



Weld Food Bank

FINANCIAL STATEMENTS

Year Ended June 30, 2020

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Independent Auditors' Report

Board of Directors
Weld Food Bank
Greeley, Colorado

Report on the Financial Statements

We have audited the accompanying statement of financial position of Weld Food Bank (a nonprofit organization) as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Weld Food Bank as of June 30, 2020, 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.

Report on Summarized Comparative Information

We have previously audited the Weld Food Bank's 2019 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 12, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by *Title 2 U.S. Code of Federal Regulations Part 200* 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, 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. In our opinion, the information 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*, we have also issued our report dated November 11, 2020 on our consideration of the Weld Food Bank internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 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 Weld Food Bank's internal control over financial reporting and compliance.

Anderson + Whitney, P.C.

November 11, 2020

WELD FOOD BANK

STATEMENTS OF FINANCIAL POSITION

June 30	2020	2019
ASSETS		
Current Assets:		
Cash on hand and in banks	\$ 3,867,154	\$ 1,397,559
Cash - reserves	556,500	603,064
Certificates of deposit - reserves	620,182	618,221
Accounts receivable	320,449	150,470
Inventory	-	2,940
Total Current Assets	5,364,285	2,772,254
Property and Equipment:		
Land and improvements	416,263	416,263
Building	4,046,147	3,935,846
Vehicles and equipment	1,252,451	1,184,920
	5,714,861	5,537,029
Less: Accumulated depreciation	1,953,947	1,761,578
Total Property and Equipment	3,760,914	3,775,451
Other Assets:		
Beneficial interest in assets held by Community Foundation	48,237	48,571
TOTAL ASSETS	\$ 9,173,436	\$ 6,596,276
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 15,035	\$ 4,236
Accrued expenses	67,523	21,074
Total Current Liabilities	82,558	25,310
Net Assets:		
Without Donor Restrictions:		
Undesignated	2,809,664	1,511,060
Board designated	2,453,907	1,252,165
Net investment in property	3,760,914	3,775,451
With Donor Restrictions	66,393	32,290
Total Net Assets	9,090,878	6,570,966
TOTAL LIABILITIES AND NET ASSETS	\$ 9,173,436	\$ 6,596,276

See Accompanying Notes to Financial Statements.

WELD FOOD BANK

STATEMENTS OF ACTIVITIES

Years Ended June 30	2020	2019
Changes in Net Assets Without Donor Restriction:		
Public Support and Revenue:		
Public support:		
Contributions:		
Food	\$ 16,549,448	\$ 15,811,480
Funds development	4,975,374	2,516,054
Cash	43,991	44,209
United Way	45,750	22,000
Operating grants	26,258	11,000
Total Public Support	21,640,821	18,404,743
Revenue:		
Food programs reimbursement	1,101,354	815,744
Share contribution program	98,220	141,761
Miscellaneous income	216	1,264
Interest income	3,191	14,797
Total Revenue	1,202,981	973,566
Total Support and Revenue	22,843,802	19,378,309
Expenses:		
Program services	19,838,772	18,665,524
General and administrative	107,759	97,980
Fundraising	411,462	408,930
Total Expenses	20,357,993	19,172,434
Increase in Net Assets Without Donor Restriction	2,485,809	205,875
Changes in Net Assets With Donor Restriction:		
Funds development	33,000	-
Endowment contributions	1,103	2,000
Increase in Net Assets With Donor Restriction	34,103	2,000
Increase in Net Assets	2,519,912	207,875
Net Assets, Beginning of Year	6,570,966	6,363,091
Net Assets, End of Year	\$ 9,090,878	\$ 6,570,966

See Accompanying Notes to Financial Statements.

WELD FOOD BANK

STATEMENTS OF CASH FLOWS

Years Ended June 30	2020	2019
Cash Flows From Operating Activities:		
Cash received (paid) for:		
Public support	\$ 5,098,331	\$ 2,582,527
Grants received	26,258	11,000
Food program reimbursements	918,995	771,636
Share contribution program	110,525	141,399
Interest received	2,667	3,469
Salaries and benefits	(1,484,303)	(1,419,149)
Suppliers and other vendors	(2,071,609)	(1,794,783)
Net Cash Provided by Operating Activities	2,600,864	296,099
Cash Flows From Investing Activities:		
Proceeds from sale of property and equipment	-	1,000
Purchase of property and equipment	(177,833)	(174,688)
Net Cash Flows Used by Investing Activities	(177,833)	(173,688)
Cash Flows From Financing Activities	-	-
Net Increase in Cash and Equivalents	2,423,031	122,411
Cash, Beginning of Year	2,000,623	1,878,212
Cash, End of Year	\$ 4,423,654	\$ 2,000,623
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Increase in net assets	\$ 2,519,912	\$ 207,875
Adjustments:		
Depreciation	192,370	175,622
Gain on sale of property and equipment	-	(1,000)
Bad debt expense	75	214
Contributions restricted for long-term investment	(1,103)	(2,000)
Endowment investment income reinvested	1,437	(1,540)
Certificate of deposit interest reinvested	(1,961)	(9,788)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(170,054)	(44,470)
Inventories	2,940	(2,940)
Increase (decrease) in:		
Accounts payable	10,799	4,236
Accrued expenses	46,449	(30,110)
Net Cash Provided by Operating Activities	\$ 2,600,864	\$ 296,099

See Accompanying Notes to Financial Statements.

WELD FOOD BANK

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020 (With Comparative Totals for 2019)	Program Services	General and Administrative	Fund Raising	Totals	
				2020	2019
Functional Expenses:					
Donated food	\$ 16,549,448	\$ -	\$ -	\$ 16,549,448	\$ 15,811,480
Salaries	1,116,637	55,773	133,208	1,305,618	1,165,356
Employee benefits	117,548	2,336	9,147	129,031	137,372
Payroll taxes	82,636	3,778	9,689	96,103	86,311
Food purchases and freight	1,065,015	-	-	1,065,015	939,164
Bank charges	-	-	27,582	27,582	8,030
Contract labor	6,548	-	-	6,548	-
Depreciation	192,370	-	-	192,370	175,622
Dues and fees	7,702	175	-	7,877	20,032
Fundraisers	-	-	231,816	231,816	237,680
Insurance	64,305	708	-	65,013	48,418
Office and operating supplies	103,604	1,582	-	105,186	54,788
Postage	10,357	211	-	10,568	7,353
Professional fees/grants	130,135	37,268	-	167,403	87,743
Promotion (public education)	90,008	1,790	-	91,798	62,817
Rent expense	9,600	-	-	9,600	9,600
Repairs and maintenance	73,195	1,135	-	74,330	87,565
Telephone	11,867	134	20	12,021	14,636
Transportation	77,189	1,021	-	78,210	81,290
Training and technology	47,198	923	-	48,121	47,483
Utilities	83,108	925	-	84,033	89,463
Miscellaneous expense	302	-	-	302	231
Total Functional Expenses	\$ 19,838,772	\$ 107,759	\$ 411,462	\$ 20,357,993	\$ 19,172,434

See Accompanying Notes to Financial Statements.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of Weld Food Bank conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating Weld Food Bank's financial statements.

Organization:

Weld Food Bank, originally known as the Greeley Food Clearing House, operates a facility to provide food at no cost to human services organizations and needy people in cooperation with a national organization, Feeding America. The organization also has contracts with a state government agency to administer the warehousing and distribution of supplemental foods to needy people.

Basis of Accounting:

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the organization. These net assets may be used at the discretion of the Weld Food Bank's management and the board of directors.

Net Assets with donor restrictions: Net Assets subject to stipulations imposed by donors. Some donor-imposed 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-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Contributions restricted by donors are reported as increases in net assets without donor restrictions if the restrictions expire 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.

Cash and Cash Equivalents:

For the purpose of the Statements of Cash Flows, the organization considers all highly liquid financial instruments with maturities of three months or less to be equivalent to cash.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Accounts Receivable:

Accounts receivable are primarily from governmental agencies for contracted services and local nonprofit agencies for food purchases. Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by regularly evaluating individual customer receivables and considering a customer's financial condition, credit history, and current economic conditions. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.

An account receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on trade receivables that are outstanding. At June 30, 2020, no significant accounts are 90 days or more past due and no allowance for doubtful accounts is considered necessary by management.

Inventory and Donated Food:

Inventory, consisting of purchased food only, is stated at lower of cost or net realizable value; cost is determined using the first-in, first-out method.

Donated food is estimated in the Statement of Activities by using an overall fair market value per pound of \$1.74 for 2020 and \$1.62 for 2019 as determined by an independent study conducted through Feeding America. The estimated fair market value of the donated food received and distributed is approximately \$16,549,448 and \$15,811,480 for the years ended June 30, 2020 and 2019, respectively, and is reported in the accompanying financial statements as donated food and offset by donated food expense in the program service expense in the Statement of Activities.

Property and Equipment:

Property assets are recorded at cost or, in the case of donated items, at fair value at the date of donation. The organization does not imply a time restriction on gifts of property; such contributions are generally reported as unrestricted support. Weld Food Bank capitalizes assets with unit cost of \$10,000 or more and depreciates these by over their estimated useful lives. Estimated lives are generally from 5-10 years for equipment and fixtures, and 50 years for buildings. Assets with unit costs of less than \$10,000, as well as all repairs and maintenance, are charged to expense in the year purchased or incurred.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Compensated Absences:

Weld Food Bank pays accumulated leave time upon termination of employees. Any such amounts accumulated are valued at current pay rates and included as an accrued liability on the financial statements for \$41,368 and \$31,074 at June 30, 2020 and 2019.

Contributions:

Contributions, including unconditional promises to give, if any, are recorded as received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. All contributions are available for unrestricted use unless specifically restricted by the donor.

Contributed property and equipment is recorded at fair value at the date of donation. The organization does not have a policy of implying a time restriction on such contributions.

Contributed Services:

Contributed services are recorded for those services which would create or enhance nonfinancial assets, be of a specialized nature provided by persons possessing specialized skills, and which would otherwise be purchased. Any such services received by Weld Food Bank are considered immaterial in relation to the overall financial statements and have not been valued or recorded for this presentation. These services consist of volunteer services and various types of other program work.

Income Taxes:

Weld Food Bank is exempt from federal income taxation under the provisions of Internal Revenue Code Section 501(c)(3) and is thereby also exempt from Colorado income taxation. The Internal Revenue Service has classified the organization as "not a private foundation".

Tax penalties and interest, if any, would be classified with income tax expenses in the financial statements. No tax penalties or interest have been incurred or are recognized in the financial statements. Generally, three tax years remain subject to examination by tax jurisdictions.

Advertising:

Weld Food Bank expenses advertising costs as they are incurred. Weld Food Bank also receives contributed advertising periodically which is not recorded in the financial statements. Promotion and public education expenses were \$91,798 and \$62,817 for the years ended June 30, 2020 and 2019, respectively.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Functional Allocation of Expenses:

The costs of program and supporting services activities have been summarized on a functional basis in the statements of activities. The statement of functional expenses presents the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on estimates.

Use of Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events:

Management has evaluated subsequent events through the date the financial statements were available for issuance, which is the same date as the auditors' report.

Prior Year Comparative Information:

The financial statements include certain prior year summarized comparative information. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States. Accordingly, such information should be read in conjunction with the organization's financial statements for the year ended June 30, 2019.

Certain 2019 amounts have been reclassified for comparison with the 2020 financial statement presentation.

NOTE 2 –Information Regarding Liquidity and Availability:

Weld Food Bank strives to maintain financial assets sufficient to cover 3-6 months of general operating expenses. As part of its liquidity plan, excess cash is invested in short-term investments, including money market accounts and certificates of deposit.

Donor-restricted endowment funds are not available for general expenditure. Other funds held by the Community Foundation are subject to an annual spending rate of 5 percent as described in Note 8. Although Weld Food Bank does not intend to spend from these funds, these amounts could be made available if necessary

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 2 –Information Regarding Liquidity and Availability – continued:

The following table reflects financial assets available to meet general expenditures within one year of the Statement of Financial Position date.

June 30	2020	2019
Financial Assets at Year-End:		
Cash and bank C.D.'s	\$ 5,043,836	\$ 2,618,844
Accounts receivable	320,449	150,470
Spendable balance in beneficial interest in assets held by others	2,354	1,845
	5,366,639	2,771,159
Board Designations for Programs and Projects	(2,453,907)	(1,252,165)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 2,912,732	\$ 1,518,994

NOTE 3 - Leases:

The organization rents additional space as needed on a monthly basis. Total rent expense for this facility totaled \$9,600 for the years ended June 30, 2020 and 2019.

NOTE 4- Feeding America:

Weld Food Bank is affiliated with Feeding America, a national food bank association. Weld Food Bank paid \$2,046 and \$2,728 of dues and fees to Feeding America during the years ended June 30, 2020 and 2019, respectively. Feeding America provides a significant amount of donated food.

NOTE 5 - Commodity Supplemental Food Program:

Weld Food Bank receives expense reimbursements from the Colorado Department of Human Services, under the federal Commodity Supplemental Food Program (CSFP) to cover various program expenses. These reimbursements totaled \$188,067 and \$201,910 for the years ended June 30, 2020 and 2019, respectively and are reported as revenue in the Statement of Activities. CSFP also provides a significant amount of donated commodities for individuals over 60 years of age.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - Retirement Program:

Weld Food Bank offers retirement benefits to its employees through Internal Revenue Code Section 403(b) tax deferred annuities. The annuities purchased are the property of individual employees and require no post-employment support by the organization. However, Weld Food Bank has agreed to match voluntary contributions up to a maximum of 1.5% of employee salary and incurred a retirement program cost of \$9,079 and \$8,947 for the years ended June 30, 2020 and 2019, respectively.

NOTE 7 – Contingencies:

In June 2003, Weld County contributed a 3.44-acre parcel of land with a market value of \$299,926 to the Weld Food Bank. If the land and subsequent building are not used continuously for the warehousing and distribution of food, the deed of trust requires \$299,926 to be paid to the County, which amount declines ratably until 2028. As the possibility of this condition not being met is remote, this contribution was recorded as unrestricted support in 2003.

NOTE 8 – Net Assets:

Net assets without donor restrictions include the following Board-designations:

June 30	2020	2019
Operational Reserve	\$ 1,110,060	\$ 1,105,446
Covid-19 Reserve	901,847	--
Capital Improvements	405,000	115,839
Agency Grants	20,000	20,000
Other	17,000	10,880
	<u>\$ 2,453,907</u>	<u>\$ 1,252,165</u>

NOTE 9 – Endowment Fund:

In 2008, the Food Bank entered into an agreement with The Weld Community Foundation (the Community Foundation) to establish a permanent endowment fund with donor funds restricted for that purpose, to be administered by the Community Foundation.

The fund is held and invested by the Community Foundation for the benefit of the Weld Food Bank. The Food Bank is eligible to receive annual distributions according to the Community Foundation's spending policy, currently 5% of the average market value of the endowment over the past 12 quarters. Excess earnings, if any, are reinvested in the fund. During fiscal years 2020 and 2019, all income from the fund was reinvested.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Endowment Fund - Continued:

In connection with this fund, the Weld Food Bank granted variance power to the Community Foundation, which allows modification, upon reasonable cause, of any restrictions or conditions on the distribution of funds if, in their sole judgment, the restriction becomes unnecessary or incapable of fulfillment. Since the Food Bank is the beneficiary of the fund, the Food Bank reports its interest in the fund in these financial statements.

The Food Bank, over the long-term, expects the current spending policy to allow its endowment fund to grow. This is consistent with Food Bank's objective to maintain the purchasing power of the endowment assets as well as to provide additional real growth through investment return. To achieve that objective, the Community Foundation has adopted an investment policy that attempts to maximize total return consistent with an acceptable level of risk. Actual returns in any given year may vary from the expectations. Investment risk is measured in terms of the total endowment fund; investment assets and allocation between asset classes and strategies are managed to not expose the fund to unacceptable levels of risk.

The Board of Directors of the Weld Food Bank has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Food Bank classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as unrestricted net assets since these amounts have been appropriated for expenditure by the Food Bank in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the Food Bank considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund;
- 2) The purposes of the Food Bank and the donor-restricted endowment fund;
- 3) General economic conditions;
- 4) The possible effect of inflation and deflation;
- 5) The expected total return from income and the appreciation of investments;
- 6) Other resources of the Food Bank; and
- 7) The investment policies of the Food Bank.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Endowment Fund - Continued:

The following are the changes in endowment net assets for the year ended June 30, 2020:

	Without Donor Restrictions	With Donor Restrictions - Perpetual
Endowment net assets, beginning of year	\$ 16,281	\$ 32,290
Contributions	--	1,103
Appropriation of endowment assets for expenditure	--	--
Investment income	(1,437)	--
Endowment net assets, end of year	\$ 14,844	\$ 33,393

The following are the changes in endowment net assets for the year ended June 30, 2019:

	Without Donor Restrictions	With Donor Restrictions - Perpetual
Endowment net assets, beginning of year	\$ 14,741	\$ 30,290
Contributions	--	2,000
Appropriation of endowment assets for expenditure	--	--
Investment income	1,540	--
Endowment net assets, end of year	\$ 16,281	\$ 32,290

The *Fair Value Measurements and Disclosures* Topic of the Financial Accounting Standards Board Codification establishes a fair value hierarchy that is based on the fair value measurements. Measurements using quoted prices in active markets for identical assets and liabilities fall within Level 1 of the hierarchy, measurements using significant other observable inputs fall within Level 2, and measurements using significant unobservable inputs fall within Level 3.

Description	Fair Value Measurements at June 30, 2020		
	Quoted Prices In Active Markets for Identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by the Community Foundation	\$ --	\$ --	\$ 48,237

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Endowment Fund - Continued:

Description	<u>Fair Value Measurements at June 30, 2019</u>		
	Quoted Prices In Active Markets for Identical assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Beneficial interest in assets held by the Community Foundation	\$ --	\$ --	\$ 48,571

The beneficial interest in assets held by the Community Foundation is recorded at the amount provided by the Community Foundation, which is based on the fair market value of the investments underlying the fund. A reconciliation of these assets is presented on page 15.

SUPPLEMENTARY INFORMATION

WELD FOOD BANK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

Agency/Program Grant Title	Pass-Through Identification Number	CFDA Number	Expenditures	Value of Commodities
<u>Department of Agriculture</u>				
Passed Through Colorado Department of Human Services:				
Food Distribution Cluster:				
Commodity Supplemental Food Program (Administrative Costs)	14IHA60005	10.565	\$ 188,067	\$ -
Commodity Supplemental Food Program (Food Commodities)		10.565	-	666,304
Emergency Food Assistance Program (Administrative Costs)	14IHA59990	10.568	502,626	-
Emergency Food Assistance Program (Food Commodities)		10.569	-	3,862,264
Total Food Distribution Cluster			690,693	4,528,568
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		10.561	\$ 16,346	-
<u>Department of Public Health and Environment</u>				
Child and Adult Care Food Program		10.558	128,845	-
<u>Department of Education</u>				
Child Nutrition Cluster:				
Summer Food Service Program for Children		10.559	204,728	-
National School Lunch Program (COVID19 Emergency - CARES Act funds)		10.555	77,087	-
Total Child Nutrition Cluster			281,815	-
Total Federal Assistance			\$ 1,117,699	\$ 4,528,568

Note: Schedule is prepared on the accrual basis of accounting. Food distribution commodities received are recorded at fair value.

Of the federal expenditures presented, the Weld Food Bank provided federal awards to sub recipients as follows: TEFAP, CFDA 10.569, \$2,353,332

The organization does not utilize the 10% de minimis rate for indirect costs.



A Professional Corporation of
Certified Public Accountants

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*

Board of Directors
Weld Food Bank
Greeley, Colorado

We have audited in accordance with auditing standards generally accepted in the United States 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 Weld Food Bank and the related notes to the financial statements as of and for the year ended June 30, 2020, which collectively comprise the basic financial statements and have issued our report thereon dated November 11, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Weld Food Bank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Weld Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of Weld Food Bank'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 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 Weld Food Bank's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.

Anderson + Whitney, P.C.

November 11, 2020



A Professional Corporation of
Certified Public Accountants

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

Board of Directors
Weld Food Bank
Greeley, Colorado

Report on Compliance for Each Major Federal Program

We have audited Weld Food Bank's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020. Weld Food Bank's major federal program is 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 the requirements of federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Weld Food Bank's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States; 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 Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Weld Food Bank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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Opinion on Each Major Federal Program

In our opinion, Weld Food Bank complied, in all material respects, with the types of compliance requirements referred to above that are applicable to its major federal program for the year ended June 30, 2020.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002. Our opinion on the major federal program is not modified with respect to these matters.

Weld Food Bank's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Weld Food Bank's responses and, accordingly, we express no opinion on the responses.

Internal Control Over Compliance

The management of Weld 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 our audit of compliance, we considered the Food Bank's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Weld Food Bank's internal control over compliance.

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

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

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

Anderson + Whitney, P.C.

November 11, 2020

WELD FOOD BANK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2020

SUMMARY OF AUDITORS' RESULTS

- | | |
|--|---|
| ➤ Type of report issued on financial statements | Unmodified |
| ➤ Internal control over financial reporting: | |
| Material weaknesses identified | No |
| Significant deficiencies identified | None reported |
| ➤ Noncompliance material to the financial statements noted | No |
| ➤ Internal control over federal awards: | |
| Material weaknesses identified | No |
| Significant deficiencies identified | No |
| ➤ Type of report issued on major programs | Unmodified |
| ➤ Audit findings disclosed | None under .510(a). See Others Below |
| ➤ Major programs | Food Distribution Cluster:
CSFP 10.565
TEFAP 10.568, 10.569 |
| ➤ Dollar threshold between Type A and Type B programs | \$750,000 |
| ➤ Low-risk auditee | Yes |

FINDINGS RELATED TO FINANCIAL STATEMENTS

- None Reported

FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS

➤ **Finding 2020-001:**

CFDA 10.569 TEFAP

Pass-Through Agency: State of Colorado Department of Human Services

Criteria: *Eligibility* – In determining the eligibility of households for food assistance, accurate information must be obtained from the applicant.

Condition: Of the 25 files tested, one certification included household income that exceeded the program limits.

Questioned Costs: None

Context: An accurate certification is the Food Bank's internal control over eligibility. In accurate information results in documentation that doesn't support eligibility.

Effect: The Food Bank could be distributing food assistance to ineligible participants.

Cause: This appeared to be a data entry error in the OASIS Insight certification process.

Recommendation: We recommend internal controls be strengthened to ensure that applications are completed accurately to assist the Food Bank in documenting eligibility.

Management's Response: Agree

Corrective Action:

Contact Person: Bob O'Connor

Corrective Action Planned: Weld Food Bank implemented a new database last year. The case file in question appears to have a data entry error. We have implemented an alert for any household that appears not to qualify for TEFAP. This alert will indicate this file needs attention.

➤ **Finding 2020-002:**

CFDA 10.569 TEFAP

Pass-Through Agency: State of Colorado Department of Human Services

Criteria: *Allowable costs/cost principles* – Costs charged to federal awards must be based on records that accurately reflect the work performed and be supported by a system of internal control that provides reasonable assurance that charges are accurate; allowable and reasonable; and properly allocated.

Condition: Payroll costs charged to the TEFAP mitigation program were estimated based on direct payroll expenses charged to the TEFAP program (non-mitigation).

Questioned Costs: unknown

Context: Payroll costs charged to the TEFAP mitigation program were not accumulated as separate costs from other program costs in the financial accounting system.

Effect: The Food Bank could be undercharging or overcharging payroll costs allocated to the TEFAP mitigation program.

Cause: The internal control system did not support the distribution of costs to the TEFAP mitigation program.

Recommendation: We recommend that the Food Bank establish a cost allocation policy that is to be applied consistently and include all federal awards to which payroll costs are allocated.

Management's Response: Agree

Corrective Action:

Contact Person: Bob O'Connor

Corrective Action Planned: Although we have separated all expenses for mitigation, we agree that creating a program expense for mitigation costs will provide a clearer separation between Mitigation and TEFAP expenses.