


Financial Statements
June 30, 2023
(With Comparative Totals for June 30, 2022)
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 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, 2023, 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, 2023, 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 January 25, 2024 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 my 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 2022 financial statements of The Food Bank of Northern Nevada, Inc. were audited by me and in my report dated March 20, 2023, 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, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Christmann Accounting Network

Reno, Nevada
January 25, 2024

The Food Bank of Northern Nevada, Inc.
Statement of Financial Position
June 30, 2023
(With Comparative Totals for June 30, 2022)

	2023	2022 (Memorandum Only)
Assets		
Current Assets		
Cash and cash equivalents	\$ 1,072,398	\$ 1,534,050
Investments	16,304,852	12,573,994
Accounts receivable		
Grants and contracts receivable	2,177,657	2,107,647
Agency fees and other receivable	59,185	100,423
Food inventory	1,679,017	1,883,200
Prepaid expenses	1,000	-
Total current assets	21,294,109	18,199,314
Property and Equipment, net	7,661,378	8,052,031
Other Assets		
Cash and investments held for building maintenance fund	2,193,932	2,116,245
Investments in Donald W. Reynolds Restricted Fund for Programs	450,000	500,000
Investment in Oddie Project	500,000	-
Total other assets	3,143,932	2,616,245
Total assets	\$ 32,099,419	\$ 28,867,590

The Food Bank of Northern Nevada, Inc.
Statement of Financial Position
June 30, 2023
(With Comparative Totals for June 30, 2022)

	2023	2022 (Memorandum Only)
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 127,653	\$ 174,932
Accrued expenses	457,374	435,336
Deferred revenue	770,619	999,570
Total current liabilities / total liabilities	1,355,646	1,609,838
Net Assets		
Without donor restrictions		
Invested in property and equipment	7,661,378	8,052,031
Invested in Oddie Project	500,000	-
Board designated endowment	1,947,307	805,536
Board designated sustaining fund	14,357,545	11,768,458
Undesignated	412,967	764,898
Total net assets without donor restrictions	24,879,197	21,390,923
With donor restrictions		
Restricted for specified purposes	3,220,644	3,250,584
Time-restricted for future periods	450,000	500,000
Restricted for endowment	2,193,932	2,116,245
Total net assets with donor restrictions	5,864,576	5,866,829
Total net assets	30,743,773	27,257,752
Total liabilities and net assets	\$ 32,099,419	\$ 28,867,590

The Food Bank of Northern Nevada, Inc.
Statement of Activities
Year Ended June 30, 2023
(With Comparative Totals for Year Ended June 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Memorandum Only)
Public and Governmental Support, Revenue, and Reclassifications				
Public and Governmental Support				
<u>Contributions of nonfinancial assets</u>				
Donated food	\$ -	\$ 29,921,809	\$ 29,921,809	\$ 21,149,822
USDA commodities	8,157,508	-	8,157,508	9,781,348
Other in-kind contributions	-	-	-	106,335
<u>Contributions of cash and other financial assets</u>				
Government grants and contracts	1,977,077	-	1,977,077	1,467,118
Contributions and pledges	8,897,723	1,284,572	10,182,295	10,555,251
Kids Café				
Child and Adult Care Food Program	825,452	-	825,452	996,191
Summer Food Service Program	262,648	-	262,648	415,325
Total public and governmental support	20,120,408	31,206,381	51,326,789	44,471,390
Revenue				
Special events and fund raising	639,369	-	639,369	536,341
Agency fees	397,372	-	397,372	224,635
Reimbursements and other income	148,154	-	148,154	142,684
Total revenue	1,184,895	-	1,184,895	903,660
Net Assets Released for Satisfaction of Donor Restrictions				
	31,413,376	(31,413,376)	-	-
Total public and governmental support, revenue, and reclassifications	52,718,679	(206,995)	52,511,684	45,375,050

The Food Bank of Northern Nevada, Inc.
Statement of Activities
Year Ended June 30, 2023
(With Comparative Totals for Year Ended June 30, 2022)

	2023			2022
	Without Donor Restrictions	With Donor Restrictions	Total	Total (Memorandum Only)
Expenses				
Program Services - food distribution	\$ 47,962,134	\$ -	\$ 47,962,134	\$ 39,655,678
Supporting Services				
General and administrative	1,151,662	-	1,151,662	951,768
Fund raising	1,031,959	-	1,031,959	1,094,988
Total expenses	50,145,755	-	50,145,755	41,702,434
Other Gains and Losses				
Net investment income (loss)	915,350	204,742	1,120,092	(1,969,780)
Change in Net Assets	3,488,274	(2,253)	3,486,021	1,702,836
Net Assets, Beginning of Year	21,390,923	5,866,829	27,257,752	25,554,916
Net Assets, End of Year	<u>\$ 24,879,197</u>	<u>\$ 5,864,576</u>	<u>\$ 30,743,773</u>	<u>\$ 27,257,752</u>

The Food Bank of Northern Nevada, Inc.
Statement of Functional Expenses
Year Ended June 30, 2023
(With Comparative Totals for Year Ended June 30, 2022)

	2023			2022	
	Program Services	Supporting Services		Total (Memorandum Only)	
	Food Distribution	General and Administrative	Fund Raising	Total	
Salaries and wages	\$ 2,543,794	\$ 727,084	\$ 467,338	\$ 3,738,216	\$ 3,287,462
Payroll taxes	244,332	65,319	44,000	353,651	269,495
Employee benefits	377,583	78,704	67,036	523,323	458,958
Total personnel costs	3,165,709	871,107	578,374	4,615,190	4,015,915
Food distribution					
Donated food	29,994,121	-	-	29,994,121	21,297,666
USDA commodities	8,157,507	-	-	8,157,507	9,781,348
Purchased food, including acquisition costs	2,873,638	-	-	2,873,638	2,508,111
Kids Café	947,399	-	-	947,399	1,028,231
Advertising and promotion	-	5,293	2,120	7,413	8,207
Bank charges	3	1,766	70,364	72,133	80,612
Direct mail	-	-	210,213	210,213	374,766
Dues and subscriptions	1,075	9,854	2,915	13,844	11,794
Conferences, training, travel, and mileage	31,207	49,207	4,065	84,479	57,439
Contract labor	72,144	-	15,420	87,564	111,072
Equipment	725,739	5,714	2,805	734,258	184,204
Special events	70,538	-	-	70,538	33,137
Insurance	117,651	-	-	117,651	112,044
Miscellaneous	821	-	-	821	1,284
Office expenses	3,393	15,611	1,125	20,129	16,915
Outreach programs and volunteer appreciation	126,050	900	237	127,187	45,132
Printing and postage	17,521	15,084	79,720	112,325	110,498
Professional services and advocacy	159,190	46,235	64,195	269,620	460,540
Repairs and maintenance	113,307	137	406	113,850	101,048
Sanitation	37,850	855	-	38,705	35,899
Telephone and internet	15,058	65,995	-	81,053	71,457
Utilities	72,142	24,633	-	96,775	54,562
Vehicle expense	469,976	-	-	469,976	420,925
Warehouse supplies	72,684	-	-	72,684	89,479
Total expenses before depreciation	47,244,723	1,112,391	1,031,959	49,389,073	41,012,285
Depreciation	717,411	39,271	-	756,682	690,149
Total expenses	<u>\$47,962,134</u>	<u>\$1,151,662</u>	<u>\$1,031,959</u>	<u>\$50,145,755</u>	<u>\$41,702,434</u>

See Notes to Financial Statements

The Food Bank of Northern Nevada, Inc.
Statement of Cash Flows
Year Ended June 30, 2023
(With Comparative Totals for Year Ended June 30, 2022)

	2023	2022 (Memorandum Only)
Operating Activities		
Change in net assets	\$ 3,486,021	\$ 1,702,836
Adjustments to reconcile change in net assets to cash flows from operating activities		
Depreciation	756,682	690,149
Net realized and unrealized (gain) loss on investments	(1,063,445)	2,014,505
Donated equipment received	-	(53,270)
Changes in certain components of working capital		
Grants and contracts receivable	(70,010)	53,367
Agency fees and other accounts receivable	41,238	(8,350)
Food inventory	204,183	1,293,530
Prepaid expenses	(1,000)	-
Accounts payable	(47,279)	(243,043)
Accrued expenses	22,038	73,320
Deferred revenue	(228,951)	(702,577)
Net Cash Flows from Operating Activities	3,099,477	4,820,467
Investing Activities		
Proceeds from sale of investments	2,179,625	6,449,560
Purchase of investments	(4,889,607)	(10,568,578)
Investment in Oddie Project	(500,000)	-
Purchase of property and equipment	(366,029)	(280,995)
Net Cash Flows from Investing Activities	(3,576,011)	(4,400,013)
Net Change in Cash, Cash Equivalents, and Restricted Cash	(476,534)	420,454
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	1,589,145	1,168,691
Cash, Cash Equivalents, and Restricted Cash, End of Year	\$ 1,112,611	\$ 1,589,145
Reconciliation of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	\$ 1,072,398	\$ 1,534,050
Cash held for building maintenance fund	40,213	55,095
	\$ 1,112,611	\$ 1,589,145

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 that together constitute a multi-level effort to solve hunger, serving 140,000 people on average each month in FY23. Donated and purchased food is collected, sorted, and delivered to people via a network of more than 150 partner agencies and through direct-to-neighbor programs throughout our 90,000-square-mile service area. In FY23, Food Bank and its partners distributed more than 21.6 million pounds of food—the equivalent of more than 19 million meals.

Celebrating 40 years of service to the community in 2023, the Food Bank is widely recognized as a leader in the work to solve hunger. As a partner of Feeding America, the Food Bank adheres to important operational standards, procedures, and reporting to execute its work effectively and with respect for the people it serves. The Food Bank is supported through donations from individuals, companies, organizations, foundations, and government entities. It has achieved a 4-star exceptional rating from Charity Navigator for exceeding industry standards and outperforming most charities in its cause. In 2023, the Nevada Center for Entrepreneurship and Technology awarded the Food Bank with Logistics Company of the Year.

We help individuals who experience layered health and social inequities by providing immediate food assistance through the distribution of groceries and meals, connecting clients to mainstream federal and state nutrition benefits, and making linkages to additional social services. The Food Bank focuses its help in the following ways:

Feeding Children: Children experiencing food insecurity are among our most vulnerable neighbors. 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 select rural counties in California respectively. The Food Bank, with Trusted Partner status granted by the USDA/Nevada Division of Welfare and Supportive Services, conducts SNAP application assistance and eligibility interviews, which eliminates barriers to participation and facilitates approval for benefits.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2023

(With Comparative Totals for June 30, 2022)

Feeding Seniors: 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 up to 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 (senior food boxes) which provides staple food items.

Feeding Tribal Communities: The Food Bank continues to strengthen long-standing tribal community partnerships. We have collaborated with 19 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 healthcare 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.

New Accounting Pronouncements

In February 2019, the FASB issued ASU 2016-02, *Leases (Topic 842)*, which replaces existing guidance. The new standard requires a dual approach for lessee accounting under which both financing and operating leases result in the lessee recognizing right-of-use assets and corresponding lease liabilities. The Food Bank has elected the short-term lease recognition exemption for all applicable classes of underlying leases. Leases with an initial term of 12 months or less that do not include an option to purchase the underlying asset or extend the lease that the Food Bank is reasonably certain to exercise, are not recorded on the statement of financial position. The implementation of this standard has had no effect on the Food Bank's financial statements for the year ended June 30, 2023.

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, 2022, 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 8.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2023

(With Comparative Totals for June 30, 2022)

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 receivables arise from the Food Bank's policy of allowing all organizations to pay for their portion of purchased food on a monthly billing basis. Payments of receivables are allocated to the specific invoices identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoice. 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, 2023, or 2022.

Food Inventory

The Food Bank records United States Department of Agriculture (USDA) commodities, purchased food, 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, 2023, donated food and federal commodities are weighed and valued at \$1.92 and \$1.53, 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 \$0.13 per pound for donated food (\$1.79 for 2022) and a decrease of \$0.17 per pound for federal commodities (\$1.70 for 2022). 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. 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 2022.

Investments

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments in financial securities 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.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2023

(With Comparative Totals for June 30, 2022)

The Food Bank has a 50% beneficial interest in The Oddie Project, which is an organization exempt from tax under IRC Section 501(c)(25). The investment in the Oddie Project is recognized on the equity basis of accounting whereby the investment is valued on the Food Bank's financial statements based upon its investment, which is adjusted annually for its share of profits and loss proportionate to its beneficial interest less any dividends received.

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 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, 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 restrictions when the donated or acquired assets are placed in service as instructed by the donor. If the 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 when 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.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2023

(With Comparative Totals for June 30, 2022)

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:

- Donated Food - 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.
- USDA Commodities - 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.
- Other In-Kind Contributions - 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.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2023

(With Comparative Totals for June 30, 2022)

Contributions of Cash and Other Financial Assets

- Grants – 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.
- Contributions – 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.

Revenue

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. 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. No fees are charged to partner agencies for donated food.

Advertising Costs

Advertising costs are incurred to promote the Food Bank’s activities and are expensed as incurred. Such costs totaled \$7,413 and \$8,207 for the years ended June 30, 2023, and 2022, 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 and supporting service activities occurring.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2023

(With Comparative Totals for June 30, 2022)

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 is 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 January 25, 2024, which represents the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2023

(With Comparative Totals for June 30, 2022)

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:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents	\$ 1,072,398	\$ 1,534,050
Accounts and grants receivable	2,236,842	2,208,070
Allocation from Donald W. Reynolds Restricted Fund for Programs	<u>50,000</u>	<u>50,000</u>
	<u>\$ 3,359,240</u>	<u>\$ 3,792,120</u>

The Donald W. Reynolds Restricted Fund for Programs is subject to an annual spending rate established by the donor and is not available for general operations. In addition, the Food Bank has short-term investments totaling \$16,304,852 and \$12,573,994 at June 30, 2023 and 2022, respectively, for its Board-designated endowment and sustaining funds. Although the Food Bank does not intend to spend from its Board-designated funds (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, either directly or indirectly. These include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, inputs other than quoted prices that are observable for the asset, and market corroborated inputs.

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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:

	2023		
	Level 1	Level 2	Total
Common stocks	\$ 786,839	\$ -	\$ 786,839
Corporate fixed income bonds	45,876	-	45,876
Exchange traded/closed-end funds	5,086,485	-	5,086,485
Mutual funds	11,048,859	-	11,048,859
Certificates of deposit	-	1,213,000	1,213,000
Government and treasury securities	727,511	-	727,511
	<u>\$ 17,695,570</u>	<u>\$ 1,213,000</u>	<u>\$ 18,908,570</u>
	2022		
	Level 1	Level 2	Total
Common stocks	\$ 714,446	\$ -	\$ 714,446
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
	<u>\$ 14,710,308</u>	<u>\$ 424,836</u>	<u>\$ 15,135,144</u>

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

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Included in investments above is \$2,603,719 and \$2,561,150, 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 2023 and 2022, respectively.

Note 4 - Food Inventory

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

	<u>2023</u>	<u>2022</u>
Donated food	\$ 649,090	\$ 707,443
USDA commodities	690,120	947,643
Purchased food	<u>339,807</u>	<u>228,113</u>
	<u>\$ 1,679,017</u>	<u>\$ 1,883,199</u>

Note 5 - Property and Equipment

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

	<u>2023</u>	<u>2022</u>
Non-depreciable assets		
Land	\$ 530,148	\$ 530,148
Real property available for sale	<u>151,997</u>	<u>151,997</u>
	682,145	682,145
Depreciable assets		
Building	9,719,323	9,666,730
Solar panels	918,287	918,287
Vehicles	2,652,144	2,417,913
Warehouse equipment	534,196	517,142
Office furniture, fixtures, and equipment	222,679	188,979
Equipment - Kids Café	<u>126,450</u>	<u>104,599</u>
	14,173,079	13,813,650
Less accumulated depreciation	<u>(7,193,846)</u>	<u>(6,443,764)</u>
Depreciable assets, net	<u>6,979,233</u>	<u>7,369,886</u>
Total property and equipment, net	<u>\$ 7,661,378</u>	<u>\$ 8,052,031</u>

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

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Note 6 - Investment in Oddie Project

The Food Bank, together with The Children's Cabinet, Inc. (Children's Cabinet) (a Nevada nonprofit corporation exempt from income tax and recognized as a public charity under IRC Section 501(c)(3)) formed The Oddie Project on May 2, 2023. The Oddie Project is a Nevada nonprofit corporation that is exempt from income tax under IRC Section 501(a) as an organization described in IRC Section 501(c)(25) and its sole purpose is to acquire, own, manage, and lease certain real property in Washoe County, Nevada. The Food Bank and the Children's Cabinet each hold a 50% beneficial interest in the Oddie Project. Accordingly, the investment in the Oddie Project is recognized on the equity basis of accounting. Given the timing of the project start-up and the minimal activity prior to June 30, 2023, the investment reflected in the accompanying statement of financial position reflects the Food Bank's initial investment of \$500,000. Subsequent to year-end, The Oddie Project acquired a retail mall in Sparks, Nevada, a 7.5 acre parcel which includes 65,1067 square feet of built-up space with the intent to renovate and revitalize the space to provide facilities for community-based services, including childcare and workforce training. Funding for the acquisition of the property is comprised of \$6 million appropriated by the State of Nevada, \$1 million from Washoe County, \$300,000 from the City of Sparks, and other public and private donors. The total cost of the project is expected to be \$16 million.

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 total \$162,925 and \$136,400 for the years ended June 30, 2023, and 2022, 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, 2023, and 2022, 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 Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

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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

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

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 1,947,307	\$ -	\$ 1,947,307
Donor-restricted endowment funds			
Original donor-restricted gift amount and amount required to be maintained	-	737,462	737,462
Restricted accumulated investment gains	-	1,456,470	1,456,470
	\$ 1,947,307	\$ 2,193,932	\$ 4,141,239
	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 805,536	\$ -	\$ 805,536
Donor-restricted endowment funds			
Original donor-restricted gift amount and amount required to be maintained	-	819,403	819,403
Restricted accumulated investment gains	-	1,296,842	1,296,842
	\$ 805,536	\$ 2,116,245	\$ 2,921,781

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

The Food Bank of Northern Nevada, Inc.

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UPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. There were no underwater endowments at June 30, 2023, and 2022.

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 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:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 805,536	\$ 2,116,245	\$ 2,921,781
Contributions / transfers	1,063,418	-	1,063,418
Investment income, net of fees	78,353	204,742	283,095
Appropriation of assets for expenditure	-	(127,055)	(127,055)
	<u>\$ 1,947,307</u>	<u>\$ 2,193,932</u>	<u>\$ 4,141,239</u>

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, beginning of year	\$ 475,020	\$ 2,484,897	\$ 2,959,917
Contributions / transfers	463,261	-	463,261
Investment income (loss), net of fees	(132,745)	(368,652)	(501,397)
Appropriation of assets for expenditure	-	-	-
	<u>\$ 805,536</u>	<u>\$ 2,116,245</u>	<u>\$ 2,921,781</u>

The Food Bank of Northern Nevada, Inc.

Notes to Financial Statements

June 30, 2023

(With Comparative Totals for June 30, 2022)

Note 9 - Net Assets with Donor Restrictions

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

	<u>2023</u>	<u>2022</u>
Subject to Expenditure for Specified Purposes:		
Nutrition education	\$ 97,189	\$ 100,230
Emergency response	413,317	415,051
Food distribution programs	<u>2,710,138</u>	<u>2,735,303</u>
	3,220,644	3,250,584
Subject to the Passage of Time:		
Donald W. Reynolds Restricted Fund for Programs Enrichment and Sustainability	450,000	500,000
Endowments		
Board-designated	1,947,307	805,536
Held for long-term specified purposes, subject to endowment spending policy appropriation		
Building maintenance fund	<u>2,193,932</u>	<u>2,116,245</u>
	<u>\$ 7,811,883</u>	<u>\$ 6,672,365</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:

	<u>2023</u>	<u>2022</u>
Satisfaction of Purpose Restrictions:		
Nutrition education	\$ 103,832	\$ 112,676
Emergency response	1,734	2,973
Food distribution programs	<u>31,130,755</u>	<u>22,506,064</u>
	31,236,321	22,621,713
Expiration of Time Restrictions	50,000	50,000
Endowment		
Restricted purpose spending-rate distribution	<u>127,055</u>	<u>-</u>
	<u>\$ 31,413,376</u>	<u>\$ 22,671,713</u>

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Note 10 - Contributed Nonfinancial Assets

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

	2023	2022
Food and USDA commodities	\$ 38,079,317	\$ 30,931,170
Grocery store gift cards	-	53,065
Information technology equipment	-	53,270
	\$ 38,079,317	\$ 31,037,505

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 Food Bank clients 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 21,600 (unaudited) and 19,100 (unaudited) hours of direct services during the years ended June 30, 2023, and 2022, 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 \$324,000 and \$286,500 for 2023, and 2022, 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, 2023, 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 January 25, 2024.

Report on 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.

Report on 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.

Christmann Accounting Network

Reno, Nevada
January 25, 2024



**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

Opinion on 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, 2023. 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.

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, 2023.

Basis of Opinion on Each Major Federal Program

I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). My responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of the Food Bank and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. My audit does not provide a legal determination of the Food Bank's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Food Bank's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Food Bank's compliance based on my audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Food Bank's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Food Bank's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of the Food Bank's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Food Bank's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal controls over compliance. Given these limitations, during my audit I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Christmann Accounting Network

Reno, Nevada
January 25, 2024

The Food Bank of Northern Nevada, Inc.
Schedule of Expenditures of Federal Awards Year Ended June 30, 2023

<u>Federal Grantor/Cluster/ Pass-Through Grantor/Program Title</u>	<u>Federal Assistance Listing</u>	<u>Pass-Through Identifying Number</u>	<u>Federal Expenditures</u>	<u>Payments to Subrecipients</u>
United States (U.S.) Department of Agriculture				
<u>Food Distribution Cluster</u>				
Passed through the Nevada Department of Agriculture				
Commodity Supplemental Food Program (Food Commodities)	10.565	L010	\$ 1,179,502	\$ -
Commodity Supplemental Food Program (Administrative Costs)	10.565	L010	182,369	-
Temporary Emergency Food Assistance Program (Food Commodities)	10.569	D041	6,613,704	6,021,574
Temporary Emergency Food Assistance Program (Administrative Costs)	10.568	D041	246,211	-
Temporary Emergency Food Assistance Program - Build Back Better	10.568	7NV101NV8	335,907	-
Passed through California Department of Health and Human Services and CalFood Logistics				
Temporary Emergency Food Assistance Program (Food Commodities)	10.569	94-2924979	229,390	229,390
Temporary Emergency Food Assistance Program - Build Back Better	10.568	94-2924979	126,496	-
Temporary Emergency Food Assistance Program (Administrative Costs)	10.568	94-2924979	43,448	-
Total Food Distribution Cluster			8,957,027	6,250,964
<u>Child Nutrition Cluster</u>				
Passed through the Nevada Department of Agriculture				
Summer Food Service Program for Children	10.559	S0160	262,648	-
Total Child Nutrition Cluster			262,648	-
<u>Supplemental Nutrition Assistance Program (SNAP Cluster)</u>				
Passed through the Nevada Department of Agriculture				
State Administrative Matching Grant for SNAP				
Outreach/Participation	10.561	OUT2205	111,999	-
Education	10.561	Ed2214	100,791	-
Total SNAP Cluster			212,790	-
Passed through the Nevada Department of Agriculture				
Child and Adult Care Food Program	10.558	C1250	825,452	-
Total U.S. Department of Agriculture			10,257,917	6,250,964

The Food Bank of Northern Nevada, Inc.
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2023

Federal Grantor/Cluster/ Pass-Through Grantor/Program Title	Federal Assistance Listing	Pass-Through Identifying Number	Federal Expenditures	Payments to Subrecipients
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	<u>31,950</u>	<u>-</u>
Total Emergency Food and Shelter National Board Program / Total U.S. Department of Homeland Security			119,950	-
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	<u>251,736</u>	<u>-</u>
Total Nevada Governor's Coronavirus Relief Fund / Total U.S. Department of the Treasury			251,736	-
U.S. Department of Health and Human Services				
<u>Aging Cluster</u>				
Passed through the Nevada Department of Health and Human Services National Family Caregiver Support, Title III, Part E				
	93.052	2101NVFCC6-00	<u>181,706</u>	<u>-</u>
Total Aging Cluster / Total U.S. Department of Health and Human Services			181,706	-
U.S. Department of Housing and Urban Development				
<u>CDBG-Entitlement Grants Cluster</u>				
Passed through the City of Sparks Community Development Block Grant				
	14.218	94-2924979	<u>231,252</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			231,252	-
Total Expenditures of Federal Awards			<u>\$ 11,042,561</u>	<u>\$ 6,250,964</u>

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, 2023. 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 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, 2023, the Food Bank had food commodities totaling \$690,121 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, 2023

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
Coronavirus State and Local Fiscal Recovery Funds	21.027
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

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.