



Weld Food Bank

FINANCIAL STATEMENTS

Year Ended June 30, 2022



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Independent Auditor's Report

Board of Directors
Weld Food Bank
Greeley, Colorado

Opinion

We have audited the financial statements of the Weld Food Bank (Food Bank), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, statements of functional expenses, and statements of cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Food Bank as of June 30, 2022, and the changes in its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Report on Summarized Comparative Information

We have previously audited the Weld Food Bank's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2021 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. 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, 2022 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, 2022

WELD FOOD BANK

STATEMENTS OF FINANCIAL POSITION

June 30	2022	2021
ASSETS		
Current Assets:		
Cash on hand and in banks	\$ 5,591,613	\$ 5,484,691
Cash - reserves	506,128	490,083
Certificates of deposit - reserves	628,097	627,961
Accounts receivable	146,130	223,866
Inventory	62,591	-
Total Current Assets	6,934,559	6,826,601
Property and Equipment:		
Land and improvements	416,263	416,263
Building	4,507,318	4,046,147
Vehicles and equipment	1,880,948	1,876,948
	6,804,529	6,339,358
Less: Accumulated depreciation	2,443,601	2,171,109
Total Property and Equipment	4,360,928	4,168,249
Other Assets:		
Beneficial interest in assets held by Community Foundation	68,529	64,903
TOTAL ASSETS	\$11,364,016	\$11,059,753
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 31,854	\$ 33,400
Accrued expenses	89,146	84,939
Total Current Liabilities	121,000	118,339
Net Assets:		
Without Donor Restrictions:		
Undesignated	5,584,870	4,643,720
Board designated	1,261,451	2,079,500
Net investment in property	4,360,928	4,168,249
With Donor Restrictions	35,767	49,945
Total Net Assets	11,243,016	10,941,414
TOTAL LIABILITIES AND NET ASSETS	\$11,364,016	\$11,059,753

See Accompanying Notes to Financial Statements.

WELD FOOD BANK

STATEMENTS OF ACTIVITIES

Years Ended June 30	2022	2021
Changes in Net Assets Without Donor Restriction:		
Public Support and Revenue:		
Public support:		
Contributions:		
Food	\$ 14,368,224	\$ 14,817,850
Funds development	4,164,950	5,741,856
Cash	34,452	24,588
United Way	45,750	45,750
Operating grants	15,000	76,669
Net assets released from restriction	16,500	33,000
Total Public Support	18,644,876	20,739,713
Revenue:		
Food programs reimbursement	795,229	1,361,250
Share contribution program	29,675	5,313
Miscellaneous income	36,470	204
Interest income	1,606	24,706
Total Revenue	862,980	1,391,473
Total Support and Revenue	19,507,856	22,131,186
Expenses:		
Program services	18,540,923	19,652,049
General and administrative	115,981	122,146
Fundraising	535,172	490,007
Total Expenses	19,192,076	20,264,202
Increase in Net Assets Without Donor Restriction	315,780	1,866,984
Changes in Net Assets With Donor Restriction:		
Funds development	-	16,500
Endowment contributions	2,322	52
Net assets released from restriction	(16,500)	(33,000)
Increase (Decrease) in Net Assets With Donor Restriction	(14,178)	(16,448)
Increase in Net Assets	301,602	1,850,536
Net Assets, Beginning of Year	10,941,414	9,090,878
Net Assets, End of Year	\$ 11,243,016	\$ 10,941,414

See Accompanying Notes to Financial Statements.

WELD FOOD BANK

STATEMENTS OF CASH FLOWS

Years Ended June 30	2022	2021
Cash Flows From Operating Activities:		
Cash received (paid) for:		
Public support	\$ 4,281,622	\$ 5,828,911
Grants received	15,000	76,669
Food program reimbursements	873,469	1,458,947
Share contribution program	28,996	3,852
Interest received	166	313
Salaries and benefits	(1,701,570)	(1,649,901)
Suppliers and other vendors	(2,909,545)	(3,543,174)
Net Cash Provided by Operating Activities	588,138	2,175,617
Cash Flows From Investing Activities:		
Purchase of property and equipment	(465,171)	(624,497)
Net Cash Flows Used by Investing Activities	(465,171)	(624,497)
Cash Flows From Financing Activities		
	-	-
Net Increase in Cash and Equivalents	122,967	1,551,120
Cash, Beginning of Year	5,974,774	4,423,654
Cash, End of Year	\$ 6,097,741	\$ 5,974,774
Reconciliation of Change in Net Assets to Net Cash Provided by Operating Activities:		
Increase in net assets	\$ 301,602	\$ 1,850,536
Adjustments:		
Depreciation	272,492	217,162
Bad debt expense	175	334
Contributions restricted for long-term investment	-	(52)
Endowment investment income reinvested	(3,626)	(16,614)
Certificate of deposit interest reinvested	(136)	(7,779)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	77,561	96,249
Inventories	(62,591)	-
Increase (decrease) in:		
Accounts payable	(1,546)	18,365
Accrued expenses	4,207	17,416
Net Cash Provided by Operating Activities	\$ 588,138	\$ 2,175,617

See Accompanying Notes to Financial Statements.

WELD FOOD BANK

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2022 (With Comparative Totals for 2021)	Program Services	General and Administrative	Fund Raising	Totals	
				2022	2021
Functional Expenses:					
Donated food	\$ 14,368,224	\$ -	\$ -	\$ 14,368,224	\$ 14,817,850
Salaries	1,234,850	59,539	137,618	1,432,007	1,414,867
Employee benefits	151,652	3,168	13,352	168,172	148,572
Payroll taxes	90,864	4,464	10,270	105,598	103,878
Food purchases and freight	1,559,658	-	-	1,559,658	2,064,358
Bank charges	-	-	25,872	25,872	44,085
Depreciation	272,492	-	-	272,492	217,162
Dues and fees	6,494	133	-	6,627	2,696
Fundraisers	-	-	345,177	345,177	299,701
Insurance	93,211	1,035	-	94,246	94,289
Office and operating supplies	116,533	2,033	-	118,566	100,518
Postage	8,690	175	-	8,865	10,252
Professional fees/grants	179,263	38,954	-	218,217	488,637
Promotion (public education)	92,610	1,877	-	94,487	84,529
Rent expense	15,841	-	-	15,841	14,589
Repairs and maintenance	84,197	1,237	-	85,434	137,500
Telephone	11,746	115	-	11,861	12,953
Transportation	111,150	1,304	-	112,454	85,459
Training and technology	48,483	988	2,883	52,354	40,157
Utilities	94,965	959	-	95,924	82,150
Total Functional Expenses	\$ 18,540,923	\$ 115,981	\$ 535,172	\$ 19,192,076	\$ 20,264,202

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, 2022, 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 \$1.92 for 2022 and \$1.79 for 2021 as determined by an independent study conducted through Feeding America. The estimated fair market value of the donated food received and distributed is approximately \$14,368,224 and \$14,817,850 for the years ended June 30, 2022 and 2021, 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 using the straight-line method 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 \$35,157 and \$32,974 at June 30, 2022 and 2021.

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.

Donated Services and In-Kind Contributions:

The Weld Food Bank receives a significant amount of donated services from unpaid volunteers and for other program operations and special events. Donated supplies, and items to be sold at its annual auction are provided to the Weld Food Bank to help defray the costs of those goods and services that would otherwise have been purchased. Donated goods and services are valued and are reported at the estimated fair value in the financial statements based on current market rates for similar items. Any such goods and services are considered to be immaterial in relation to the overall financial statements and have not been valued or recorded for this presentation. For those services that do not require special expertise, the estimated value of such donated services has not been recorded in the financial statements. The Weld Food Bank did not monetize any contributed nonfinancial assets. Unless otherwise noted, contributed nonfinancial assets did not have donor restrictions.

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

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Contract Revenue - continued:

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.

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, 2020 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.

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.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

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 \$94,487 and \$84,529 for the years ended June 30, 2022 and 2021, respectively.

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, 2021.

Certain 2021 amounts have been reclassified for comparison with the 2022 financial statement presentation.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

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

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

June 30	2022	2021
Financial Assets at Year-End:		
Cash and bank C.D.'s	\$6,725,838	\$ 6,602,735
Accounts receivable	146,130	223,866
Spendable balance in beneficial interest in assets held by others	3,314	2,683
	6,875,282	6,829,284
Board Designations for Programs and Projects	(1,261,451)	(2,079,500)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 5,613,831	\$ 4,749,784

NOTE 3 - Leases:

The organization rents additional space and a temporary trailer as needed on a monthly basis. Total rent expense totaled \$15,841 and \$14,589 for the years ended June 30, 2022 and 2021, respectively.

NOTE 4- Feeding America:

Weld Food Bank is affiliated with Feeding America, a national food bank association. Weld Food Bank paid \$2,728 and \$0 of dues and fees to Feeding America during the years ended June 30, 2022 and 2021, respectively. Feeding America provides a significant amount of donated food.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

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 \$543,409 and \$789,811 for the years ended June 30, 2022 and 2021, respectively and are reported as revenue in the Statement of Activities. TEFAP and CSFP also provides significant amounts of donated commodities for qualifying individuals.

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 \$17,500 and \$16,715 for the years ended June 30, 2022 and 2021, 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	2022	2021
Operational Reserve	\$ 1,245,573	\$ 1,222,800
Covid-19 Reserve	--	446,700
Capital Improvements	--	410,000
Other	15,878	--
	<u>\$ 1,261,451</u>	<u>\$ 2,079,500</u>

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

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 2022 and 2021, all income from the fund was reinvested.

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.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Endowment Fund - Continued:

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.

The following are the changes in endowment net assets for the year ended June 30, 2022:

	Without Donor Restrictions	With Donor Restrictions - Perpetual
Endowment net assets, beginning of year	\$ 31,458	\$ 33,445
Contributions	--	2,322
Appropriation of endowment assets for expenditure	--	--
Investment income	1,304	--
Endowment net assets, end of year	\$ 32,762	\$ 35,767

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 *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.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Endowment Fund - Continued:

Description	Fair Value Measurements at June 30, 2022		
	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	\$ --	\$ --	\$ 68,529

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

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.

NOTE 10 – Credit Risk:

The Food Bank manages deposit concentration risk by placing cash and money market accounts with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits. To date, the Food Bank has not experienced losses in any of these accounts.

SUPPLEMENTARY INFORMATION

WELD FOOD BANK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2022

Agency/Program Grant Title	Pass-Through Identification Number	Assistance Listing 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)	22IHGA170861	10.565	\$ 156,155	\$ -
Commodity Supplemental Food Program (Food Commodities)		10.565	-	911,857
Emergency Food Assistance Program (Administrative Costs)	22IHGA170854	10.568	387,254	-
Emergency Food Assistance Program (Food Commodities)		10.569	-	4,154,678
Total Food Distribution Cluster			543,409	5,066,535
<u>Department of Public Health and Environment</u>				
Child and Adult Care Food Program		10.558	149,815	-
<u>Department of Education</u>				
Child Nutrition Cluster:				
Summer Food Service Program for Children		10.559	102,005	-
<u>Total Federal Assistance</u>			\$ 795,229	\$ 5,066,535

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, AL 10.569, \$2,620,659, TEFAP, AL 10.568 \$128,311; CSFP, AL 10.565 \$31,501

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, 2022, which collectively comprise the basic financial statements and have issued our report thereon dated November 11, 2022.

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, 2022



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 Major Federal Programs

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Weld Food Bank and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Weld Food Bank's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Weld Food Bank's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Weld Food Bank's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Weld Food Bank's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of 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, 2022

WELD FOOD BANK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2022

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).
- 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