separate bank accounts as required by grantors.

Concentrations of Credit Risk

The Organization maintains cash deposits with certain financial institutions, which at times, may exceed federally insured limits.

Accounts and Grants Receivable

Accounts and grants receivable expected to be received within one year are recorded at their net realizable value. Grants receivable that are expected to be received in future years, if any, are recorded at fair value, using present value techniques and applicable discount rates. Management individually reviews accounts and grants receivable balances on a regular basis to determine collectability and estimates the portion of the balances that will not be collected, if any. As of June 30, 2021 and 2020, all amounts are considered collectable and no allowance for uncollectible accounts and grants receivable has been recorded.

At June 30, 2021 and 2020, grants receivable from two grantors, respectively, accounted for 100% of total grants receivable.

FARM SHARE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

The Organization's investments are reported at their fair values in the statement of financial position. Investment income, including realized and unrealized gains and losses, interest and dividend income and investment expenses are included in the statements of activities. Market risk is inherent and is dependent on the future changes in market prices of the various investments held.

Inventory

Inventory is comprised of donated goods received, but not yet distributed, which are recorded at fair value. The approximate average value of one pound of donated product, which was determined to be \$1.75 during both fiscal years ended 2021 and 2020, respectively, were based upon the average cost per pound of a mixed basket of supermarket goods similar to those received by the Organization.

Property and Equipment

Property and equipment is recorded at cost, if purchased, and at fair value if donated. The Organization capitalizes additions of property and equipment in excess of \$1,000 cost. Expenditures for major improvements are charged to the asset accounts while replacements, maintenance and repairs, which do not extend the lives of the respective assets, are charged to expense when incurred.

Depreciation and Amortization

Depreciation and amortization is determined using the straight-line method over the estimated useful lives of the assets which range between five and thirty-nine years. Amortization of leasehold improvements is computed on the straight-line method over the shorter of the estimated useful lives of the assets or the term of leases.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events of changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the sum of expected future undiscounted cash flows is less than the carrying amount of the asset, an impairment loss is recognized to the extent the carrying amount of the impaired asset exceeds fair value. Management's assessment of the recoverability of long-lived assets includes, but is not limited to, future expected discounted cash flows, external appraisals, and management's plans for future use. There was no impairment loss recorded during the years ended June 30, 2021 and 2020.

Grants and Contributions

Revenues and public support are comprised primarily of grant funding received from various federal and state grants, companies, and individual donations; these amounts are considered to be available for unrestricted use unless specifically restricted by the agreement, grantor, or donor.

Donated Goods and Services

Donated goods received are recorded at fair value as unrestricted revenue. As the goods are distributed to member agencies, inventory is reduced and expensed as food distributions in the accompanying statement of activities.

FARM SHARE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Goods and Services (Continued)

During the years ended June 30, 2021 and 2020, the Organization received and distributed approximately 119 million pounds and 104 million pounds of donated goods, respectively. The approximate average value of one pound of donated product during 2021 and 2020 was \$1.75 and \$1.75, respectively. The estimate is based on the average cost per pound of a mixed basket of supermarket goods similar to those received by the Organization.

Donated services are recognized as contributions if the services: a) create or enhance nonfinancial assets, and b) require specialized or hired skills and are performed by people with those skills that would otherwise be purchased by the Organization.

Functional Expense Allocation

Expenses directly attributable to providing various programs and activities are allocated to the Organization's programs, fundraisers and supporting services. Indirect expenses are allocated to programs, management and general, and fundraising and development based on a reasonable method of determining their appropriate share of the total. The allocation of costs on a functional basis is based on management's estimates.

Advertising and Promotion

Advertising and promotion costs are expensed as incurred. For the years ended June 30, 2021 and 2020, advertising and promotion expenses amounted to approximately \$324,000 and \$126,000, respectively.

Income Taxes

The Organization has been granted an exemption from income taxes under Internal Revenue Code Section 501(c)(3) as a non-profit corporation. Certain activities not directly related to the Organization's tax-exempt purpose could be subject to taxation as unrelated business income; however, a provision for unrelated business income tax was not required.

The Organization assesses its tax positions in accordance with "*Accounting for Uncertainties in Income Taxes*" as prescribed by the Accounting Standards Codification, which provides guidance for financial statement recognition and measurement of uncertain tax positions taken or expected to be taken in a tax return for open tax years (generally a period of three years from the later of each return's due date or the date filed) that remain subject to examination by the Organization's major tax jurisdictions. Generally, the Organization is no longer subject to income tax examinations by major taxing authorities for years before fiscal year 2018.

The Organization assesses its tax positions and determines whether it has any material unrecognized liabilities for uncertain tax positions. The Organization records these liabilities to the extent it deems them more likely than not to be incurred. Interest and penalties related to uncertain tax positions, if any, would be classified as a component of income tax expense.

The Organization believes that it does not have any significant uncertain tax positions requiring recognition or measurement in the accompanying financial statements.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the statement of financial position date and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FARM SHARE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 2 - INVESTMENTS

Market values of investments are summarized as follows at June 30, 2021 and 2020:

Description	2021	2020
Assets:	Market Value	Market Value
Investment Securities:		
Equity	\$ 5,761,265	\$ 3,328,646
Bonds	2,052,261	1,758,848
Money market funds	6,409	908,824
Exchange traded funds	189,200	70,907
Total investment securities	\$ 8,009,135	\$ 6,067,225

Investments are held by an investment custodian engaged by the Organization who invests the funds based on the Organization's investment policy. Although the market value of investments is subject to fluctuations on a year-to-year basis, management believes the investment policy is prudent for the long-term welfare of the Organization and its beneficiaries.

The components of total investment return relating to investments are reflected below for the years ended June 30, 2021 and 2020:

	2021	2020
Dividends and interest income	\$ 118,636	\$ 134,278
Net realized and unrealized investment income	1,455,615	55,799
	\$ 1,574,251	\$ 190,077

NOTE 3 - FAIR VALUE MEASUREMENTS

The Organization classified its investments as of June 30, 2021 and 2021, based upon an established fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of unadjusted quoted prices in active markets for identical assets and have the highest priority, Level 2 inputs consist of observable inputs other than quoted prices for identical assets, and Level 3 inputs have the lowest priority. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs are used only when Level 1 or Level 2 inputs were not available.

The three-level valuation hierarchy is established for the measurement and disclosure of fair value. The valuation hierarchy is based upon the transparency of inputs used to measure fair value. The three levels are as follows:

Level 1 – Inputs are quoted prices (unadjusted) in active markets for identical investments that the entity has the ability to access at the measurement date.

Level 2 – Quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the assets or liability.

FARM SHARE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 3 - FAIR VALUE MEASUREMENTS (Continued)

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (that is, the inputs are supported by little or no market activity).

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2021 and 2020.

Equity Fund, Fixed Income and Mutual Funds: Valued at the closing price reported on the active market on which the individual securities are traded.

The following table sets forth by level, within the fair value hierarchy, the Organization’s assets measured at fair value on a recurring basis as of June 30, 2021 and 2020:

Description	Fair Value Measurement at June 30, 2021		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:			
Investment Securities:			
Equity	\$ 5,761,265	\$ 5,761,265	\$ -
Bonds	2,052,261	2,052,261	-
Money market funds	6,409	6,409	-
Exchange Traded Funds	189,200	189,200	-
Total investment securities	<u>\$ 8,009,135</u>	<u>\$ 8,009,135</u>	<u>\$ -</u>

Description	Fair Value Measurement at June 30, 2020		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Other Unobservable Inputs (Level 3)
Assets:			
Investment Securities:			
Equity	\$ 3,328,646	\$ 3,328,646	\$ -
Bonds	1,758,848	1,758,848	-
Money market funds	908,824	908,824	-
Exchange traded funds	70,907	70,907	-
Total investment securities	<u>\$ 6,067,225</u>	<u>\$ 6,067,225</u>	<u>\$ -</u>

FARM SHARE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 4 - PROPERTY AND EQUIPMENT

Property and equipment at June 30, 2021 and 2020 consisted of the following:

	<u>2021</u>	<u>2020</u>
Building and improvements	\$ 1,466,833	\$ 1,431,285
Furniture and equipment	1,699,098	1,478,872
Vehicles	<u>3,809,362</u>	<u>3,325,090</u>
Total	6,975,293	6,235,247
Less: accumulated depreciation	<u>4,302,237</u>	<u>3,796,365</u>
	<u>\$ 2,673,056</u>	<u>\$ 2,438,882</u>

Depreciation expense on property and equipment amounted to approximately \$540,659 and \$497,110 for the years ended June 30, 2021 and 2020, respectively.

NOTE 5 – NOTES PAYABLE

On April 14, 2020, the Organization received loan proceeds in the amount of \$410,561 under the Paycheck Protection Program (“PPP”). The loan was subsequently forgiven and therefore reflected as income on the statement of activities.

NOTE 6 - RELATED PARTY TRANSACTIONS

In January 2019, the Organization entered into a new Personal Services Agreement, for a term of five years, with automatic renewal for additional terms of five years, subject to review by the Board of Directors. The agreement is for consulting services payable to the Organization’s founder. For the years ended June 30, 2021 and 2020, the Organization paid approximately \$168,900 and \$150,000, respectively, for consulting services in accordance with the agreement.

NOTE 7 – COMMITMENTS AND CONTINGENCIES

The Organization receives a substantial amount of its support from grants from federal, state and local government agencies. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Organization’s services and activities. Certain contracts and grants received by the Organization are subject to audit or review by the grantor. As a result, of these audits or reviews, the Organization may be required to repay a portion of grant or contract funds received. However, management does not believe any liability related to its grants and contracts would be material.

The Organization leases warehouse facilities located in Oakland Park, FL and Jacksonville, FL that expire June 2026 and June 2024. The following is a schedule of all future minimum lease payments:

2022	\$ 432,209
2023	452,700
2024	455,831
2025	257,600
2026	<u>257,600</u>
	<u>\$ 1,855,940</u>

FARM SHARE, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 8 - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 3, 2021, which is the date the accompanying financial statements were available to be issued.

NOTE 9 – LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets that could readily be made available within one year of the balance sheet to fund expenses without limitations:

	<u>2021</u>	<u>2020</u>
Cash	\$ 4,641,958	\$ 1,468,865
Accounts and grants receivable	<u>1,491,880</u>	<u>3,246,284</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 6,133,838</u>	<u>\$ 4,715,149</u>

The Organization has available investments of \$8,009,135 and \$6,067,225, respectively. These resources are invested for long-term appreciation and current income but may be spent at the discretion of the Board.

In addition to financial assets available to meet general expenditures over the year, the Organization operates with a balanced budget and anticipates covering its general expenditures by collecting sufficient revenues.

NOTE 10 – SUBSEQUENT EVENTS

As the spread of the COVID-19 coronavirus continues worldwide, economic uncertainties have arisen that are likely to impact the Organization's financial results. While management expects this impact to be temporary, the severity and duration of the impact is uncertain at this time.

SUPPLEMENTARY INFORMATION

FARM SHARE, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

<i>Federal Grantor/Pass-through Grantor/ Program or Cluster Title</i>	<i>Federal Assistance Listing Number</i>	<i>Pass-through Entity Identifying Number</i>	<i>Pass-through to Subrecipients</i>	<i>Total Federal Expenditures</i>
United States Department of Agriculture				
<i>Pass-through State of Florida Department of Agriculture and Consumer Services</i>				
Emergency Food Assistance Program (Administrative Costs)	10.568	22745/22746/26928/26929	\$ -	\$ 5,527,297
Emergency Food Assistance Program (Food Commodities)	10.569	22745/22746/26928/26929	\$ -	\$ 27,004,448
United States Department of Agriculture				
<i>Pass-through State of Florida Department of Agriculture and Consumer Services</i>				
Trade Mitigation Food Assistance	10.178	26186 and 26192	\$ -	\$ 216,000
<i>Total Expenditures of Federal Awards</i>			\$ -	\$ 32,747,745

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

**FARM SHARE, INC.
SCHEDULE OF STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021**

<i>State Grantor/Pass-through Grantor/Project Title</i>	<i>State Assistance Listing Number</i>	<i>Grant Award Number</i>	<i>Pass-through to Subrecipients</i>	<i>Total State Financial Assistance</i>
State of Florida Department of Agriculture and Consumer Services				
Food Recovery/Farm Share Inc.	42.004	27109	\$ -	\$ 1,684,909
<i>Total State Financial Assistance</i>			\$ -	\$ 1,684,909

See accompanying notes to the schedule of expenditures of federal awards and state financial assistance.

FARM SHARE, INC.

**NOTES TO SCHEDULES OF EXPENDITURES OF FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE
FOR THE YEAR ENDED JUNE 30, 2021**

NOTE A- BASIS OF PRESENTATION

The Schedules of Expenditures and Federal Awards and State Financial Assistance (the “Schedules”) include the Federal and State awards activity of the Organization under programs of the federal and state government for the year ended June 30, 2021.

The information in the Schedules are presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Department of Financial Services Rules, Chapter 69I-5, Florida Administrative Code, *State Financial Assistance*. Because the Schedules present only a selected portion of the operations of the Organization, they are not intended to and do not present the financial position, changes in net assets, or cash flows of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedules are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Farm Share, Inc.

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Farm Share, Inc. (the "Organization") (a nonprofit organization), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 3, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
November 3, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND STATE PROJECT AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND CHAPTER 10.650, RULES OF THE AUDITOR GENERAL

To the Board of Directors of
Farm Share, Inc.
Homestead, Florida

Report on Compliance for Each Major Federal Program and State Project

We have audited Farm Share, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, and the requirements described in the *Department of Financial Services' State Projects Compliance Supplement*, that could have a direct and material effect on each of the Organization's major federal programs and state projects for the year ended June 30, 2021. The Organization's major federal programs and state projects are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal and state statutes, regulations, and the terms and conditions of its federal awards and state projects applicable to its federal programs and state projects.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs and state projects based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and Chapter 10.650, Rules of the Auditor General. Those standards, the Uniform Guidance, and Chapter 10.650, Rules of Auditor General, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program or state project occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program and state project. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program and State Project

In our opinion, Farm Share, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs and state projects for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of Farm Share, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program or state project to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and state project and to test and report on internal control over compliance in accordance with the Uniform Guidance and Chapter 10.650, Rules of the Auditor General, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or state project on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program or state project will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program or state project that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and results of that testing based on the requirements of the Uniform Guidance, and Chapter 10.650, Rules of Auditor General. Accordingly, this report is not suitable for any other purpose.

Vardya, De Armas, & Trujillo LLP

CERTIFIED PUBLIC ACCOUNTANTS

Coral Gables, Florida
November 3, 2021

**FARM SHARE, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS AND
 STATE PROJECTS
 FOR THE YEAR ENDED JUNE 30, 2021**

Financial Statements

Type of +auditor's report issued on whether the financial statements audited were prepared in accordance with GAAP: *Unmodified*

Internal control over financial reporting:

- Material weakness (es) identified? yes no
- Significant deficiency (ies) identified? yes none reported

Noncompliance material to financial statements noted? yes no

Federal Awards and State Projects

Type of auditor's report issued on compliance for major federal programs and state projects: *Unmodified*

Internal control over major federal programs and state projects:

- Material weakness (es) identified? yes no
- Significant deficiency (ies) identified? yes none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or Chapter 10.656, *Rules of the Auditor General*? yes no

Identification of major federal programs and state projects:

Federal Program/State Project or Cluster	Assistance Listing Number	Expenditures
<u>U.S. Department of Agriculture</u>		
Emergency Food Assistance Program (Administrative Costs)	10.568	\$ 5,527,297
Emergency Food Assistance Program (Food Commodities)	10.569	\$ 27,004,448
<u>State of Florida Department of Agriculture and Consumer Services</u>		
Food Recovery/Farm Share, Inc.	42.004	\$1,684,909

FARM SHARE, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL PROGRAMS AND STATE PROJECTS
FOR THE YEAR ENDED JUNE 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS (Continued)

Dollar threshold used to distinguish between Type A and Type B federal programs:	<u>\$ 982,432</u>
Auditee qualified as low-risk auditee pursuant to the Uniform Guidance? (Not applicable for state projects)	<u>X</u> yes ___ no
Dollar threshold used to distinguished between Type A and Type B state projects:	<u>\$ 505,473</u>

SECTION II – FINANCIAL STATEMENT FINDINGS

The audit disclosed no matters that are reportable for the current year.

SECTION III – FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAMS AND STATE PROJECTS

The audit disclosed no matters that are reportable for the current year.

SECTION IV – OTHER ISSUES

1. No management letter is required because there were no findings required to be reported in the management letter (Section 10.656 (3)(e), Rules of the Auditor General) for the year ended June 30, 2021.
2. A Summary Schedule of Prior Audit Findings is not required because there were no prior audit findings related to State projects, (Section 10.656 (3)(d)(5), Rules of the Auditor General).
3. No corrective action plan is required because there were no findings required to be reported under the Uniform Guidance or the *Department of Financial Services*’ State Project Compliance Supplement.