



Weld Food Bank

FINANCIAL STATEMENTS

Year Ended June 30, 2023



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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, 2023, 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, 2023, 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 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 11, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022 is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 14, 2023 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 14, 2023

WELD FOOD BANK

STATEMENTS OF FINANCIAL POSITION

June 30	2023	2022
ASSETS		
Current Assets:		
Cash on hand and in banks	\$ 5,802,819	\$ 5,591,613
Cash - reserves	612,130	506,128
Certificates of deposit - reserves	635,727	628,097
Accounts receivable	155,641	146,130
Inventory	186,707	62,591
Total Current Assets	7,393,024	6,934,559
Property and Equipment:		
Land and improvements	416,263	416,263
Building	4,507,319	4,507,318
Vehicles and equipment	1,833,676	1,880,948
	6,757,258	6,804,529
Less: Accumulated depreciation	2,647,905	2,443,601
Total Property and Equipment	4,109,353	4,360,928
Other Assets:		
Beneficial interest in assets held by Community Foundation	64,306	68,529
TOTAL ASSETS	\$11,566,683	\$11,364,016
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts payable	\$ 45,724	\$ 31,854
Accrued expenses	109,205	89,146
Total Current Liabilities	154,929	121,000
Net Assets:		
Without Donor Restrictions:		
Undesignated	6,016,873	5,584,870
Board designated	1,247,648	1,261,451
Net investment in property	4,109,353	4,360,928
With Donor Restrictions	37,880	35,767
Total Net Assets	11,411,754	11,243,016
TOTAL LIABILITIES AND NET ASSETS	\$11,566,683	\$11,364,016

See Accompanying Notes to Financial Statements.

WELD FOOD BANK

STATEMENTS OF ACTIVITIES

Years Ended June 30	2023	2022
Changes in Net Assets Without Donor Restriction:		
Public Support and Revenue:		
Public support:		
Contributions and grants:		
Food	\$ 15,405,519	\$ 14,368,224
Funds development	4,882,422	4,260,152
Net assets released from restriction	-	16,500
Total Public Support	20,287,941	18,644,876
Revenue:		
Food programs reimbursement	920,158	795,229
Share contribution program	89,330	29,675
Miscellaneous income	22,892	36,470
Gain on disposal of property	7,035	-
Interest and investment income	97,566	1,606
Total Revenue	1,136,981	862,980
Total Support and Revenue	21,424,922	19,507,856
Expenses:		
Program services	20,524,515	18,540,923
General and administrative	127,246	115,981
Fundraising	606,536	535,172
Total Expenses	21,258,297	19,192,076
Increase in Net Assets Without Donor Restriction	166,625	315,780
Changes in Net Assets With Donor Restriction:		
Endowment contributions	2,113	2,322
Net assets released from restriction	-	(16,500)
Increase (Decrease) in Net Assets With Donor Restriction	2,113	(14,178)
Increase in Net Assets	168,738	301,602
Net Assets, Beginning of Year	11,243,016	10,941,414
Net Assets, End of Year	\$ 11,411,754	\$ 11,243,016

See Accompanying Notes to Financial Statements.

WELD FOOD BANK

STATEMENTS OF CASH FLOWS

Years Ended June 30	2023	2022
Cash Flows From Operating Activities:		
Cash received (paid) for:		
Public support	\$ 4,914,590	\$ 4,296,622
Food program reimbursements	912,925	873,469
Share contribution program	86,527	28,996
Interest received	94,159	166
Salaries and benefits	(1,815,893)	(1,701,570)
Suppliers and other vendors	(3,856,408)	(2,909,545)
Net Cash Provided by Operating Activities	335,900	588,138
Cash Flows From Investing Activities:		
Purchase of property and equipment	(18,692)	(465,171)
Net Cash Flows Used by Investing Activities	(18,692)	(465,171)
Cash Flows From Financing Activities	-	-
Net Increase in Cash and Equivalents	317,208	122,967
Cash, Beginning of Year	6,097,741	5,974,774
Cash, End of Year	\$ 6,414,949	\$ 6,097,741
Reconciliation of Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Increase in net assets	\$ 168,738	\$ 301,602
Adjustments:		
Depreciation	270,267	272,492
Bad debt expense	396	175
Endowment investment (income) loss	4,223	(3,626)
Certificate of deposit interest reinvested	(7,630)	(136)
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(9,907)	77,561
Inventories	(124,116)	(62,591)
Increase (decrease) in:		
Accounts payable	13,870	(1,546)
Accrued expenses	20,059	4,207
Net Cash Provided by Operating Activities	\$ 335,900	\$ 588,138

See Accompanying Notes to Financial Statements.

WELD FOOD BANK

STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended June 30, 2023 (With Comparative Totals for 2022)	Program Services	General and Administrative	Fund Raising	Totals	
				2023	2022
Functional Expenses:					
Donated food	\$ 15,405,519	\$ -	\$ -	\$ 15,405,519	\$ 14,368,224
Food purchases and freight	2,269,383	-	-	2,269,383	1,559,658
Salaries	1,319,967	63,208	150,264	1,533,439	1,432,007
Employee benefits	174,090	1,585	15,312	190,987	168,172
Payroll taxes	96,153	4,723	10,650	111,526	105,598
Bank charges	-	-	25,907	25,907	25,872
Depreciation	270,267	-	-	270,267	272,492
Dues and fees	6,577	151	-	6,728	6,627
Fundraisers	-	-	404,403	404,403	345,177
Insurance	87,154	943	-	88,097	94,246
Office and operating supplies	112,344	1,744	-	114,088	118,566
Postage	6,704	139	-	6,843	8,865
Professional fees/grants	235,415	46,321	-	281,736	218,217
Promotion (public education)	75,861	1,592	-	77,453	94,487
Rent expense	16,682	-	-	16,682	15,841
Repairs and maintenance	157,791	2,809	-	160,600	85,434
Telephone	11,869	122	-	11,991	11,861
Transportation	109,614	1,615	-	111,229	112,454
Training and technology	47,353	779	-	48,132	52,354
Utilities	121,772	1,515	-	123,287	95,924
Total Functional Expenses	\$ 20,524,515	\$ 127,246	\$ 606,536	\$ 21,258,297	\$ 19,192,076

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, 2023, 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.

The value of USDA commodities is estimated using information provided by the Department of Agriculture. The value of all other donated food is estimated by using an overall fair market value per pound of \$1.93 for 2023 and \$1.92 for 2022 as determined by an independent study conducted through Feeding America. The estimated fair market value of the donated food and commodities received and distributed is \$15,405,519 and \$14,368,224 for the years ended June 30, 2023 and 2022, 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:

Leases:

The organization determines if an arrangement is or contains a lease at inception. The organization elects an accounting policy by class of underlying asset to treat each separate lease component together with the non-lease components related to it as one combined unit of account. An accounting policy election was made to not recognize right-of-use (ROU) assets and lease liabilities for leases with a term of 12 months or less. For all other leases, the organization would include ROU assets and lease liabilities in the statement of financial position. ROU assets and lease liabilities reflect the present value of future minimum lease payments over the lease term, and the ROU assets also include prepaid or accrued rent, if applicable. Operating lease expense is recognized on a straight-line basis over the lease term and included in the rent line item.

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 \$39,518 and \$35,157 at June 30, 2023 and 2022.

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.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

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.

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, 2021 were \$223,866 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.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Income Taxes:

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

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

Advertising:

Weld Food Bank expenses advertising costs as they are incurred. Weld Food Bank also receives contributed advertising periodically which is not recorded in the financial statements. Promotion and public education expenses were \$77,453 and \$94,487 for the years ended June 30, 2023 and 2022, 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.

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

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, 2022.

Certain 2022 amounts have been reclassified for comparison with the 2023 financial statement presentation.

NOTE 2 –Information Regarding Liquidity and Availability:

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

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

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

June 30	2023	2022
Financial Assets at Year-End:		
Cash and bank C.D.'s	\$ 7,050,676	\$6,725,838
Accounts receivable	155,642	146,130
Spendable balance in beneficial interest in assets held by others	3,227	3,314
	7,209,545	6,875,282
Board Designations for Programs and Projects	(1,247,648)	(1,261,451)
Financial Assets Available to Meet General Expenditures Over the Next Twelve Months	\$ 5,961,897	\$ 5,613,831

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - Leases:

The organization rents additional space and a temporary trailer as needed on a monthly basis. These arrangements are accounted for as short-term leases. Rent expense totaled \$16,682 and \$15,841 for the years ended June 30, 2023 and 2022, respectively.

NOTE 4- Feeding America:

Weld Food Bank is affiliated with Feeding America, a national food bank association. Weld Food Bank paid \$3,656 and \$2,728 of dues and fees to Feeding America during the years ended June 30, 2023 and 2022, respectively. Feeding America provides a significant amount of donated food.

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 \$514,396 and \$543,409 for the years ended June 30, 2023 and 2022, 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 \$21,454 and \$17,500 for the years ended June 30, 2023 and 2022, respectively.

NOTE 7 – Net Assets:

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

June 30	2023	2022
Operational Reserve	\$ 1,247,648	\$ 1,245,573
Other	--	15,878
	<u>\$ 1,247,648</u>	<u>\$ 1,261,451</u>

WELD FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – 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 2023 and 2022, 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 8 – 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, 2023:

	Without Donor Restrictions	With Donor Restrictions - Perpetual
Endowment net assets, beginning of year	\$ 32,762	\$ 35,767
Contributions	--	2,113
Appropriation of endowment assets for expenditure	--	--
Investment losses	(6,336)	--
Endowment net assets, end of year	\$ 26,426	\$ 37,880

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 *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 8 – Endowment Fund - Continued:

Description	Fair Value Measurements at June 30, 2023		
	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	\$ --	\$ --	\$ 64,306

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

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 17.

NOTE 9 – 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.

NOTE 10 – 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.

SUPPLEMENTARY INFORMATION

WELD FOOD BANK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2023

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	\$ 166,598	
Commodity Supplemental Food Program (Food Commodities)		10.565		1,012,789
Emergency Food Assistance Program (Administrative Costs)	22IHGA170854	10.568	347,797	
Emergency Food Assistance Program (Food Commodities)		10.569		4,392,487
Total Food Distribution Cluster			514,395	5,405,276
Local Food Purchase Assistance Cooperative Agreement		10.182	\$ 6,000	
<u>Department of Public Health and Environment</u>				
Child and Adult Care Food Program		10.558	161,456	
<u>Department of Education</u>				
Child Nutrition Cluster:				
Summer Food Service Program for Children		10.559	175,807	
Total Child Nutrition Cluster			175,807	
<u>Total Federal Assistance</u>			\$ 857,658	\$ 5,405,276

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 \$2,720,470; TEFAP, AL 10.568 \$177,704; CSFP AL 10.565 \$36,212

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, 2023, which collectively comprise the basic financial statements and have issued our report thereon dated November 14, 2023.

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 14, 2023



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, 2023. 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, 2023.

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 14, 2023

WELD FOOD BANK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2023

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