



# Weld Food Bank

## FINANCIAL STATEMENTS

Year Ended June 30, 2021



## TABLE OF CONTENTS

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Independent Auditors' Report .....	2
STATEMENTS OF FINANCIAL POSITION.....	4
STATEMENTS OF ACTIVITIES .....	5
STATEMENTS OF CASH FLOWS .....	6
STATEMENTS OF FUNCTIONAL EXPENSES .....	7
NOTES TO FINANCIAL STATEMENTS.....	8
SUPPLEMENTARY INFORMATION .....	18

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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, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, 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.

- 2 -

## **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, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Report on Summarized Comparative Information**

We have previously audited the Weld Food Bank's 2020 financial statements, and we expressed an unmodified audit opinion on those financial statements in our report dated November 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

## **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, 2021 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, 2021

# WELD FOOD BANK

## STATEMENTS OF FINANCIAL POSITION

June 30	2021	2020
<b>ASSETS</b>		
Current Assets:		
Cash on hand and in banks	\$ 5,484,691	\$3,867,154
Cash - reserves	490,083	556,500
Certificates of deposit - reserves	627,961	620,182
Accounts receivable	223,866	320,449
<b>Total Current Assets</b>	<b>6,826,601</b>	<b>5,364,285</b>
Property and Equipment:		
Land and improvements	416,263	416,263
Building	4,046,147	4,046,147
Vehicles and equipment	1,876,948	1,252,451
	6,339,358	5,714,861
Less: Accumulated depreciation	2,171,109	1,953,947
<b>Total Property and Equipment</b>	<b>4,168,249</b>	<b>3,760,914</b>
Other Assets:		
Beneficial interest in assets held by Community Foundation	64,903	48,237
<b>TOTAL ASSETS</b>	<b>\$11,059,753</b>	<b>\$9,173,436</b>
<b>LIABILITIES AND NET ASSETS</b>		
Current Liabilities:		
Accounts payable	\$ 33,400	\$ 15,035
Accrued expenses	84,939	67,523
<b>Total Current Liabilities</b>	<b>118,339</b>	<b>82,558</b>
Net Assets:		
Without Donor Restrictions:		
Undesignated	4,643,720	2,809,664
Board designated	2,079,500	2,453,907
Net investment in property	4,168,249	3,760,914
With Donor Restrictions	49,945	66,393
<b>Total Net Assets</b>	<b>10,941,414</b>	<b>9,090,878</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$11,059,753</b>	<b>\$9,173,436</b>

See Accompanying Notes to Financial Statements.

# WELD FOOD BANK

## STATEMENTS OF ACTIVITIES

Years Ended June 30	2021	2020
Changes in Net Assets Without Donor Restriction:		
Public Support and Revenue:		
Public support:		
Contributions:		
Food	\$ 14,817,850	\$ 16,549,448
Funds development	5,741,856	4,975,374
Cash	24,588	43,991
United Way	45,750	45,750
Operating grants	76,669	26,258
Net assets released from restriction	33,000	-
Total Public Support	20,739,713	21,640,821
Revenue:		
Food programs reimbursement	1,361,250	1,101,354
Share contribution program	5,313	98,220
Miscellaneous income	204	216
Interest income	24,706	3,191
Total Revenue	1,391,473	1,202,981
Total Support and Revenue	22,131,186	22,843,802
Expenses:		
Program services	19,652,049	19,838,772
General and administrative	122,146	107,759
Fundraising	490,007	411,462
Total Expenses	20,264,202	20,357,993
Increase in Net Assets Without Donor Restriction	1,866,984	2,485,809
Changes in Net Assets With Donor Restriction:		
Funds development	16,500	33,000
Endowment contributions	52	1,103
Net assets released from restriction	(33,000)	-
Increase (Decrease) in Net Assets With Donor Restriction	(16,448)	34,103
Increase in Net Assets	1,850,536	2,519,912
Net Assets, Beginning of Year	9,090,878	6,570,966
Net Assets, End of Year	\$ 10,941,414	\$ 9,090,878

See Accompanying Notes to Financial Statements.

# WELD FOOD BANK

## STATEMENTS OF CASH FLOWS

Years Ended June 30	2021	2020
Cash Flows From Operating Activities:		
Cash received (paid) for:		
Public support	\$ 5,828,911	\$ 5,098,331
Grants received	76,669	26,258
Food program reimbursements	1,458,947	918,995
Share contribution program	3,852	110,525
Interest received	313	2,667
Salaries and benefits	(1,649,901)	(1,484,303)
Suppliers and other vendors	(3,543,174)	(2,071,609)
Net Cash Provided by Operating Activities	2,175,617	2,600,864
Cash Flows From Investing Activities:		
Purchase of property and equipment	(624,497)	(177,833)
Net Cash Flows Used by Investing Activities	(624,497)	(177,833)
Cash Flows From Financing Activities	-	-
Net Increase in Cash and Equivalents	1,551,120	2,423,031
Cash, Beginning of Year	4,423,654	2,000,623
Cash, End of Year	\$ 5,974,774	\$ 4,423,654
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:		
Increase in net assets	\$ 1,850,536	\$ 2,519,912
Adjustments:		
Depreciation	217,162	192,370
Bad debt expense	334	75
Contributions restricted for long-term investment	(52)	(1,103)
Endowment investment income reinvested	(16,614)	1,437
Certificate of deposit interest reinvested	(7,779)	(1,961)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	96,249	(170,054)
Inventories	-	2,940
Increase (decrease) in:		
Accounts payable	18,365	10,799
Accrued expenses	17,416	46,449
Net Cash Provided by Operating Activities	\$ 2,175,617	\$ 2,600,864

See Accompanying Notes to Financial Statements.

# WELD FOOD BANK

## STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021 (With Comparative Totals for 2020)	Program Services	General and Administrative	Fund Raising	Totals	
				2021	2020
Functional Expenses:					
Donated food	\$ 14,817,850	\$ -	\$ -	\$ 14,817,850	\$ 16,549,448
Salaries	1,232,016	57,033	125,818	1,414,867	1,312,166
Employee benefits	134,164	2,564	11,844	148,572	129,031
Payroll taxes	91,015	4,304	8,559	103,878	96,103
Food purchases and freight	2,064,358	-	-	2,064,358	1,065,015
Bank charges	-	-	44,085	44,085	27,582
Depreciation	217,162	-	-	217,162	192,370
Dues and fees	2,629	67	-	2,696	7,877
Fundraisers	-	-	299,701	299,701	231,816
Insurance	92,790	1,499	-	94,289	65,013
Office and operating supplies	98,839	1,679	-	100,518	105,186
Postage	10,047	205	-	10,252	10,870
Professional fees/grants	440,774	47,863	-	488,637	167,403
Promotion (public education)	82,817	1,712	-	84,529	91,798
Rent expense	14,589	-	-	14,589	9,600
Repairs and maintenance	135,235	2,265	-	137,500	74,330
Telephone	12,815	138	-	12,953	12,021
Transportation	84,300	1,159	-	85,459	78,210
Training and technology	39,384	773	-	40,157	48,121
Utilities	81,265	885	-	82,150	84,033
Total Functional Expenses	\$ 19,652,049	\$ 122,146	\$ 490,007	\$ 20,264,202	\$ 20,357,993

See Accompanying Notes to Financial Statements.



# WELD FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### 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.

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#### 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.

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#### 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.

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#### 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.

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# WELD FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### 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, 2021, no significant accounts are 90 days or more past due and no allowance for doubtful accounts is considered necessary by management.

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#### 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 \$1.79 for 2021 and \$1.74 for 2020 as determined by an independent study conducted through Feeding America. The estimated fair market value of the donated food received and distributed is approximately \$14,817,850 and \$16,549,448 for the years ended June 30, 2021 and 2020, 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.

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#### 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.

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# WELD FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### 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 \$32,974 and \$41,368 at June 30, 2021 and 2020.

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#### 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.

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#### 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.

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#### Contract Revenue:

Weld Food Bank administers various food distribution programs.

The Food Bank recognizes revenue in accordance with FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a five-step model for recognizing revenue from contracts with customers as follows:

- Identify the contract with the customer
- Identify the performance obligations in the contract
- Determine the transaction price
- Allocate the transaction price to the performance obligations in the contract
- Recognize revenue when or as performance obligations are satisfied

Payment terms for goods and services to contractees are billed monthly and are typically due in 30 days. In instances where the timing of revenue recognition differs from the timing of the right to invoice, the Food Bank has determined that a significant financing component does not exist. The primary purpose of the invoicing terms is to provide contractees with simplified and predictable ways of purchasing services and not to receive financing from or providing financing to the contractee.

# WELD FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - Summary of Significant Accounting Policies - Continued:

#### Contract Revenue - continued:

The timing of revenue recognition is at a point in time when time and expenses are incurred. Opening balances of accounts receivable, contract assets and liabilities as of July 1, 2019 were \$320,449 of accounts receivable and no contract assets or liabilities.

A portion of the Food Bank's revenue is derived from cost-reimbursable federal, state and county contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Food Bank has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position.

Practical Expedients: The Food Bank does not disclose the value of unsatisfied performance obligations for (i) contracts with an original expected length of one year or less, or (ii) contracts for which the amount of revenue recognized is based on the amount to which the organization has the right to invoice the contractee for services performed.

Changes in contract assets and liabilities primarily relate to either party's performance under the contracts.

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#### 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.

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#### 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 \$84,529 and \$91,798 for the years ended June 30, 2021 and 2020, respectively.

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# WELD FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### **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.

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#### 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.

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#### 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.

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#### 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, 2020.

Certain 2020 amounts have been reclassified for comparison with the 2021 financial statement presentation.

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### **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 9. 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

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### 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	2021	2020
Financial Assets at Year-End:		
Cash and bank C.D.'s	\$ 6,602,735	\$ 5,043,836
Accounts receivable	223,866	320,449
Spendable balance in beneficial interest in assets held by others	2,683	2,354
	6,829,284	5,366,639
Board Designations for Programs and Projects	(2,079,500)	(2,453,907)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 4,749,784	\$ 2,912,732

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### NOTE 3 - Leases:

The organization rents additional space and a temporary trailer as needed on a monthly basis. Total rent expense totaled \$14,589 and \$9,600 for the years ended June 30, 2021 and 2020, respectively.

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### NOTE 4- Feeding America:

Weld Food Bank is affiliated with Feeding America, a national food bank association. Weld Food Bank paid \$0 and \$2,046 of dues and fees to Feeding America during the years ended June 30, 2021 and 2020, respectively. Feeding America provides a significant amount of donated food.

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### NOTE 5 - Federal Food Programs:

Weld Food Bank receives expense reimbursements from the Colorado Department of Human Services, under the federal Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP) to cover various program expenses. These reimbursements totaled \$789,811 and \$690,693 for the years ended June 30, 2021 and 2020, respectively and are reported as revenue in the Statement of Activities. TEFAP and CSFP also provides significant amounts of donated commodities for qualifying individuals.

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# WELD FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### 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 3% of employee salary and incurred a retirement program cost of \$16,715 and \$9,079 for the years ended June 30, 2021 and 2020, respectively.

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### 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.

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### NOTE 8 – Net Assets:

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

June 30	2021	2020
Operational Reserve	\$ 1,222,800	\$ 1,110,060
Covid-19 Reserve	446,700	901,847
Capital Improvements	410,000	405,000
Agency Grants	--	20,000
Other	--	17,000
	<u>\$ 2,079,500</u>	<u>\$ 2,453,907</u>

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### 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 2021 and 2020, all income from the fund was reinvested.

# WELD FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### **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, 2021:

	Without Donor Restrictions	With Donor Restrictions - Perpetual
Endowment net assets, beginning of year	\$ 14,844	\$ 33,393
Contributions	--	52
Appropriation of endowment assets for expenditure	--	--
Investment income	16,614	--
Endowment net assets, end of year	\$ 31,458	\$ 33,445

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 *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, 2021		
	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	\$ --	\$ --	\$ 64,903

# WELD FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9 – Endowment Fund - Continued:

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

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 16.

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SUPPLEMENTARY INFORMATION

**WELD FOOD BANK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Year Ended June 30, 2021**

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	\$ 155,249	\$ -
Commodity Supplemental Food Program (Food Commodities)		10.565	-	737,137
Emergency Food Assistance Program (Administrative Costs)	14IHA59990	10.568	634,562	-
Emergency Food Assistance Program (Food Commodities)		10.569	-	5,281,366
Total Food Distribution Cluster			789,811	6,018,503
<u>Department of Public Health and Environment</u>				
Child and Adult Care Food Program		10.558	3,062	-
<u>Department of Education</u>				
Child Nutrition Cluster:				
Summer Food Service Program for Children		10.559	514,233	-
National School Lunch Program (COVID19 Emergency - CARES Act funds)		10.555	54,144	-
Total Child Nutrition Cluster			568,377	-
<u>Total Federal Assistance</u>			\$ 1,361,250	\$ 6,018,503

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

Of the federal expenditures and commodities presented, the Weld Food Bank provided federal awards to sub recipients as follows: TEFAP, CFDA 10.569, \$3,200,213, TEFAP, CFDA 10.568 \$379,897; CSFP, CFDA 10.565 \$35,380

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



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, 2021, which collectively comprise the basic financial statements and have issued our report thereon dated November 11, 2021.

**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) as a basis for designing 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.

## **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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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, 2021



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, 2021. 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.

### **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, 2021.

### **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, 2021



# WELD FOOD BANK

## SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

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### 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

- None Reported



# Weld Food Bank

## SUMMARY SCHEDULE OF PRIOR YEAR FINDINGS

➤ **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

**Status:** Resolved



# Weld Food Bank

➤ **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

**Status:** Resolved