

Financial Statements
June 30, 2021
(With Comparative Totals for June 30, 2020)
The Food Bank of Northern Nevada, Inc.

The Food Bank of Northern Nevada, Inc.

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CHRISTIANSEN
ACCOUNTING NETWORK

Independent Auditor's Report

To the Board of Directors
The Food Bank of Northern Nevada, Inc.
Sparks, Nevada

Report on the Financial Statements

I have audited the accompanying financial statements of The Food Bank of Northern Nevada, Inc. (Food Bank) (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.

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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my 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 I 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, I 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.

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

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Food Bank of Northern Nevada, Inc. as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Correction of an Error

As discussed in Note 11 to the financial statements, the 2020 financial statements have been restated to correct the classification of net assets with donor restrictions. My opinion is not modified with respect to this matter.

Other Matters***Other Information***

My 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 is presented for purposes of additional analysis as required by the audit 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 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 my opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, I have also issued my report dated May 26, 2022 on my consideration of the Food Bank's internal control over financial reporting and on my 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 Food Bank'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 Food Bank's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

The 2020 financial statements of The Food Bank of Northern Nevada, Inc. were audited by Eide Bailly LLP and their report dated January 7, 2021, expressed an unmodified opinion on those financial statements. In my opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived as restated to correct the classification of net assets with donor restrictions.

Christensen Accounting Network

Reno, Nevada
May 26, 2022

The Food Bank of Northern Nevada, Inc.
Statement of Financial Position
June 30, 2021
(with Comparative Totals for June 30, 2020)

	2021	2020 (Memorandum Only) (Restated)
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,118,173	\$ 1,319,209
Investments	10,046,252	4,168,695
Accounts receivable		
Grants and contracts receivable	2,161,014	1,983,982
Agency fees and other receivable	92,073	135,845
Food inventory	3,176,730	1,882,670
Prepaid expenses	-	7,450
	<u>16,594,242</u>	<u>9,497,851</u>
Total current assets	16,594,242	9,497,851
Property and Equipment, net	8,407,915	7,217,180
Other Assets		
Cash and investments held for building maintenance fund		
Investments in Donald W. Reynolds Restricted	2,484,897	1,986,019
Fund for Programs	550,000	600,000
	<u>3,034,897</u>	<u>2,586,019</u>
Total other assets	3,034,897	2,586,019
Total assets	<u>\$ 28,037,054</u>	<u>\$ 19,301,050</u>

The Food Bank of Northern Nevada, Inc.
Statement of Financial Position
June 30, 2021
(with Comparative Totals for June 30, 2020)

	2021	2020 (Memorandum Only) (Restated)
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 417,975	\$ 835,333
Accrued expenses	362,016	325,075
Payroll Protection Plan (PPP) Loan	-	383,538
Deferred revenue	1,702,147	1,310,887
	<u>2,482,138</u>	<u>2,854,833</u>
Total current liabilities / total liabilities	2,482,138	2,854,833
Net Assets		
Without donor restrictions		
Invested in property and equipment	8,407,915	7,217,180
Board designated endowment	475,020	91,400
Board designated sustaining fund	9,571,232	4,077,295
Undesignated	561,580	207,602
	<u>19,015,747</u>	<u>11,593,477</u>
Total net assets without donor restrictions	19,015,747	11,593,477
With donor restrictions		
Restricted for specified purposes	3,504,272	2,129,591
Time-restricted for future periods	550,000	737,130
Restricted for endowment	2,484,897	1,986,019
	<u>6,539,169</u>	<u>4,852,740</u>
Total net assets with donor restrictions	6,539,169	4,852,740
Total net assets	<u>25,554,916</u>	<u>16,446,217</u>
Total liabilities and net assets	<u>\$ 28,037,054</u>	<u>\$ 19,301,050</u>

The Food Bank of Northern Nevada, Inc.
Statement of Activities
Year Ended June 30, 2021
(with Comparative Totals for Year Ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Memorandum Only)
Public and Governmental Support, Revenue, and Reclassifications				
Public and Governmental Support				
Donated food	\$ -	\$ 21,201,784	\$ 21,201,784	\$ 20,077,944
USDA commodities	13,658,965	-	13,658,965	15,354,800
Other government grants and contracts	3,218,796	-	3,218,796	1,038,040
Contributions and pledges	10,802,749	1,667,794	12,470,543	9,843,937
Kids Café				
Child and Adult Care Food Program	933,781	-	933,781	668,187
Summer Food Service Program	1,062,830	-	1,062,830	1,398,854
Other contributions	-	-	-	126,628
Total public and governmental support	29,677,121	22,869,578	52,546,699	48,508,390
Revenue				
Special events and fund raising	447,193	-	447,193	362,005
Agency fees	81,452	-	81,452	271,348
Reimbursements and other income	155,318	-	155,318	86,884
Total revenue	683,963	-	683,963	720,237
Net Assets Released for Satisfaction of Donor Restrictions	21,713,683	(21,713,683)	-	-
Total public and governmental support, revenue, and reclassifications	52,074,767	1,155,895	53,230,662	49,228,627

The Food Bank of Northern Nevada, Inc.
Statement of Activities
Year Ended June 30, 2021
(with Comparative Totals for Year Ended June 30, 2020)

	2021			2020
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Memorandum Only)
Expenses				
Program Services - food distribution	\$ 43,314,047	\$ -	\$ 43,314,047	\$ 43,043,845
Supporting Services				
General and administrative	878,814	-	878,814	1,433,559
Fund raising	1,108,136	-	1,108,136	708,619
Total expenses	45,300,997	-	45,300,997	45,186,023
Other Gains and Losses				
Net investment income	263,292	530,534	793,826	25,681
Paycheck Protection Program (PPP)				
Loan forgiven and other income	385,208	-	385,208	-
Gain (loss) on sale of assets	-	-	-	6,720
Net other gains and losses	648,500	530,534	1,179,034	32,401
Change in Net Assets	7,422,270	1,686,429	9,108,699	4,075,005
Net Assets, Beginning of Year - as Previously Reported	12,539,783	3,906,434	16,446,217	12,371,212
Prior period adjustment - correction of an error	(946,306)	946,306	-	-
Net Assets, Beginning of Year - as Restated	11,593,477	4,852,740	16,446,217	12,371,212
Net Assets, End of Year	<u>\$ 19,015,747</u>	<u>\$ 6,539,169</u>	<u>\$ 25,554,916</u>	<u>\$ 16,446,217</u>

The Food Bank of Northern Nevada, Inc.
Statement of Functional Expenses
Year Ended June 30, 2021
(with Comparative Totals for Year Ended June 30, 2020)

	2021				2020
	Program Services	Supporting Services			Total (Memorandum Only)
	Food Distribution	General and Administrative	Fund Raising	Total	
Salaries and wages	\$ 2,221,525	\$ 544,999	\$ 373,521	\$ 3,140,045	\$ 2,976,538
Payroll taxes	181,993	46,764	34,575	263,332	281,791
Employee benefits	304,820	63,241	53,518	421,579	407,764
Total personnel costs	2,708,338	655,004	461,614	3,824,956	3,666,093
Food distribution					
Donated food	20,776,131	-	-	20,776,131	20,391,624
USDA commodities	13,658,966	-	-	13,658,966	15,354,800
Purchased food, including acquisition costs	2,493,380	-	-	2,493,380	1,765,871
Kids Café	1,611,704	-	-	1,611,704	1,739,146
Advertising and promotion	800	3,250	1,500	5,550	3,500
Bank charges	-	2,043	106,486	108,529	69,779
Direct mail	-	-	308,989	308,989	282,382
Dues and subscriptions	1,447	2,629	2,417	6,493	11,049
Conferences, travel, and mileage	16,115	18,635	350	35,100	53,420
Contract labor	5,498	28,628	-	34,126	5,100
Equipment	331,919	7,522	2,153	341,594	56,208
Special events	22,256	7,536	-	29,792	38,724
Insurance	93,298	-	-	93,298	79,649
Miscellaneous	1,669	307	-	1,976	4,710
Office expenses	10,226	10,271	554	21,051	18,280
Outreach programs and volunteer appreciation	137,326	2,953	964	141,243	57,556
Printing and postage	22,131	11,448	107,381	140,960	107,820
Professional services and advocacy	223,943	59,465	115,728	399,136	310,554
Repairs and maintenance	97,721	-	-	97,721	87,863
Sanitation	40,351	-	-	40,351	30,900
Telephone and internet	15,760	51,772	-	67,532	73,887
Utilities	34,841	11,197	-	46,038	47,564
Vehicle expense	352,346	-	-	352,346	350,916
Warehouse supplies	93,678	-	-	93,678	98,985
Total expenses before depreciation	42,749,844	872,660	1,108,136	44,730,640	44,706,380
Depreciation	564,203	6,154	-	570,357	479,643
Total expenses	<u>\$43,314,047</u>	<u>\$ 878,814</u>	<u>\$ 1,108,136</u>	<u>\$45,300,997</u>	<u>\$45,186,023</u>

The Food Bank of Northern Nevada, Inc.
Statement of Cash Flows
Year Ended June 30, 2021
(with Comparative Totals for Year Ended June 30, 2020)

	2021	2020 (Memorandum Only)
Operating Activities		
Change in net assets	\$ 9,108,699	\$ 4,075,005
Adjustments to reconcile change in net assets to cash flows from operating activities		
Depreciation	570,357	479,643
Net realized and unrealized (gain) loss on investments	(785,796)	72,845
(Gain) loss on sale of assets	-	(6,720)
PPP loan forgiven	(383,538)	-
Changes in certain components of working capital		
Grants and contracts receivable	(177,032)	(1,475,413)
Agency fees and other accounts receivable	43,772	(99,034)
Food inventory	(1,294,060)	1,036,450
Prepaid expenses	7,450	(7,450)
Accounts payable	(417,358)	657,082
Accrued expenses	36,941	(13,566)
Deferred revenue	391,260	(803,256)
Net Cash Flows from Operating Activities	7,100,695	3,915,586
Investing Activities		
Proceeds from sale of assets	-	6,720
Proceeds from sale of investments	14,186,024	3,710,738
Purchase of investments	(19,708,314)	(7,161,296)
Purchase of property and equipment	(1,761,092)	(356,466)
Net Cash Flows from Investing Activities	(7,283,382)	(3,800,304)
Financing Activities		
Proceeds received from PPP Loan	-	383,538
Net Cash Flows from Financing Activities	-	383,538
Net Change in Cash, Cash Equivalents, and Restricted Cash	(182,687)	498,820
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	1,351,378	852,558
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 1,168,691</u>	<u>\$ 1,351,378</u>
Reconciliation of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	\$ 1,118,173	\$ 1,319,209
Cash held for building maintenance fund	50,518	32,169
	<u>\$ 1,168,691</u>	<u>\$ 1,351,378</u>

See Notes to Financial Statements

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2021

(with Comparative Totals for June 30, 2020)

Note 1 - Nature of Activities and Summary of Significant Accounting Policies

Nature of Activities

The Food Bank of Northern Nevada, Inc. (Food Bank) was incorporated in 1983 as a nonprofit corporation under the laws of the State of Nevada. The Food Bank's mission is *"Feeding the hungry today and solving hunger for tomorrow through community partnership."* The vision of the Food Bank is *"Healthy Food. Every Person. Every Day."*

The Food Bank is the primary regional food distribution and support system serving people experiencing food insecurity or hunger in 21 counties across northern Nevada and northeastern California. It delivers an array of programs and services which together constitute a multi-level effort serving approximately 107,000 people each month through direct services and partner agencies. Donated and purchased food is collected, sorted, and delivered to clients via a network of 150 partner agencies spread across a 90,000-square mile service area. In 2017, the Nevada Department of Agriculture named the Food Bank its northern Nevada Regional Distributing Agency to distribute Temporary Emergency Food Assistance (TEFAP) commodity foods into every county in Nevada. In fiscal year 2021, the Food Bank and its partners distributed approximately 22.5 million pounds of food, the equivalent of more than 20 million meals.

Addressing hunger in children and seniors is a top priority. In the Food Bank's service area, children and seniors make up nearly half of all food-insecure people. Kids Cafe offers free afterschool and summer meals for children at approximately 50 locations; food pantries at approximately 40 schools offer convenient access to food for students' families. Seniors are served through three programs. Senior Food Boxes delivers into 51 neighborhoods, Produce on Wheels provides fresh produce at senior apartment complexes and senior centers, and Golden Groceries senior food pantries provide staple food items. Mobile Harvest distributes more than 2.5 million pounds of fresh produce and perishable foods into approximately 50 under-resourced neighborhoods in our service area.

The Food Bank, with Trusted Partner status granted by USDA/Nevada Division of Welfare and Supportive Services, conducts SNAP application assistance and eligibility interviews, which eliminates a significant barrier to participation and facilitates approval for benefits. In fiscal year 2021, this SNAP Outreach initiative helped 1,259 people secure more than \$3.3 million (annualized) in local economic impact.

The Food Bank also conducts programming directed at the root causes of hunger and food insecurity. Its Nutrition Education programs teach adults how to make nutritious food choices (even with limited resources) and the importance of a healthy diet and daily physical activity for family health and wellness. In addition, the Food Bank expanded its work to reach more underserved communities. The Food Bank did this through the expansion of the TEFAP program into 2 rural California counties, through a partnership with the California Department of Social Service and CalFoods Logistics. The Food Bank expanded its reach in Tribal Communities by hiring a dedicated Tribal Support Specialist who works with Tribal communities to build food sovereignty. This has resulted in 15 new partnerships and more food moving into rural Tribal communities. Lastly, the Food Bank expanded the footprint of its Prescription Pantry program, to include counties outside of Washoe County. This supports our nutrition education work, and builds stronger, healthier communities through collaborations between the Food Bank, community-based food pantry partners and healthcare providers, resulting in healthier community members.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2021

(with Comparative Totals for June 30, 2020)

The Food Bank is widely recognized as a leader in the work to solve hunger. It has achieved a 4-star exceptional rating from Charity Navigator for exceeding industry standards and outperforming most charities in its cause. It has the distinguished honor of being named a Food Bank of the Year by Feeding America among 200 food banks.

Covid-19 Impact: Already a significant issue in our region, food insecurity has become more prevalent due to the economic impacts of Covid-19. In the USDA's report on household food insecurity, Nevada has the 12th highest number of people experiencing food insecurity in the United States at nearly 12 percent. Even more alarming, Feeding America, the national network of food banks, projects 23 percent of children in Nevada are food insecure, ranking Nevada as the 5th highest state in the country for children experiencing a consistent lack of adequate food for an active, healthy life. Furthermore, 8.1 percent of children in Nevada experience very low food security, which is the second highest rate in the nation. Very low food security is a more severe range of food insecurity that involves reduced food intake and disrupted eating patterns.

Comparative Financial Information

The accompanying financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America (GAAP). Accordingly, such information should be read in conjunction with the Food Bank's audited financial statements for the year ended June 30, 2020, from which the summarized information was derived and restated as discussed in Note 12.

Cash, Cash Equivalents, and Restricted Cash

All cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents. Cash and highly liquid financial instruments restricted to building projects, endowments that are perpetual in nature, or other long-term purposes are excluded from this definition. Restricted cash includes cash included in the building maintenance fund that is held for long-term specified purposes and is subject to the endowment spending policy as discussed in Note 7.

Accounts Receivable

Accounts receivable consists of noninterest-bearing amounts due from grantor and contracting agencies, recipient agencies, and miscellaneous other sources. Grantor and contracts receivable represent amounts due from agencies for expenditures incurred or services provided prior to year-end. The agency fees and other receivable arises from the Food Bank's policy of allowing all organizations to pay for their portion of purchased food on a monthly billing basis. The allowance for uncollectible accounts receivable is determined based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectible. All accounts receivable are considered fully collectible by management based on historical experience. Accordingly, there is no allowance for doubtful accounts included in the financial statements at June 30, 2021, or 2020.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2021

(with Comparative Totals for June 30, 2020)

Inventory

The Food Bank records both purchased and donated food as inventory. Purchased food is valued at cost, which approximates wholesale market value, using the first-in, first-out method of inventory valuation. For the year ended June 30, 2021, donated food and federal commodities are weighed and valued at \$1.74 and \$1.49, respectively, based on Feeding America's calculation of average wholesale prices per pound, which is directly related to the mix of products donated to Feeding America during the previous calendar year. This represents an increase of \$0.12 per pound for donated food (\$1.62 for 2020) and a decrease of \$0.03 per pound for federal commodities (\$1.52 for 2020). When food items have expired, such items are identified as salvage that may be distributed as farm feed in an effort to reduce waste.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the years ended June 30, 2021, and 2020.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment income is reported in the statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from assets without donor restrictions, net assets for a sustaining fund and an endowment.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2021

(with Comparative Totals for June 30, 2020)

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. The Food Bank reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized when the assets are placed in service.

Revenue Recognition and Concentration of Credit Risk

The Food Bank recognizes contributions when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance obligation or other barrier and right of return - are not recognized until the conditions on which they depend have been met.

The Food Bank's federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, grant revenue, including the value of USDA food commodities, is considered earned upon satisfaction of the performance requirements as services are provided in accordance with the terms of the agreement or as the governmental food commodities are distributed.

The Food Bank distributes food to partner agencies. All revenue pertaining to partner agency transactions is recognized when the performance obligation of providing the food to the partner agency is completed. No fees are charged to partner agencies for donated food. The cooperative food purchase program is optional to partner agencies for certain food items purchased by the Food Bank at discounted rates. Partner agencies pay 100% of the cost of purchased food.

The Food Bank receives a substantial portion of its revenue from contracts/grants administered by the State of Nevada and the federal government. The Food Bank's operations and program support are significantly dependent upon this revenue.

Revenue from government food commodity grants is not recognized until the food is distributed. Accordingly, the value of government food commodities included in inventory is reflected as deferred revenue.

Contributed Materials and Services

The majority of food contributions are received from the general public and private businesses in Northern Nevada. Contributed food is recorded as support at the time of receipt based upon the average wholesale price per pound as determined by Feeding America's calculation of average wholesale prices per pound which are directly related to the mix of products donated to Feeding America during the previous calendar year.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2021

(with Comparative Totals for June 30, 2020)

Volunteers contribute significant amounts of time to distribution program services; however, the financial statements do not reflect the value of these contributed services because they do not meet the recognition criteria prescribed by generally accepted accounting principles. Contributed assets are recorded at fair value at the date of donation. Donated professional services are recorded at the respective fair values of the services received.

Advertising Costs

Advertising costs are incurred to promote the Food Bank's activities and are expensed as incurred. Such costs totaled \$5,550 and \$3,500 for the years ended June 30, 2021, and 2020, respectively.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include depreciation and utilities, which are allocated on a square footage basis, as well as salaries and wages, payroll taxes, employee benefits, printing and postage, and office expenses, which are allocated on the basis of estimates of time and effort. The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The expenses are generally directly attributable to a functional category with no significant allocations between program service activities and supporting service activities occurring.

Income Taxes

The Food Bank is a nonprofit corporation operating in Nevada and has been recognized by the IRS as exempt from federal income taxes under IRC Section 501(a) as an organization described in IRC Section 501(c)(3), qualifies for the charitable contribution deduction, and has been classified as an organization that normally receives a substantial part of its support from a governmental unit or from the general public as provided in Internal Revenue Code Section 170(b)(1)(A)(vi). The Food Bank is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the Food Bank is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purpose. The Food Bank does not have activities subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

Management believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Food Bank would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2021

(with Comparative Totals for June 30, 2020)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the Food Bank to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates, and those differences could be material.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by the Food Bank to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. Total deposits in each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable are considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Food Bank's mission. Investments are made by diversified investment managers whose performance is monitored by the Food Bank and the Finance Committee of the Board of Directors. Although the fair values of investments are subject to fluctuation on a continual basis, the Food Bank and the Finance Committee believe that the investment policies and guidelines are prudent for the long-term welfare of the Food Bank.

Subsequent Events

Subsequent events have been evaluated through May 26, 2022, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

The Food Bank continues to monitor the effects of the novel coronavirus COVID-19, which has impacted workforces, economics, and global financial markets. The impact to the Food Bank as a result of COVID-19 has been significant. Operational and programmatic changes were made to ensure the Food Bank's programs continue to operate in a manner that is compliant with evolving State and Federal regulations while expanding programs to meet increased community needs resulting from the economic impact of COVID-19. The Food Bank is in communication with grantor agencies and is closely monitoring its operations, liquidity, and capital resources to adapt to changing events while increasing services to those in need. As of the date of issuance of these financial statements, the full impact of the COVID-19 related circumstances on the Food Bank's operations and financial position are not known.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2021

(with Comparative Totals for June 30, 2020)

Note 2 - Liquidity and Availability

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 118,173	\$ 1,319,209
Short-term investments	10,046,252	4,168,695
Accounts receivable	2,253,087	2,119,827
Allocation from Donald W. Reynolds Restricted Fund for Programs	50,000	270,000
	<u>\$ 12,467,512</u>	<u>\$ 7,877,731</u>

Endowment funds consist of donor-restricted endowments. Income from donor-restricted endowments is restricted for specific purposes and are not available for general expenditures.

The Donald W. Reynolds Restricted Fund for Programs is subject to an annual spending rate established by the donor. In addition, the Food Bank has designated funds for a sustaining fund. Although the Food Bank does not intend to spend from its Board-designated sustaining fund or Board-designated endowment (other than amounts appropriated for general expenditures as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of a liquidity management plan, cash in excess of daily requirements is invested in short-term investments, United States Treasury bills, certificates of deposit, and money market funds.

Note 3 - Fair Value Measurements and Disclosures

Certain assets are reported at fair value in the financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include 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, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2021

(with Comparative Totals for June 30, 2020)

Level 3 – Unobservable inputs for the asset or liability. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to the Food Bank's assessment of the quality, risk, or liquidity profile of the asset or liability.

A significant portion of investment assets are classified within Level 1 because they comprise open-end mutual funds, corporate, government, and fixed income securities with readily determinable fair values based on daily redemption values. The Food Bank invests in certificates of deposit traded in the financial markets. Those certificates of deposit and U.S. government obligations are valued by the custodians of the securities using pricing models based on credit quality, time to maturity, stated interest rates, and market-rate assumptions and are classified within Level 2. The Food Bank has no assets valued using Level 3 measurements.

The following table presents assets measured at fair value on a recurring basis:

	2021		
	Level 1	Level 2	Total
Common stocks	\$ 983,073	\$ -	\$ 983,073
Corporate fixed income bonds	38,124	-	38,124
Exchange traded/closed-end funds	2,310,244	-	2,310,244
Mutual funds	5,963,992	-	5,963,992
Certificates of deposit	-	386,000	386,000
Government and treasury securities	3,449,198	-	3,449,198
	<u>\$ 12,744,631</u>	<u>\$ 386,000</u>	<u>\$ 13,130,631</u>
	2020		
	Level 1	Level 2	Total
Common stocks	\$ 754,301	\$ -	\$ 754,301
Corporate fixed income bonds	43,088	-	43,088
Exchange traded/closed-end funds	535,932	-	535,932
Mutual funds	1,452,080	-	1,452,080
Certificates of deposit	-	3,845,754	3,845,754
Government and treasury securities	105,667	-	105,667
	<u>\$ 2,891,068</u>	<u>\$ 3,845,754</u>	<u>\$ 6,736,822</u>

The Food Bank of Northern Nevada, Inc.
Notes to Financial Statements
June 30, 2021
(with Comparative Totals for June 30, 2020)

Included in investments above is \$2,984,379 and \$2,553,850, which is reflected in the total of cash and investments, restricted for the building maintenance fund and the Donald W. Reynolds Restricted Fund for Programs in the accompanying statement of financial position for 2021 and 2020, respectively.

Note 4 - Food Inventory

Food inventory, based upon a physical count at June 30, consists of the following:

	2021	2020
Donated food	\$ 940,643	\$ 429,635
USDA commodities	1,660,017	1,293,757
Purchased food	576,070	159,278
	<u>\$ 3,176,730</u>	<u>\$ 1,882,670</u>

Note 5 - Property and Equipment

Property and equipment are stated at cost or fair market value, if donated, as follows at June 30:

	2021	2020
Non-depreciable assets		
Land	\$ 530,148	\$ 530,148
Real property available for sale	151,997	151,997
	682,145	682,145
Depreciable assets		
Building	9,666,730	8,546,732
Solar panels	918,287	918,287
Vehicles	2,221,099	1,687,952
Warehouse equipment	483,442	383,737
Office furniture, fixtures, and equipment	95,425	95,425
Equipment - Kids Café	94,402	94,402
	13,479,385	11,726,535
Less accumulated depreciation	<u>(5,753,615)</u>	<u>(5,191,500)</u>
Depreciable assets, net	<u>7,725,770</u>	<u>6,535,035</u>
Total property and equipment, net	<u>\$ 8,407,915</u>	<u>\$ 7,217,180</u>

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2021

(with Comparative Totals for June 30, 2020)

Note 6 - Refundable Advance – Paycheck Protection Program (PPP) Loan

On April 20, 2020, the Food Bank was granted a \$382,900 loan under the PPP administered by a Small Business Administration-approved partner. The Food Bank had initially recorded the loan as a refundable advance as loan forgiveness was subject to conditions. On December 4, 2020, the PPP loan balance and all accrued interest was forgiven in full, and the balance is reflected in other income in the statement of activities for the year ended June 30, 2021.

Note 7 - Pension Plan

The Food Bank sponsors a defined contribution pension plan under Internal Revenue Code Section 403(b) covering substantially all employees. Contributions to the plan by the Food Bank are at the Board's discretion and totaled \$126,806 and \$122,513 for the years ended June 30, 2021, and 2020, respectively.

Note 8 - Endowment

The Food Bank has established an endowment fund to provide for the future capital maintenance and repairs of the Donald W. Reynolds Food Distribution Center as required by the Donald W. Reynolds Foundation. The fund was originally established with donor restricted funds.

In addition, the Food Bank has established a board-designated endowment fund to support operating activities. Unbudgeted revenue derived from sources without donor restrictions may be included in this board-designated endowment fund at the Food Bank's discretion. Revenue specifically assigned to this fund by the donor will be recorded as endowment funds with donor restrictions. Funds without donor restrictions are available to support the Food Bank's operations at the designation of management. Endowment funds with donor restrictions can be accessed quarterly at up to 3% of the account's value.

The Board of Directors has interpreted the Nevada Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2021, and 2020, there were no such stipulations. As a result of this interpretation, the Food Bank retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the Endowment and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by UPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

The duration and preservation of the fund

- The purposes of the Food Bank and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Food Bank
- The investment policies of the Food Bank

The Food Bank of Northern Nevada, Inc.
Notes to Financial Statements
June 30, 2021
(with Comparative Totals for June 30, 2020)

As of June 30, endowment net asset composition by type of fund is as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 475,020	\$ -	\$ 475,020
Donor-restricted endowment funds			
Original donor-restricted gift amount and amount required to be maintained	-	901,344	901,344
Restricted accumulated investment gains	-	1,583,553	1,583,553
	<u>\$ 475,020</u>	<u>\$ 2,484,897</u>	<u>\$ 2,959,917</u>
	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 91,400	\$ -	\$ 91,400
Donor-restricted endowment funds			
Original donor-restricted gift amount and amount required to be maintained	-	983,285	983,285
Restricted accumulated investment gains	-	1,002,734	1,002,734
	<u>\$ 91,400</u>	<u>\$ 1,986,019</u>	<u>\$ 2,077,419</u>

From time to time, certain donor-restricted endowment funds may have fair values less than the amount required to be maintained by donors or by law (underwater endowments). The Food Bank has interpreted UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments at June 30, 2021, and 2020.

Investment and Spending Policies

Investment and spending policies for the Endowment were adopted that attempt to provide a predictable stream of funding for facilities maintenance and improvements while seeking to maintain the purchasing power of the endowment assets. The annual available funds shall include amounts designated by the Board of Directors as generated earnings, which include both capital gains and interest and dividends. No earnings or gains may be used for any year in which the endowment fund corpus falls below the fully funded amount of \$1,638,813, reduced by 5% annually, as specified in the Donald W. Reynolds Foundation capital grant.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2021

(with Comparative Totals for June 30, 2020)

The endowment assets are invested in marketable equity securities with a minimum "A" rating as determined by a national rating service or government securities. The investment policy prohibits hedging practices or investments in any venture capital fund. To satisfy its long-term rate of return objectives, The Food Bank relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends.) The Food Bank targets a diversified asset allocation plan within prudent risk constraints. The Finance Committee of the Board of Directors reviews this plan at least annually with its investment advisors.

Changes in endowment net assets for the years ended June 30 are as follows:

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 91,400	\$ 1,986,019	\$ 2,077,419
Contributions	350,000	-	350,000
Investment income, net of fees	33,620	530,534	564,154
Appropriation of assets for expenditure	-	(31,656)	(31,656)
Endowment net assets, end of year	<u>\$ 475,020</u>	<u>\$ 2,484,897</u>	<u>\$ 2,959,917</u>

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ -	\$ 2,040,303	\$ 2,040,303
Contributions	94,635	-	94,635
Investment income (loss), net of fees	(3,235)	(17,484)	(20,719)
Appropriation of assets for expenditure	-	(36,800)	(36,800)
Endowment net assets, end of year	<u>\$ 91,400</u>	<u>\$ 1,986,019</u>	<u>\$ 2,077,419</u>

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2021

(with Comparative Totals for June 30, 2020)

Note 9 - Net Assets with Donor Restrictions

Net assets with donor restrictions and designated endowment funds are held for the following purposes or periods:

	2021	2020
Subject to Expenditure for Specified Purposes:		
Nutrition education	\$ 90,556	\$ 89,719
Emergency response	418,024	388,621
Food distribution programs	<u>2,995,692</u>	<u>1,651,251</u>
	3,504,272	2,129,591
Subject to the Passage of Time:		
Donald W. Reynolds Restricted Fund for Programs Enrichment and Sustainability	550,000	737,130
Endowments		
Board-designated	475,020	91,400
Held for long-term specified purposes, subject to endowment spending policy appropriation		
Building maintenance fund	<u>2,484,897</u>	<u>1,986,019</u>
	<u>\$ 7,014,189</u>	<u>\$ 4,944,140</u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by the passage of time or other events specified by the donors as follows for the years ended June 30:

	2021	2020
Satisfaction of Purpose Restrictions:		
Nutrition education	\$ 98,255	\$ 71,379
Emergency response	42,847	675,226
Food distribution programs	<u>21,353,795</u>	<u>20,785,959</u>
	21,494,897	21,532,564
Expiration of Time Restrictions	187,130	132,870
Endowment		
Restricted purpose spending-rate distribution	<u>31,656</u>	<u>36,800</u>
	<u>\$ 21,713,683</u>	<u>\$ 21,702,234</u>

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2021

(with Comparative Totals for June 30, 2020)

Note 10 - Volunteers

The Food Bank's distribution programs are significantly dependent upon the support provided by volunteers. Such volunteers provided approximately 22,400 (unaudited) and 27,100 (unaudited) hours of direct services during the years ended June 30, 2021, and 2020, respectively, to assist in the packaging and delivery of food and supplies. The value of these volunteer services is estimated to be \$15 per hour, adjusted for employer paid payroll taxes. However, no amount is reflected in the accompanying financial statements because the services do not meet the criteria for recognition as set forth in Note 1. If these services were included, revenue and program expenses would increase by approximately \$336,000 and \$406,500 for 2021, and 2020, respectively.

Note 11 - Prior Period Adjustment

The Food Bank recorded a prior period adjustment to correct the classification of net assets as follows:

	<u>As Previously Reported</u>	<u>Reclassification</u>	<u>As Restated</u>
Net Assets			
Without donor restrictions	\$ 12,539,783	\$ (946,306)	\$ 11,593,477
With donor restrictions	<u>3,906,434</u>	<u>946,306</u>	<u>4,852,740</u>
	<u><u>\$ 16,446,217</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 16,446,217</u></u>



CHRISTIANSEN
ACCOUNTING NETWORK

**Independent Auditors' 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
The Food Bank of Northern Nevada, Inc.
Sparks, Nevada

I have audited 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, the financial statements of The Food Bank of Northern Nevada, Inc. (Food Bank), 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 my report thereon dated May 26, 2022.

Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Food Bank's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Food Bank's internal control. Accordingly, I do not express an opinion on the effectiveness of The Food Bank of Northern Nevada, Inc.'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.

My 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 my audit I did not identify any deficiencies in internal control that I 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 Food Bank's financial statements are free from material misstatement, I 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Christensen Accounting Network

Reno, Nevada
May 26, 2022



**Independent Auditors' Report on Compliance for Each Major Program
and on Internal Control over Compliance Required by the Uniform Guidance**

To the Board of Directors
The Food Bank of Northern Nevada, Inc.
Sparks, Nevada

Report on Compliance for Each Major Federal Program

I have audited The Food Bank of Northern Nevada, Inc.'s (Food Bank) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Food Bank's major federal programs for the year ended June 30, 2021. The Food Bank's major federal programs 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 statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of the Food Bank's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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; and the audit 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). Those standards and the Uniform Guidance require that I 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 occurred. An audit includes examining, on a test basis, evidence about the Food Bank's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the Food Bank's compliance.

Opinion on Each Major Federal Program

In my opinion, The Food Bank of Northern Nevada, 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 for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Food Bank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the Food Bank's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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 to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of the Food Bank'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 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 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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My 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. I did not identify any deficiencies in internal control over compliance that I 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 the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Christianson Accounting Network

Reno, Nevada
May 26, 2022

The Food Bank of Northern Nevada, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

United States (U.S.) Department of Agriculture

Food Distribution Cluster

Passed through the Nevada Department
of Agriculture

Commodity Supplemental Food Program (Food Commodities)	10.565	L010	\$ 1,011,963	\$ -
Commodity Supplemental Food Program (Administrative Costs)	10.565	L010	150,089	-
Temporary Emergency Food Assistance Program (Food Commodities)	10.569	D041	9,378,581	7,681,597
Temporary Emergency Food Assistance Program (Administrative Costs)	10.568	D041	212,729	-
Temporary Emergency Food Assistance Program - CARES COVID Supplemental Funds	10.568	303232J700347	97,839	-
Families First Coronavirus Relief Act	10.568	7NV810NV4	20,728	-
Coronavirus Aid, Relief, and Economic Security Act - CARES	10.568	7NV810NV6	57,000	-

Passed through California Department of Health
and Human Services and CalFood Logistics

Temporary Emergency Food Assistance Program (Food Commodities)	10.569	94-2924979	69,106	69,106
Temporary Emergency Food Assistance Program (Administrative Costs)	10.568	94-2924979	12,579	-

Total Food Distribution Cluster			11,010,614	7,750,703
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Child Nutrition Cluster

Passed through the Nevada Department
of Agriculture

Summer Food Service Program for Children	10.559	7NV300AG9	656,080	-
Summer Food Service Program for Children - CARES Act Funding	10.559	7NV300AG9	406,750	-

Total Child Nutrition Cluster			1,062,830	-
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Supplemental Nutrition Assistance Program
(SNAP Cluster)

Passed through the Nevada Department
of Agriculture

State Administrative Matching Grant for SNAP Outreach/Participation	10.561	OUT1805	95,846	-
Education	10.561	Ed1814	94,092	-

Total SNAP Cluster			189,938	-
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The Food Bank of Northern Nevada, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Cluster/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures	Payments to Subrecipients
United States (U.S.) Department of Agriculture (continued)				
Passed through the Nevada Department of Agriculture				
Trade Mitigation Food Purchase and Distribution Program	10.178	TRADE 20-01	\$ 108,219	\$ -
Child and Adult Care Food Program	10.558	C1250	876,501	-
Child and Adult Care Food Program - CARES Act	10.558	C1250	<u>57,280</u>	<u>-</u>
Total Child and Adult Care Food Program			<u>933,781</u>	<u>-</u>
Total U.S. Department of Agriculture			13,305,382	7,750,703
U.S. Department of Homeland Security				
Direct Award				
Emergency Food and Shelter National Board Program	97.024	n/a	136,570	-
Emergency Food and Shelter National Board Program - CARES Act	97.024	n/a	<u>74,097</u>	<u>-</u>
Total Emergency Food and Shelter National Board Program / Total U.S. Department of Homeland Security			210,667	-
U.S. Department of Treasury				
Nevada Governor's Coronavirus Relief Fund				
Passed through the Nevada Department of Agriculture				
NV CARES Food Security Initiative	21.019	94-2924979	1,658,000	-
Passed through Washoe County, Nevada Coronavirus Relief Fund	21.019	94-2924979	76,500	-
Passed through the City of Reno, Nevada Coronavirus Relief Fund	21.019	94-2924979	125,000	-
Passed through the City of Sparks, Nevada Coronavirus Relief Fund	21.019	94-2924979	<u>75,000</u>	<u>-</u>
Total Nevada Governor's Coronavirus Relief Fund / Total U.S. Department of the Treasury			1,934,500	-

The Food Bank of Northern Nevada, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Federal Grantor/Cluster/ Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures	Payments to Subrecipients
U.S. Department of Health and Human Services				
<u>Aging Cluster</u>				
Passed through the Nevada Department of Health and Human Services				
Special Programs for the Aging - Title III, Part B- Grants for Supportive Services and Senior Centers and CARES Act for Supportive Services Under Title III-B of the Older Americans Act	93.044	2001NVSSC3	\$ 80,000	\$ -
	93.044	2001NVOASS	60,221	-
Total Aging Cluster / Total U.S. Department of Health and Human Services			140,221	-
U.S. Department of Housing and Urban Development				
Passed through the Nevada Governor's Office of Economic Development and Washoe County, Nevada				
Community Development Block Grant	14.228	B-20-DW-0001	55,000	-
Total U.S. Department of Housing and Urban Development			55,000	-
Total Expenditures of Federal Awards			\$ 15,645,770	\$ 7,750,703

The Food Bank of Northern Nevada, Inc.
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal grant activity of The Food Bank of Northern Nevada, Inc. (Food Bank) under programs of the federal government for the year ended June 30, 2021. The information in this schedule is 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). Because the Schedule presents only a selected portion of the operations of the Food Bank, it is not intended to and does not present the financial positions, changes in net assets, or cash flows of the Food Bank.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting, except for subrecipient expenditures, which are reported on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Noncash Awards

Nonmonetary assistance is reported in this schedule at the fair value of the commodities received and disbursed. The Food Bank estimates fair value based on Feeding America's annual calculation of wholesale per pound prices for federal commodities. At June 30, 2021, the Food Bank had food commodities totaling \$1,660,017 in inventory.

Note 4 - Indirect Cost Rate

The Food Bank has elected to use the 10% de minimis indirect cost rate.

The Food Bank of Northern Nevada, Inc.
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major program:	
Material weaknesses identified	No
Significant deficiency identified not considered to be material weaknesses	No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516	No

Identification of major programs:

<u>Name of Federal Program</u>	<u>CFDA Number</u>
Food Distribution Cluster	
Commodity Supplemental Food Program	10.565
Temporary Emergency Food Assistance Program (Food Commodities)	10.569
Temporary Emergency Food Assistance Program (Administrative Costs)**	10.568
Child Nutrition Cluster	
Summer Food Service Program for Children**	10.559
Child and Adult Care Food Program**	10.558
Coronavirus Relief Fund - NV CARES Food Security Initiative**	21.019
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

***** Includes CARES Act Funding***

Section II - Financial Statement Findings

No findings reported in the current year.

Section III - Federal Awards Findings and Questioned Costs

No findings reported in the current year.

Summary Schedule of Prior Audit Findings and
Corrective Action Plan
June 30, 2021

Prepared by Management of
The Food Bank of Northern Nevada

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS

The findings from the June 30, 2020 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS – FINANCIAL STATEMENT AUDIT

None

FINDINGS – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2020-01: United States Department of Agriculture, Passed through the Nevada Department of Agriculture,
Food Distribution Cluster – Commodity Supplemental Food Program (CSFP), CFDA 10.565, The
Emergency Food Assistance Program, (TEFAP), CFDA No. 10.569, Award Number 7NV810AG8

Finding Summary: Certification of Eligibility forms were not completed in their entirety or did not include information beyond the signature of the recipients. Furthermore, there is no documentation for how this information is verified at the time of distribution.

Status: Corrected

Finding 2020-02: United States Department of Agriculture, Passed through the Nevada Department of Agriculture,
Food Distribution Cluster – The Emergency Food Assistance Program, (TEFAP), CFDA No. 10.569, Award
Number 7NV810AG8

Finding Summary: Suspension and debarment verification procedures were not performed prior to entering into covered transitions with agencies that the Food Bank of Northern Nevada entered into TEFAP Agency Food Distribution agreements with.

Status: Corrected

CORRECTIVE ACTION PLAN

Not applicable as there are no current year findings.



FOOD BANK
OF NORTHERN NEVADA

