Financial Statements June 30, 2022 (With Comparative Totals for June 30, 2021) The Food Bank of Northern Nevada, Inc.

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#### **Independent Auditor's Report**

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

#### **Report on the Audit of the Financial Statements**

#### Opinion

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, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Food Bank of Northern Nevada, Inc. as of June 30, 2022, 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.

#### **Basis of Opinion**

I conducted my audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Food Bank and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

#### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Food Bank's ability to continue as a going concern for one year after the date that the financial statements are issued.

#### Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Food Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Food Bank's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that I identified during the audit.

#### **Supplementary 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, 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* (Uniform Guidance) 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 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 March 20, 2023 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 2021 financial statements of The Food Bank of Northern Nevada, Inc. were audited by me and in my report dated May 26, 2022, I 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, 2021, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Christian Accounting Network

Reno, Nevada March 20, 2023

	2022	2021 (Memorandum Only)
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,534,050	\$ 1,118,173
Investments	12,573,994	10,046,252
Accounts receivable		
Grants and contracts receivable	2,107,647	2,161,014
Agency fees and other receivable	100,423	92,073
Food inventory	1,883,200	3,176,730
Total current assets	18,199,314	16,594,242
Property and Equipment, net	8,052,031	8,407,915
Other Assets		
Cash and investments held for building maintenance fund		
Investments in Donald W. Reynolds Restricted	2,116,245	2,484,897
Fund for Programs	500,000	550,000
Total other assets	2,616,245	3,034,897
Total assets	\$ 28,867,590	\$ 28,037,054

	2022		2021 (Memorandum Only)		
Liabilities and Net Assets					
Current Liabilities					
Accounts payable	\$	174,932	\$	417,975	
Accrued expenses		435,336		362,016	
Deferred revenue		999,570		1,702,147	
Total current liabilities / total liabilities		1,609,838		2,482,138	
Net Assets					
Without donor restrictions					
Invested in property and equipment		8,052,031		8,407,915	
Board designated endowment		805,536		475,020	
Board designated sustaining fund		11,768,458		9,571,232	
Undesignated		764,898		561,580	
Total net assets without donor restrictions		21,390,923		19,015,747	
With donor restrictions					
Restricted for specified purposes		3,250,584		3,504,272	
Time-restricted for future periods		500,000		550,000	
Restricted for endowment		2,116,245		2,484,897	
Total net assets with donor restrictions		5,866,829		6,539,169	
Total net assets		27,257,752		25,554,916	
Total liabilities and net assets	\$	28,867,590	\$	28,037,054	

## The Food Bank of Northern Nevada, Inc. Statement of Activities Year Ended June 30, 2022

## (With Comparative Totals for Year Ended June 30, 2021)

		2022		2021
	Without DonorWith DonorRestrictionsRestrictionsTotal		Total (Memorandum Only)	
Public and Governmental Support,				
Revenue, and Reclassifications				
Public and Governmental Support				
Contributions of nonfinancial assets				
Donated food	\$-	\$ 21,149,822	\$ 21,149,822	\$ 21,201,784
USDA commodities	9,781,348	-	9,781,348	13,658,965
Other in-kind contributions	106,335	-	106,335	28,228
Contributions of cash and other				
financial assets				
Government grants and contracts	1,467,118	-	1,467,118	3,218,796
Contributions and pledges	9,337,048	1,218,203	10,555,251	12,442,315
Kids Café				
Child and Adult Care Food Program	996,191	-	996,191	933,781
Summer Food Service Program	415,325		415,325	1,062,830
Total public and				
governmental support	22,103,365	22,368,025	44,471,390	52,546,699
Revenue				
Special events and fund raising	536,341	-	536,341	447,193
Agency fees	224,635	-	224,635	81,452
Reimbursements and other income	142,684		142,684	155,318
Total revenue	903,660	-	903,660	683,963
Net Assets Released for				
Satisfaction of Donor Restrictions	22,671,713	(22,671,713)		
Total public and governmental support, revenue, and reclassifications	45,678,738	(303,688)	45,375,050	53,230,662
16010331100110113	-5,070,750	(303,000)	-5,575,050	JJ,230,00Z

			2021	
	Without Donor Restrictions	With Donor Restrictions Total		Total (Memorandum Only)
Expenses				
Program Services - food distribution	\$ 39,655,678	\$-	\$ 39,655,678	\$ 43,314,047
Supporting Services General and administrative	951,768	-	951,768	878,814
Fund raising	1,094,988		1,094,988	1,108,136
Total expenses	41,702,434	-	41,702,434	45,300,997
Other Gains and Losses				
Net investment income (loss)	(1,601,128)	(368,652)	(1,969,780)	793,826
Paycheck Protection Program (PPP) Loan forgiven and other income				385,208
Net other gains and losses	(1,601,128)	(368,652)	(1,969,780)	1,179,034
Change in Net Assets	2,375,176	(672,340)	1,702,836	9,108,699
Net Assets, Beginning of Year	19,015,747	6,539,169	25,554,916	16,446,217
Net Assets, End of Year	\$ 21,390,923	\$ 5,866,829	\$ 27,257,752	\$ 25,554,916

# The Food Bank of Northern Nevada, Inc.

# Statement of Functional Expenses

Year Ended June 30, 2022

(With Comparative Totals for Year Ended June 30, 2021)

		20	22		2021
	Program				
	Services	Supporting	g Services		Total
	Food	General and	Fund		(Memorandum
	Distribution	Administrative	Raising	Total	Only)
Salaries and wages	\$ 2,304,164	\$ 605,929	\$ 377,369	\$ 3,287,462	\$ 3,140,045
Payroll taxes	189,801	48,360	31,334	269,495	263,332
Employee benefits	331,629	69,793	57,536	458,958	421,579
Total personnel costs	2,825,594	724,082	466,239	4,015,915	3,824,956
Food distribution					
Donated food	21,297,666	-	-	21,297,666	20,776,131
USDA commodities	9,781,348	-	-	9,781,348	13,658,966
Purchased food, including					
acquisition costs	1,924,638	-	-	1,924,638	2,493,380
Kids Café	1,611,704	-	-	1,611,704	1,611,704
Advertising and promotion	-	3,707	4,500	8,207	5,550
Bank charges	-	1,674	78,938	80,612	108,529
Direct mail	-	-	374,766	374,766	308,989
Dues and subscriptions	1,135	8,974	1,685	11,794	6,493
Conferences, travel,					
and mileage	36,168	20,747	524	57,439	35,100
Contract labor	111,072		-	111,072	34,126
Equipment	170,682	10,961	2,561	184,204	341,594
Special events	33,137		-	33,137	29,792
Insurance	110,654	695	695	112,044	93,298
Miscellaneous	-	1,284	-	1,284	1,976
Office expenses	4,434	11,898	583	16,915	21,051
Outreach programs and				,	
volunteer appreciation	44,438	607	87	45,132	141,243
Printing and postage	32,807	21,333	56,358	110,498	140,960
Professional services	0_,007	,			,
and advocacy	295,239	57,249	108,052	460,540	399,136
Repairs and maintenance	101,048			101,048	97,721
Sanitation	35,899	-	-	35,899	40,351
Telephone and internet	16,185	55,272	-	71,457	67,532
Utilities	40,822	13,740	_	54,562	46,038
Vehicle expense	420,925	-	-	420,925	352,346
Warehouse supplies	89,479		-	89,479	93,678
	00,470			00,470	33,070
Total expenses					
before depreciation	38,985,074	932,223	1,094,988	41,012,285	44,730,640
Depreciation	670,604	19,545		690,149	570,357
Total expenses	\$39,655,678	\$ 951,768	\$1,094,988	\$41,702,434	\$45,300,997

	2022	2021 (Memorandum Only)
Operating Activities		
Change in net assets	\$ 1,702,836	\$ 9,108,699
Adjustments to reconcile change in net assets to	φ 1,702,000	φ 0,100,000
cash flows from operating activities		
Depreciation	690,149	570,357
Net realized and unrealized (gain) loss on investments	2,014,505	(785,796)
Donated equipement received	(53,270)	-
PPP loan forgiven	-	(383,538)
Changes in certain components of working capital		
Grants and contracts receivable	53,367	(177,032)
Agency fees and other accounts receivable	(8,350)	43,772
Food inventory	1,293,530	(1,294,060)
Prepaid expenses	-	7,450
Accounts payable	(243,043)	(417,358)
Accrued expenses	73,320	36,941
Deferred revenue	(702,577)	391,260
Net Cash Flows from Operating Activities	4,820,467	7,100,695
Investing Activities		
Proceeds from sale of investments	6,449,560	14,186,024
Purchase of investments	(10,568,578)	(19,708,314)
Purchase of property and equipment	(280,995)	(1,761,092)
Net Cash Flows from Investing Activities	(4,400,013)	(7,283,382)
Net Change in Cash, Cash Equivalents, and		
Restricted Cash	420,454	(182,687)
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	1,168,691	1,351,378
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 1,589,145	\$ 1,168,691
Reconciliation of Cash, Cash Equivalents, and Restricted Cash Cash and cash equivalents Cash held for building maintenance fund	\$ 1,534,050 55,095	\$ 1,118,173 50,518
	\$ 1,589,145	\$ 1,168,691

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

#### Nature of Activities

Fulfilling its mission of "Feeding the hungry today and solving hunger for tomorrow through community partnership," the Food Bank of Northern Nevada is the primary regional food distribution and support system supporting people experiencing food insecurity in 23 counties across northern Nevada and the eastern California Sierra. It delivers an array of programs and services which together constitute a multi-level effort to solve hunger, serving approximately 120,000 people each month in FY22. Donated and purchased food is collected, sorted, and delivered to people via a network of 150 partner agencies and through direct-to-neighbor programs throughout our 90,000-square mile service area. In FY22, the Food Bank and its partners distributed more than 19 million pounds of food—the equivalent of 17.1 million meals.

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.

The Food Bank focuses its help in the following ways:

**Feeding Children**: Children experiencing food insecurity are among our most vulnerable neighbors. With 1 in 6 children not getting enough food to eat in our region, the Food Bank provides several programs aimed at getting wholesome food to nourish children and support healthy physical growth and cognitive development. Food pantries at schools, Back-Pack Kids program, Kids Café after-school meals and the Summer Child Feeding program provide access to food year-round for students and their families.

**Feeding Families:** Mobile Harvest delivers produce, dairy, bread and other fresh foods to high-need neighborhoods and communities. Nutrition education is also included at several Mobile Harvest sites. The Food Bank has been selected by the Nevada Department of Agriculture and California Department of Social Services to administer the USDA's Federal Emergency Food Assistance Program (TEFAP) in 13 Nevada counties and in select rural counties in California respectively. 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 FY22, 1,886 families were connected with more than 870,600 meals through SNAP applications submitted by the Food Bank, which resulted in more than \$4.1 million in economic impact to the region.

**Feeding Seniors:** In Nevada, 1 in 10 seniors experiences food insecurity. Our older neighbors benefit from a food assistance approach that addresses their unique needs around nutrition, accessibility and social engagement. The Food Bank offers Golden Groceries food pantries with healthy foods, nutrition education and special hours of operation so seniors can meet and socialize with other seniors in a no-rush environment. The Produce on Wheels truck rolls into low-income senior apartment complexes and senior centers to provide fresh fruits and vegetables in a farmers-market-style, dignified experience. The Food Bank also administers the USDA's Commodity Supplemental Food Program which provides shelf stable food items to support senior nutrition.

**Feeding Tribal Communities:** The Food Bank continues to strengthen long-standing tribal community partnerships. In our service area, we are home to 27 tribal nations, many of which are located in remote and under-resourced parts of our state. We have collaborated with tribes to establish food pantries and Mobile Harvest distribution sites to serve tribal members as well as distribute commodity food items. Our work with tribes is conducted through a lens of equity with a focus on food sovereignty.

**Food as Medicine**: Our Prescription Pantry program unites health care providers with food pantries to provide healthy foods that are low in sodium and sugar to low-income people dealing with chronic health issues such as diabetes and high blood pressure. This program has captured the attention of health care providers and has already expanded to rural areas of Nevada.

#### 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, 2021, from which the summarized information was derived.

#### 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, 2022, or 2021.

#### Food 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, 2022, donated food and federal commodities are weighed and valued at \$1.79 and \$1.70, 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 \$0.05 per pound for donated food (\$1.74 for 2021) and an increase of \$0.21 per pound for federal commodities (\$1.49 for 2021). 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, 2022, and 2021.

#### 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/loss 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.

*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 restricted contributions are reported as increases in net assets with 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, contributions, and grants – 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. Unconditional contributions of cash, financial assets, and nonfinancial assets are reported as net assets without donor restrictions unless the donor has restricted the donated assets to a specific purpose or time frame. Absent donor stipulations regarding how long those donated assets must be maintained, the Food Bank reports expirations of donor restriction expires within the same period the contribution is received, it is reflected as net assets without donor restrictions in the accompanying financial statements. The Food Bank reclassifies net assets with donor restrictions to net assets without donor restrictions have expired.

The Food Bank receives a substantial portion of its support 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.

#### **Contributions of Nonfinancial Assets**

In September 2020, the FASB issued ASU 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosure by Not-for-Profit Entities for Contributed Nonfinancial Assets.* The FASB issued this ASU to improve generally accepted accounting principles (GAAP) by increasing the transparency of contributed nonfinancial assets for not-for-profit entities through enhancements to presentation and disclosure. The Food Bank adopted this ASU effective July 1, 2021 and there was no impact to net assets or changes in net assets as a result.

The Food Bank has recognized the following types of contributed nonfinancial assets in the accompanying financial statements subject to the criteria for recognition as discussed above for donor restrictions or performance obligations:

- <u>Donated Food</u> The majority of food contributions are received from the general public and private businesses in Northern Nevada and are not subject to performance obligations. The donated food is reported as net assets with donor restrictions until distributed. The value of contributed food is 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.
- <u>USDA Commodities</u> The Food Bank's USDA food commodities grants are conditioned upon certain performance requirements. The performance obligation consists of providing member agencies with food commodities for distribution in accordance with the grant terms. Accordingly, these contributions are recorded as public support and expenses upon distribution to eligible recipients in satisfaction of the performance requirement. The value of government food commodities included in inventory is reflected as deferred revenue until the performance obligation is satisfied. The value of USDA commodities is based upon the average wholesale price per pound as determined by Feeding America's calculation of average prices per pound which are directly related to the mix of products donated to Feeding America during the previous calendar year.
- <u>Other In-Kind Contributions</u> Other unconditional contributed goods and services meeting recognition criteria under U.S. GAAP are recorded as contributions at their estimated value on the date of receipt. Such donations are recorded as public support, with or without donor restrictions, and expenses, based on estimated fair values. Fair value is estimated wholesale values that would be received for selling the goods or services in their principal market considering their condition and utility for use at the time of receipt. Donated professional services utilized in operations are valued based on current rates for similar services.

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.

#### Contributions of Cash and Other Financial Assets

- <u>Grants</u> The Food Bank receives grants from various federal, state, and local governmental funding sources. These funds are to be spent for specific purposes. Many of the grants are subject to annual budget negotiations and availability of funds. Revenue from grants and agreements that are nonreciprocal is treated like contributions. If the grant or agreement is conditional, a barrier to entitlement exists. When allowable expenditures under such agreements are incurred, they are reflected as decreases in net assets without donor restrictions. The corresponding grant revenue is recognized as an increase in net assets without donor restrictions upon the incurrence of allowable expenses or the satisfaction of other conditions. Any difference between expenses incurred and the total funds received (not to exceed the grant maximum) is recorded as receivables or advances on conditional grants.
- <u>Contributions</u> The Food Bank recognizes all contributions when they are received or unconditionally promised, as net assets with or without donor restrictions based upon donor stipulations, if any.

#### <u>Revenue</u>

Special events and program revenue are accounted for under Accounting Standards Update ("ASU") No. 2014-09 (Topic 606). Revenue is recognized as performance obligations are met. Specifically, special events and fund raising revenue is recognized upon the event taking place and all revenue pertaining to partner agency transactions is recognized when the performance obligation of providing the food to the partner agency is completed. The performance obligation consists of providing member agencies with purchased food for distribution. 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.

#### Advertising Costs

Advertising costs are incurred to promote the Food Bank's activities and are expensed as incurred. Such costs totaled \$8,207 and \$5,550 for the years ended June 30, 2022, and 2021, 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 that 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 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.

#### 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 March 20, 2023, 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.

#### 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:

	2022	2021
Cash and cash equivalents	\$ 1,534,050	\$ 1,118,173
Short-term investments	12,573,994	10,046,252
Accounts receivable	2,208,070	2,253,087
Allocation from Donald W. Reynolds		
Restricted Fund for Programs	50,000	50,000
	\$ 16,366,114	\$ 13,467,512

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 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.

	2022				
		Level 1		Level 2	 Total
Common stocks	\$	714,447	\$	-	\$ 714,447
Corporate fixed income bonds		46,725		-	46,725
Exchange traded/closed-end funds		3,406,544		-	3,406,544
Mutual funds		9,207,083		-	9,207,083
Certificates of deposit		-		424,836	424,836
Government and treasury securities		1,335,510		-	 1,335,510
	\$	14,710,309	\$	424,836	\$ 15,135,145
				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
	\$	12,744,631	\$	386,000	\$ 13,130,631

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

Included in investments above is \$2,561,150 and \$2,984,379, 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 2022 and 2021, respectively.

#### Note 4 - Food Inventory

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

	2022			 2021
Donated food USDA commodities Purchased food	\$	707,443 947,643 228,113	_	\$ 940,643 1,660,017 576,070
	\$	1,883,199	=	\$ 3,176,730

#### Note 5 - Property and Equipment

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

	2022		 2021
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	9,666,730
Solar panels		918,287	918,287
Vehicles		2,417,913	2,221,099
Warehouse equipment		517,142	483,442
Office furniture, fixtures, and equipment		188,979	95,425
Equipment - Kids Café		104,599	94,402
		13,813,650	 13,479,385
Less accumulated depreciation		(6,443,764)	 (5,753,615)
Depreciable assets, net		7,369,886	 7,725,770
Total property and equipment, net	\$	8,052,031	\$ 8,407,915

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

On April 20, 2021, 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, 2021, 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 - Employee Retirement Plan

The Food Bank sponsors a defined contribution retirement 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 \$136,400 and \$126,806 for the years ended June 30, 2022, and 2021, 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 donorrestricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2022, and 2021, 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

	2022					
	Without		With			
	Re	Donor strictions	Donor Restrictions			Total
Board-designated endowment funds	\$	805,536	\$	-	\$	805,5
Donor-restricted endowment funds Original donor-restricted gift amount						
and amount required to be maintained		-		819,403		819,4
Restricted accumulated investment gains				1,296,842		1,296,8
	\$	805,536	\$	2,116,245	\$	2,921,7
				2021		
	\	Vithout		With		
		Donor		Donor		
	Re	strictions	Re	estrictions		Total

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

Donor-restricted endowment funds	
Original donor-restricted gift amount	
and amount required to be maintained	
Restricted accumulated investment gains	

gains		-		1,296,842	 1,296,842		
	\$	805,536	\$	2,116,245	\$ 2,921,781		
				2021			
	V	Vithout		With			
		Donor		Donor			
	Restrictions		Re	estrictions	 Total		
	\$	475,020	\$	-	\$ 475,020		
nt							
ned				901,344	901,344		
gains		-		1,583,553	 1,583,553		
	\$	475,020	\$	2,484,897	\$ 2,959,917		

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, 2022, and 2021.

#### **Investment and Spending Policies**

Board-designated endowment funds

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.

805,536

819,403

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:

	2022			
	Without	With		
	Donor	Donor		
	Restrictions	Restrictions	Total	
Endowment net assets, beginning of year Contributions / transfers Investment income, net of fees Appropriation of assets for expenditure	\$ 475,020 463,261 (132,745)	\$ 2,484,897 - (368,652) -	\$   2,959,917 463,261 (501,397) 	
Endowment net assets, end of year	\$ 805,536	\$ 2,116,245	\$ 2,921,781	
		2021		
	Without	With		
	Donor	Donor		
	Restrictions	Restrictions	Total	
Endowment net assets, beginning of year Contributions / transfers Investment income (loss), net of fees	\$	\$ 1,986,019 - 530,534	\$ 2,077,419 350,000 564,154	
Appropriation of assets for expenditure		(31,656)	(31,656)	

#### Note 9 - Net Assets with Donor Restrictions

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

	2022		2021	
Subject to Expenditure for Specified Purposes:				
Nutrition education	\$	100,230	\$	90,556
Emergency response		415,051		418,024
Food distribution programs		2,735,303		2,995,692
		3,250,584		3,504,272
Subject to the Passage of Time:				
Donald W. Reynolds Restricted Fund for				
Programs Enrichment and Sustainability		500,000		550,000
Endowments				
Board-designated		805,536		475,020
Held for long-term specified purposes, subject to endowment spending policy appropriation				
Building maintenance fund		2,116,245		2,484,897
č		· · ·		· · ·
	\$	6,672,365	\$	7,014,189

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:

	2022		2021	
Satisfaction of Purpose Restrictions:				
Nutrition education	\$	112,676	\$	98,255
Emergency response		2,973		42,847
Food distribution programs		22,506,064		21,353,795
	2	22,621,713		21,494,897
Expiration of Time Restrictions		50,000		187,130
Endowment				
Restricted purpose spending-rate distribution		-		31,656
	\$ 2	22,671,713	\$	21,713,683

#### Note 10 - Contributed Nonfinancial Assets

Contributed nonfinancial assets recognized in the statement of activities include the following:

	2022	2021
Food and USDA commodities Grocery store gift cards Information technology equipment	\$ 30,931,170 53,065 53,270	\$ 34,860,749 28,228 
	\$ 31,037,505	\$ 34,888,977

Contributed food, which includes minimal amounts of essential household and personal products, and USDA commodities are distributed to partner agencies and individuals to support children, families, seniors, and tribal communities. Please see Note 1 for details of the Food Bank's nutrition programs and the method used to value contributed food and USDA commodities.

Grocery store gift cards are valued based on their face value and are distributed to programmatic team members and individuals to purchase food. When the gift card denomination is not feasible for direct to client assistance, the Food Bank will use the gift cards to purchase food for free distribution to partner agencies.

In the year ended June 30, 2022, the Food Bank received new wireless and switch gear equipment to enhance its information technology systems. The equipment is valued based on its wholesale cost and is used in long-term operations. Accordingly, the contribution was recognized when placed in service and is included in fixed assets.

The Food Bank did not monetize any contributed nonfinancial assets and, except for donated food, contributed nonfinancial assets did not have donor restrictions.

#### Note 11 - Volunteers

The Food Bank's distribution programs are significantly dependent upon the support provided by volunteers. Such volunteers provided approximately 19,100 (unaudited) and 22,400 (unaudited) hours of direct services during the years ended June 30, 2022, and 2021, 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 \$286,500 and \$336,000 for 2022, and 2021, respectively.

# **Compliance Section**



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, 2022, 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 March 20, 2023.

#### **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 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.includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance

#### **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.

Christian Accounting Network

Reno, Nevada March 20, 2023



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, 2022. 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, 2022.

#### **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, 2022.

#### **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 requirement of a federal program 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 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.

Christian Accounting Network

Reno, Nevada March 20, 2023

## The Food Bank of Northern Nevada, Inc. Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

Federal Grantor/Cluster/ Pass-Through Grantor/Program Title	Federal Assistance Listing	Pass-Through dentifying Number	Federal Expenditures	Payments to Subrecipients
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	\$ 1,053,611	\$-
Commodity Supplemental Food Program				
(Administrative Costs)	10.565	L010	240,322	-
Temporary Emergency Food Assistance				
Program (Food Commodities)	10.569	D041	8,581,263	7,497,389
Temporary Emergency Food Assistance				
Program (Administrative Costs)	10.568	D041	377,832	-
Temporary Emergency Food Assistance				
Program - CARES COVID Supplemental Funds	10.568	217NVAG1J8003	27,161	-
Temporary Emergency Food Assistance				
Program - Build Back Better	10.568	7NV101NV8	56,998	-
Passed through California Department of Health				
and Human Services and CalFood Logistics				
Temporary Emergency Food Assistance				
Program (Food Commodities)	10.569	94-2924979	257,279	257,279
Temporary Emergency Food Assistance				
Program (Administrative Costs)	10.568	94-2924979	201,159	-
Total Food Distribution Cluster			10,795,625	7,754,668
Child Nutrition Cluster				
Passed through the Nevada Department				
of Agriculture		00400		
Summer Food Service Program for Children	10.559	S0160	408,266	
Total Child Nutrition Cluster			408,266	-
Supplemental Nutrition Assistance Program (SNAP C Passed through the Nevada Department of Agriculture	<u>luster)</u>			
State Administrative Matching Grant for SNAP		01170005		
Outreach/Participation	10.561	OUT2205	116,860	-
Education	10.561	Ed2214	117,350	
Total SNAP Cluster			234,210	-
Passed through the Nevada Department of Agriculture				
Child and Adult Care Food Program	10.558	C1250	\$ 1,003,249	\$-
	10.000	01200		
Total U.S. Department of Agriculture			12,441,350	7,754,668

## The Food Bank of Northern Nevada, Inc. Schedule of Expenditures of Federal Awards Year Ended June 30, 2022

Federal Grantor/Cluster/ Pass-Through Grantor/Program Title	Federal Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Payments to Subrecipients
Tubo milough chanton rogram hao	Lioting		Experiance	
U.S. Department of Homeland Security				
Direct Award				
Emergency Food and Shelter National Board Program	97.024	n/a	88,000	-
Emergency Food and Shelter National Board				
Program - ARPA-R	97.024	n/a	5,950	
Total Emergency Food and Shelter National				
Board Program / Total U.S. Department of				
Homeland Security			93,950	-
U.S. Department of Treasury				
Passed through Nevada Governor's Office				
State Fiscal Recovery Fund & Nevada Department of Agriculture				
Coronavirus State and Local Fiscal				
Recovery Funds	21.027	94-2924979	1,530	-
	211027	012021070		
Total Nevada Governor's Coronavirus Relief				
Fund / Total U.S. Department of the Treasury			1,530	-
U.S. Department of Health and Human Services Aging Cluster				
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	2101NVOASS-01	\$ 53,568	\$-
	00.050		0 5 7 7	
National Family Caregiver Support, Title III, Part E	93.052	2101NVFCC6-00	6,577	
Total Aging Cluster / Total U.S. Department				
of Health and Human Services			60,145	-
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	119 200	
	14.220	D-20-DVV-0001	119,300	
Total U.S. Department of Housing and				
Urban Development			119,300	
Total Expenditures of Federal Awards			¢ 12 716 275	\$ 7 754 669
iotal Experiorues of rederal Awards			\$ 12,716,275	\$7,754,668

#### 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, 2022. 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, 2022, the Food Bank had food commodities totaling \$947,643 in inventory.

#### Note 4 - Indirect Cost Rate

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

Section I – Summary of Auditor's Results	
Financial Statements	
Type of auditor's report issued:	Unmodified
Internal control over financial reporting: Material weaknesses identified Significant deficiencies identified not considered to be material weaknesses	No None Reported
Noncompliance material to financial statements noted?	No
Federal Awards	
Internal control over major program: Material weaknesses identified Significant deficiency identified not considered to be material weaknesses	No No
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in in accordance with Uniform Guidance 2 CFR 200.516	No
Identification of major programs:	
Name of Federal Program	<u>CFDA Number</u>
Food Distribution Cluster Commodity Supplemental Food Program Temporary Emergency Food Assistance Program (Food Commodities) Temporary Emergency Food Assistance Program (Administrative Costs)	10.565 10.569 10.568
Child and Adult Care Food Program	10.558
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	No

#### 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.