

AUDITED FINANCIAL STATEMENTS
THE FOOD BANK FOR CENTRAL AND
NORTHEAST MISSOURI, INC.
FOR THE YEARS ENDED
DECEMBER 31, 2019 AND 2018

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BEARD-BOEHMER & ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS
COLUMBIA, MISSOURI

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
COLUMBIA, MISSOURI
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December 28, 2020

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
The Food Bank for Central and Northeast Missouri, Inc.
Columbia, MO

Report on the Financial Statements

We have audited the accompanying financial statements of The Food Bank for Central and Northeast Missouri, Inc. (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

INDEPENDENT AUDITORS' REPORT
THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Food Bank for Central and Northeast Missouri, Inc. as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

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, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In 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 December 28, 2020, on our consideration of The Food Bank for Central and Northeast Missouri, Inc.'s internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering The Food Bank for Central and Northeast Missouri, Inc.'s internal control over financial reporting and compliance.

Beard-Boehmer and Associates, PC

Beard-Boehmer & Associates, PC
Columbia, MO

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
STATEMENTS OF FINANCIAL POSITION
YEARS ENDED DECEMBER 31, 2019 AND 2018

ASSETS

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents	\$ 627,330	\$ 415,697
Investments	3,392,419	2,932,257
Pledged contributions and agency receivable	128,244	63,553
Grants receivable	1,266,100	1,131,114
Unconditional promises to give	61,058	61,500
Inventory	1,660,723	1,818,369
Prepaid expense	61,560	66,371
Fixed assets, net of accumulated depreciation	<u>6,040,666</u>	<u>6,180,864</u>
TOTAL ASSETS	\$ <u>13,238,100</u>	\$ <u>12,669,725</u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 219,289	\$ 252,317
Accrued payroll	69,968	52,198
Accrued employee benefits	<u>79,029</u>	<u>83,813</u>
TOTAL LIABILITIES	\$ <u>368,286</u>	\$ <u>388,328</u>

NET ASSETS

Net assets without donor restrictions	\$ 12,808,756	\$ 11,931,281
Net assets with donor restrictions	<u>61,058</u>	<u>350,116</u>
TOTAL NET ASSETS	\$ <u>12,869,814</u>	\$ <u>12,281,397</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>13,238,100</u>	\$ <u>12,669,725</u>

**THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	2019			2018
	Without Donor Restrictions	With Donor Restrictions	Total	Total
SUPPORT AND REVENUES				
Food donations	\$ 46,855,074	\$ -	\$ 46,855,074	\$ 46,732,058
Bequests	-	-	-	5,446
Contributions and donations	3,246,785	-	3,246,785	2,719,608
Operational grants	842,442	-	842,442	644,980
United Way grants	139,176	61,058	200,234	202,164
Governmental grants and support	2,694,275	-	2,694,275	2,538,980
Investment income (loss)	460,162	-	460,162	(122,368)
Rental income	4,523	-	4,523	6,639
In-kind	657,781	-	657,781	650,621
Miscellaneous revenues	78,840	-	78,840	77,528
Net assets released from restrictions-				
Expiration of purpose	288,616	(288,616)	-	-
Expiration of time	61,500	(61,500)	-	-
Total Support and Revenues	\$ 55,329,174	\$ (289,058)	\$ 55,040,116	\$ 53,455,656
EXPENSES				
Program Services-				
Food Distribution	\$ 50,670,692	\$ -	\$ 50,670,692	\$ 51,744,859
Food Pantry	443,956	-	443,956	395,120
Children's Programs	1,390,655	-	1,390,655	938,431
Total Program Services	52,505,303	-	52,505,303	53,078,410
Administration	601,174	-	601,174	733,574
Fundraising	1,345,222	-	1,345,222	1,335,931
Total Expenses	\$ 54,451,699	\$ -	\$ 54,451,699	\$ 55,147,915
Change in net assets	877,475	(289,058)	588,417	(1,692,259)
Net assets, beginning of year	\$ 11,931,281	\$ 350,116	\$ 12,281,397	\$ 13,973,656
Net assets, end of year	\$ 12,808,756	\$ 61,058	\$ 12,869,814	\$ 12,281,397

**THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUES			
Food donations	\$ 46,576,684	\$ 155,374	\$ 46,732,058
Bequests	5,446	-	5,446
Contributions and donations	1,997,966	721,642	2,719,608
Operational grants	644,980	-	644,980
United Way grants	202,164	-	202,164
Governmental grants and support	2,519,158	19,822	2,538,980
Investment income (loss)	(122,368)	-	(122,368)
Rental income	6,639	-	6,639
In-kind	650,621	-	650,621
Miscellaneous revenues	77,528	-	77,528
Net assets released from restrictions-			
Expiration of purpose	1,111,239	(1,111,239)	-
Expiration of time	94,202	(94,202)	-
Total Support and Revenues	\$ 53,764,259	\$ (308,603)	\$ 53,455,656
EXPENSES			
Program Services-			
Food Distribution	\$ 51,744,859	\$ -	\$ 51,744,859
Food Pantry	395,120	-	395,120
Children's Programs	938,431	-	938,431
Total Program Services	53,078,410	-	53,078,410
Administration	733,574	-	733,574
Fundraising	1,335,931	-	1,335,931
Total Expenses	\$ 55,147,915	\$ -	\$ 55,147,915
Change in net assets	(1,383,656)	(308,603)	(1,692,259)
Net assets, beginning of year	\$ 13,314,937	\$ 658,719	\$ 13,973,656
Net assets, end of year	\$ 11,931,281	\$ 350,116	\$ 12,281,397

**THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2019
(WITH SUMMARIZED TOTALS FOR THE YEAR ENDED DECEMBER 31, 2018)

	2019							2018
	Program Services				Administration	Fundraising	Total	Total
	Food Distribution	Food Pantry	Children's Programs	Total Program Services				
EXPENSES								
Personnel	\$ 1,503,000	\$ 280,356	\$ 307,924	\$ 2,091,280	\$ 458,754	\$ 500,861	\$ 3,050,895	\$ 2,947,867
Food distributed	48,078,023	-	859,448	48,937,471	-	-	48,937,471	49,874,619
Professional fees	13,359	1,517	411	15,287	13,594	3,553	32,434	33,935
Supplies	136,888	7,501	30,098	174,487	28,788	130,336	333,611	403,840
Occupancy	108,354	40,778	187,698	336,830	16,566	23,844	377,240	354,263
Equipment	27,424	4,975	1,099	33,498	10,824	9,867	54,189	33,099
Printing and publications	1,833	187	-	2,020	1,877	589,178	593,075	534,307
Meetings	13,111	-	99	13,210	5,182	3,537	21,929	29,432
Dues	172,634	960	262	173,856	6,579	4,566	185,001	128,165
Insurance	32,541	8,317	1,598	42,456	14,063	9,412	65,931	54,115
Fleet maintenance	189,147	15,525	1,449	206,121	1,083	6,229	213,433	207,851
Miscellaneous	27,557	-	19	27,576	9,489	29,831	66,896	55,602
Depreciation	366,821	83,840	550	451,211	34,375	34,008	519,594	490,820
Total Expenses	\$ 50,670,692	\$ 443,956	\$ 1,390,655	\$ 52,505,303	\$ 601,174	\$ 1,345,222	\$ 54,451,699	\$ 55,147,915

THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE FINANCIAL STATEMENTS

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2018

	Program Services				Administration	Fundraising	Total
	Food Distribution	Food Pantry	Children's Programs	Total Program Services			
EXPENSES							
Personnel	\$ 1,275,585	\$ 265,209	\$ 329,299	\$ 1,870,093	\$ 560,277	\$ 517,497	\$ 2,947,867
Food distributed	49,439,709	-	434,910	49,874,619	-	-	49,874,619
Professional fees	5,518	1,538	426	7,482	25,076	1,377	33,935
Supplies	101,274	8,103	46,562	155,939	41,175	206,726	403,840
Occupancy	170,327	30,949	109,930	311,206	21,552	21,505	354,263
Equipment	18,219	1,196	183	19,598	10,824	2,677	33,099
Printing and publications	470	40	16,184	16,694	6,987	510,626	534,307
Meetings	14,392	-	-	14,392	7,802	7,238	29,432
Dues	124,627	372	101	125,100	1,262	1,803	128,165
Insurance	34,097	4,098	275	38,470	10,328	5,317	54,115
Fleet maintenance	175,422	16,870	116	192,408	7,617	7,826	207,851
Miscellaneous	29,609	110	265	29,984	4,501	21,117	55,602
Depreciation	355,610	66,635	180	422,425	36,173	32,222	490,820
Total Expenses	<u>\$ 51,744,859</u>	<u>\$ 395,120</u>	<u>\$ 938,431</u>	<u>\$ 53,078,410</u>	<u>\$ 733,574</u>	<u>\$ 1,335,931</u>	<u>\$ 55,147,915</u>

THE ACCOMPANYING NOTES ARE AN
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THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
STATEMENTS OF CASH FLOWS
FOR THES YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 588,417	\$ (1,692,259)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	519,594	490,820
Unrealized (gain) loss on investments	(356,623)	252,160
Realized (gain) loss on investments	(40,682)	(69,732)
Changes in assets and liabilities -		
Decrease (increase) in assets:		
Pledged contributions receivable	(64,691)	116,627
Grants receivable	(134,986)	42,983
Unconditional promises to give	442	94,202
Inventory	157,646	1,041,951
Prepaid expense	4,811	(9,838)
Increase (decrease) in liabilities:		
Accounts payable	(33,028)	(182,077)
Accrued payroll	17,770	10,682
Accrued employee benefits	(4,784)	(30,931)
Total Adjustments	65,469	1,756,847
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 653,886	\$ 64,588
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of investments	\$ -	\$ 500,000
Purchase of investments	(62,857)	(980,482)
Purchases of fixed assets	(379,396)	(239,700)
NET CASH USED BY INVESTING ACTIVITIES	\$ (442,253)	\$ (720,182)
NET INCREASE (DECREASE) IN CASH	211,633	(655,594)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 415,697	\$ 1,071,291
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 627,330	\$ 415,697

**THE ACCOMPANYING NOTES ARE AN
INTEGRAL PART OF THESE FINANCIAL STATEMENTS**

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

A. Purpose of Reporting Entity – The Food Bank for Central and Northeast Missouri, Inc. (the Organization) was formed in September 1981 and is a regional disaster and hunger relief network that acquires and distributes millions of pounds of donated food annually. The Organization is a centralized food collection and distribution facility that provides food and household products to agencies serving people in need in a 32 county area. Its mission is to help and feed people in need. The Organization distributes food to/for various entities and programs as follows:

Soup kitchens	Rehabilitation centers	Veterans pack program
Food pantries	Childrens' programs	Other food banks
Shelters for homeless and abused	Senior programs	

B. Basis of Accounting – The financial statements have been prepared on an accrual basis of accounting and U.S. GAAP in conformity with the standards promulgated by the American Institute of Certified Public Accountants.

C. Contributions – Contributions are considered to be available for the general program of the Organization unless specifically restricted by the donor. Gifts of cash and other assets received without donor stipulations are reported as revenue and net assets without donor restrictions. The Organization's unrestricted programs are the food commodities and central pantry programs. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. The Organization's restricted program is the buddy pack or childrens' program. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Contributions that are restricted by the donors are reported as an increase in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are received.

Gifts of land, buildings, equipment and other long-lived assets are reported as revenue and net assets without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long these long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at the present value of estimated future cash flows. The resulting discount is amortized using the level-yield method and is reported as contribution revenue. Many of the contributions and support received by the Organization qualify for Neighborhood Assistance Program tax credits and Food Pantry tax credits through the state of Missouri.

D. Donated Services – The Organization reports amounts in the financial statements for voluntary donations of services when those services create or enhance non-financial assets or require specialized skills provided by individuals possessing those skills and which would be typically purchased if not provided by donation, and the amounts involved can be objectively measured. The Organization's programs receive donated services from unpaid volunteers for distributing food and for labeling and repackaging of inventories. In accordance with current accounting standards, these donated services have not been recognized as contribution revenue in the financial statements because they do not require specialized skills or impact non-financial assets.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 1: REPORTING ENTITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

- E. Cash and Cash Equivalents** – For the purpose of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The Organization had one non-interest bearing checking account and one interest-bearing money market account as of December 31, 2019, in two banking facilities. The interest rate on the money market account was 0.02%. The Organization also had eleven individual money market accounts in eleven separate banking facilities. These money market accounts remain open but were not utilized during 2019. Cash on hand is also included in cash and cash equivalents.
- F. Use of Estimates** – Preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of management's estimates, primarily related to inventory valuation, the depreciable lives of equipment, and for paid leave accrual. The nature of those estimates, however, is such that variances in actual results are generally immaterial.
- G. Functional Allocation of Expenses** – The costs of providing the program and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited.
- H. Income Tax** – The Organization is exempt from Federal income tax as an organization described in Section 501(c)(3) of the Internal Revenue Code. The Organization is not a private foundation pursuant to Section 509(a) of the code.
- I. Net Assets** – The Organization has followed the new Financial Accounting Standards Board (FASB) pronouncement No. 2016-14, released August 2016, and effective for fiscal years beginning after December 15, 2017. The Organization reports information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Temporary restrictions are donor-imposed stipulations that either expire by passage of time or can be fulfilled and removed by actions of the Organization pursuant to those stipulations. Permanent restrictions are donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Organization. Assets without donor-imposed restrictions, including assets designated for specific use by the Organization's Board of Directors, are included in net assets without donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted support is reported as an increase in net assets without donor restrictions if the restriction expires or condition is met in the reporting period in which the support is recognized.

NOTE 2: ACCOUNTS RECEIVABLE

- A.** Pledged contributions receivable represent monies due to the agency as of December 31, 2019 and 2018, coming from various outside donors. An allowance for doubtful accounts has not been established since management feels that all pledges will be collected.
- B.** Grants receivable comes from the state of Missouri for the Commodities Supplemental Food Program (CSFP), the Temporary Assistance to Needy Families Program (TANF), and from USDA food commodities. An allowance for doubtful accounts has not been established since management feels that all grants will be collected.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 2: ACCOUNTS RECEIVABLE (CONTINUED)

- C. Unconditional Promises to Give represent monies granted from United Way organizations to The Food Bank as of December 31, 2019 and 2018. An allowance for doubtful accounts has not been established since management feels that all promises to give will be collected.

NOTE 3: CASH/CONCENTRATION OF CREDIT RISK

The Organization deposits its monies with high quality financial institutions and the total bank balances at December 31, 2019 and 2018, were \$869,852 and \$423,174, respectively. The total carrying value of the bank balances at December 31, 2019 and 2018, were \$627,330 and \$415,357, respectively, with petty cash also included in total cash. The bank balances in eleven banking institutions are covered entirely by FDIC insurance coverage. The Organization's main checking account is covered only by FDIC in the amount of \$250,000. The Organization's cash is exposed to various risks, such as interest rate, credit, and overall market volatility risks throughout the year and at year-end. Management believes the Organization is not exposed to significant credit risks on the banking amounts since the bank account balance falls below the FDIC limit soon in the subsequent year.

NOTE 4: INVESTMENTS

The Organization carries its investments at fair value. At December 31, 2019 and 2018, investments consisted of two separate investment funds totaling \$3,392,419 and \$2,932,257, respectively, as a board designated Endowment. The Board has designated one fund of \$1,253,284 and \$1,058,626 for December 31, 2019 and 2018, respectively, as unrestricted for future use and the Board designated the other fund for \$2,139,135 and \$1,873,631 for December 31, 2019 and 2018, respectively, for an operating reserve.

The Organization carries its Endowment Fund investments at fair value. The Organization's policy is to include cash and cash equivalents held by a broker in a managed portfolio as investments. Investments consist of the following categories held by a single investment company in the managed portfolio at December 31:

2019	Cost	Unrealized Gain (Loss)	Fair Value
Cash and cash equivalents	\$ 87,558	\$ -	\$ 87,558
Equity investments	1,207,635	151,977	1,359,612
Fixed income investments	1,734,143	63,939	1,798,082
Alternative investments	141,104	6,063	147,167
Total Investments	<u>\$ 3,170,440</u>	<u>\$ 221,979</u>	<u>\$ 3,392,419</u>
2018	Cost	Unrealized Gain (Loss)	Fair Value
Cash and cash equivalents	\$ 211,981	\$ -	\$ 211,981
Equity investments	1,007,230	(88,260)	918,970
Fixed income investments	1,727,158	(39,893)	1,687,265
Alternative investments	120,162	(6,121)	114,041
Total Investments	<u>\$ 3,066,531</u>	<u>\$ (134,274)</u>	<u>\$ 2,932,257</u>

Since investments are subject to continual market fluctuations, the Organization is subject to concentration of credit risk. Management believes the policy adopted by the Organization's Board of Directors is prudent for the long-term welfare of the Organization and its beneficiaries.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 4: INVESTMENTS (CONTINUED)

Investment income (loss) consists of the following at December 31:

	<u>2019</u>	<u>2018</u>
Interest and accrued income	\$ (370)	\$ 1,626
Dividends	80,975	75,020
Realized gains (losses)	40,682	69,732
Unrealized gains (losses)	356,623	(252,160)
Investment administrative fees	(17,748)	(16,586)
Total Investment Income (Loss)	<u>\$ 460,162</u>	<u>\$ (122,368)</u>

NOTE 5: FAIR VALUE OF FINANCIAL INSTRUMENTS

Assets and liabilities measured at a fair value on a recurring basis

The following is the major category of assets measured at fair values on a recurring basis:

<u>2019</u>	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	<u>Total</u>
Cash and cash equivalents	\$ 87,558	\$ -	\$ -	\$ 87,558
Equity investments	1,359,612	-	-	1,359,612
Fixed income investments	1,798,082	-	-	1,798,082
Alternative investments	147,167	-	-	147,167
Total investments	<u>\$ 3,392,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,392,419</u>
<u>2018</u>				
Cash and cash equivalents	\$ 211,981	\$ -	\$ -	\$ 211,981
Equity investments	918,970	-	-	918,870
Fixed income investments	1,687,265	-	-	1,687,265
Alternative investments	114,041	-	-	114,041
Total investments	<u>\$ 2,932,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,932,257</u>

The following are changes in fair values for items measured at fair value at December 31:

	<u>2019</u>	<u>2018</u>
Trading gains (losses) on marketable securities		
Realized gains (losses)	\$ 40,682	\$ 69,732
Unrealized gains (losses)	356,623	(252,160)
Total trading gains (losses) on marketable securities	<u>\$ 397,305</u>	<u>\$ (182,428)</u>

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 5: FAIR VALUE OF FINANCIAL INSTRUMENTS (CONTINUED)

Fair value of financial instruments

Due to their short-term nature, the carrying value of cash, short-term receivables, unconditional promises to give, and short-term payables approximate their fair value at December 31, 2019.

NOTE 6: INVENTORY

Inventory consists of food for distribution to member agencies and various entities as previously noted. Donated inventory (Non-USDA) is valued based upon a weighted average value per pound of \$1.74 as provided by Feeding America for 2019 and \$1.68 for 2018. Donated food inventory is valued at \$771,847 at December 31, 2019. USDA inventory received through the state is recorded at the value of the commodities as figured by the USDA. Purchased inventory is valued at the cost associated with the inventory on hand and valued at \$7,625. The value of inventory for programs such as veterans and childrens is \$223,476 as of December 31, 2019.

Total food inventory at December 31, 2019 and 2018, consisted of 1,596,141 pounds and 1,474,018 pounds, respectively, of donated, purchased, and food received from the state through the USDA. The value of the year-end inventory was as follows as of December 31:

	<u>2019</u>	<u>2018</u>
Total food valued per year-end inventory:		
TEFAP	\$ 459,289	\$ 92,997
CSFP	198,486	115,009
Non-USDA	<u>1,002,948</u>	<u>1,610,363</u>
Total ending inventory value	<u>\$ 1,660,723</u>	<u>\$ 1,818,369</u>

The Organization is recognized by the United States Department of Agriculture (USDA) as an Emergency Feeding Organization (EFO). This designation enables the Organization to act as a distributor of food donated by the USDA and consigned by the Division of Family Services of the state of Missouri's Department of Social Services and the Department of Health and Senior Services. The Organization is responsible for storing, handling, and distributing the donated food to needy persons. Primary recipients of the food were soup kitchens and food pantries.

NOTE 7: FIXED ASSETS AND ACCUMULATED DEPRECIATION

Fixed assets are reported at historical cost, net of allowance for depreciation. Donated assets are recorded at estimated market value at the date of donation. A capitalization threshold of \$1,000 is used to record fixed assets. Fixed assets are depreciated using the straight-line method as follows:

Buildings	7 – 40 years	Automotive equipment	5 years
Improvements	7 – 30 years	Computer software	3 years
Furniture and equipment	5 – 10 years		

Total fixed assets purchases for 2019 and 2018 total \$379,396 and \$239,700, respectively, and the total depreciation expense recorded for 2019 and 2018 is \$519,594 and \$490,820, respectively.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 7: FIXED ASSETS AND ACCUMULATED DEPRECIATION (CONTINUED)

The following is a schedule of fixed assets and accumulated depreciation at December 31:

	<u>2019</u>	<u>2018</u>
Land (not depreciable)	\$ 324,124	\$ 324,124
Buildings	3,825,234	3,825,233
Improvements	3,378,739	3,377,739
Automotive equipment	1,650,315	1,435,370
Furniture and equipment	1,476,842	1,313,392
Computer software	97,849	97,849
Total fixed assets	\$ 10,753,103	\$ 10,373,707
Less: accumulated depreciation	<u>(4,712,437)</u>	<u>(4,192,843)</u>
Net fixed assets	\$ <u>6,040,666</u>	\$ <u>6,180,864</u>

NOTE 8: ACCRUED PAYROLL AND EMPLOYEE BENEFITS

The total value of accrued salaries payable at December 31, 2019 and 2018 is \$69,968 and \$52,198, respectively. The Organization records the value of earned time off as a liability at the end of the year. The total value of employee benefits for vacation payable at December 31, 2019 and 2018, is \$107,935 and \$112,107, respectively. The Organization's total other accrued employee benefits payable at December 31, 2019 and 2018, total (\$17,812) and (\$28,294), respectively.

NOTE 9: DONOR RESTRICTED NET ASSETS

Net assets released from donor restrictions satisfied by purpose and time expiration consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Buddy Pack program	\$ 288,616	\$ 1,111,239
Unconditional promises to give – United Way	61,500	94,202
Total	\$ <u>350,116</u>	\$ <u>1,205,441</u>

Net assets with donor restrictions consist of the following at December 31:

	<u>2019</u>	<u>2018</u>
Buddy Pack program	\$ -	\$ 288,616
Unconditional promises to give – United Way	61,058	61,500
Total	\$ <u>61,058</u>	\$ <u>350,116</u>

The Buddy Pack Program used all of its restrictions during the year ended December 31, 2019, by spending more than what was carried over plus revenues for 2019.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 10: ENDOWMENT

The Food Bank's endowment consists of board designated unrestricted and restricted funds with three components: 1) donor restricted gifts; 2) board designated unrestricted gifts; and, 3) board designated operating reserves necessary to allow The Food Bank to meet its contractual obligation with Feeding America. Assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

A. Interpretation of Relevant Law

The Board of Directors of The Food Bank has interpreted the state Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original investment as of the beginning of the fiscal year. As a result of this interpretation, The Food Bank classifies the investments as net assets without donor restrictions until the amount is appropriated for expenditure by The Food Bank in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with the 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 Organization and the donor-restricted endowment fund.
- (3) General economic conditions.
- (4) The possible effect of inflation or deflation.
- (5) The expected total return from income and the appreciation of investments.
- (6) Other resources of the Organization.
- (7) The investment policies of the Organization.

B. Board Designated Endowment Net Asset composition as of December 31:

2019	Without donor restrictions	With donor restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Board designated -				
Unrestricted	\$ 1,253,284	\$ -	\$ -	\$ 1,253,284
Operating reserves	2,139,135	-	-	2,139,135
Total	<u>\$ 3,392,419</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,392,419</u>

2018	Without donor restrictions	With donor restrictions		Total
		Temporarily Restricted	Permanently Restricted	
Board designated -				
Unrestricted	\$ 1,058,626	\$ -	\$ -	\$ 1,058,626
Operating reserves	1,873,631	-	-	1,873,631
Total	<u>\$ 2,932,257</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,932,257</u>

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 10: ENDOWMENT (CONTINUED)

C. Changes in Board Designated Endowment Net Asset composition are as follows at December 31:

	Without donor restrictions	With donor restrictions		Total
		Temporarily Restricted	Permanently Restricted	
<u>December 31, 2019</u>				
Net assets, beginning	\$ 2,932,257	-	\$ -	\$ 2,932,257
Investment income return:				
Dividends	80,975	-	-	80,975
Accrued income	(370)	-	-	(370)
Unrealized gains (losses)	356,623	-	-	356,623
Realized gains (losses)	40,682	-	-	40,682
Administrative expenses	(17,748)	-	-	(17,748)
Net assets, ending	\$ <u>3,392,419</u>	\$ -	\$ -	\$ <u>3,392,419</u>
 <u>December 31, 2018</u>				
Net assets, beginning	\$ 2,634,203	-	\$ -	\$ 2,634,203
Contributions (deposits)	921,000	-	-	921,000
Deposits used	(500,000)	-	-	(500,000)
Investment income return:				
Dividends	75,020	-	-	75,020
Accrued income	1,048	-	-	1,048
Unrealized gains (losses)	(252,160)	-	-	(252,160)
Realized gains (losses)	69,732	-	-	69,732
Administrative expenses	(16,586)	-	-	(16,586)
Net assets, ending	\$ <u>2,932,257</u>	\$ -	\$ -	\$ <u>2,932,257</u>

D. Return Objectives and Risk Parameters

The Food Bank has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those board-designated funds.

Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is expected to achieve competitive performance relative to a static policy-weighted market benchmark over a period not less than a full market cycle (generally defined as a five-year period) while maintaining acceptable risk levels.

E. Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, The Food Bank relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Food Bank targets a diversified asset allocation of equity, fixed income, and alternative investments to achieve its long-term return objectives within prudent risk constraints.

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018**

NOTE 10: ENDOWMENT (CONTINUED)

F. Spending Policy and How the Investment Objectives Relate to Spending Policy

The Food Bank's objective is to maintain the purchasing power of the endowment assets for a specified term as well as to provide additional real growth through new gifts and investment return. The portfolio shall be rebalanced to tactical targets as deemed advantageous to the Endowment after considering the costs of rebalancing versus the risks associated with portfolio deviation from the desired targets.

NOTE 11: LIQUIDITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the state of financial position date, are as follows:

	<u>2019</u>	<u>2018</u>
Cash	\$ 627,330	\$ 415,697
Investments	3,392,419	2,932,257
Receivables	<u>1,455,402</u>	<u>1,256,167</u>
Financial Assets	5,475,151	4,604,121
Less: Donor-imposed restrictions	<u>(61,058)</u>	<u>(350,116)</u>
Total Financial Assets Available	<u>\$ 5,414,093</u>	<u>\$ 4,254,005</u>

The Organization operates under various grants, federal funding, contributions and donations, and contracts for programs that are ongoing, major, and central to its annual operations to be available to meet cash needs for general expenditures. The Organization manages its liquidity and reserves following these guiding principles: 1) operating with a prudent range of financial soundness and stability, 2) maintaining adequate liquid assets to fund near-term operating needs, and 3) maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. The Organization forecasts its future cash flows and monitors its liquidity reserves monthly.

NOTE 12: RELATED PARTY TRANSACTIONS

The Organization is affiliated with Feeding America and pays quarterly affiliation fees to Feeding America. Total affiliate fees for the year ended December 31, 2019 and 2018, were \$9,488 and \$8,706, respectively. The Organization is also affiliated with the Missouri Food Bank Association (MFBA) and pays membership dues. Total MFBA membership dues for the year ended December 31, 2019 and 2018, were \$105,333 and \$ 107,943, respectively.

A member of the Board of Directors is the owner of a company that provided innovative technology services to The Food Bank. The Food Bank paid the company \$2,400 and \$21,626 for the year ended December 31, 2019 and 2018, respectively.

NOTE 13: CONCENTRATION OF REVENUE

The Organization received approximately 85.1% and 87.4% of its total revenues from food commodities received for the year ended December 31, 2019 and 2018, respectively. Of the general operations revenues, contributions and donations make up approximately 42.0% and 41.7% of the total for the year ended December 31, 2019 and 2018, respectively. Governmental grants and support make up approximately 32.8% and 37.7% of the total for the year ended December 31, 2019 and 2018, respectively.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 14: LEASES AND SERVICES CONTRACTS

- A. The Organization has entered into various lease agreements for the rental of warehouse space. One lease agreement in Jefferson City started in November 2017, went through December 2018 at \$1,500 per month, and presently is on a month-to-month basis. For the Jefferson City lease, \$20,000 was paid in 2019 with a \$156,000 gift in kind recognized for a total of \$176,000. One lease agreement started August 1, 2018, in Kirksville and runs for three years with a monthly lease of \$400 (\$4,800 per year with a gift in-kind of \$9,600 recognized for the year for a total of \$14,400). A \$5,000 gift in kind is also recognized as rent expense with Bass Pro Shop for use of their site for Float Your Boat in the Spring.
- B. In October 2014, the Organization entered into a telecommunication services contract for a period of five years at a monthly recurring charge of \$2,161. This service expired and a new month-to-month contract was entered into for this service but will not become active until the service provider goes live.

NOTE 15: SUBSEQUENT EVENTS

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the U.S. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, on April 3, 2020, The Missouri State Governor ordered the closure of the physical location of every "non-life sustaining" ["non-essential"] business for the period April 6, 2020 thru April 24, 2020. High-risk staff members were transitioned to work from home.

Beginning around March 2020, the COVID-19 virus has been declared a global pandemic as it continues to spread rapidly. Business continuity, including supply chains and consumer demand across a broad range of industries and countries could be severely impacted for months or beyond as governments and their citizens take significant and unprecedented measures to mitigate the consequences of the pandemic. Management is carefully monitoring the situation and evaluating its options during this time. In 2020, The Food Bank made several operational changes due to the ongoing COVID crisis. The volunteer packing room was closed to public volunteers, and paid temporary staff along with National Guard members were used to continue these operations. At Central Pantry, indoor shopping activity was also ceased and food donations were delivered to individuals' cars to reduce direct contact and potential exposure. Most fundraising events were cancelled in 2020; however, individual donations increased sharply with increased media coverage and public awareness surrounding COVID-19 and economic downturns.

Subsequent to year-end, the Organization applied for and was approved in April 2020 for a \$611,500 loan under the Paycheck Protection Program created as part of the relief efforts related to COVID-19 and administered by the Small Business Administration. The loan accrues interest at 1%, but payments are not required to begin for six months after the funding of the loan.

The Organization is eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. The loan is uncollateralized and is fully guaranteed by the Federal government.

The Food Bank also received \$2,033,205 in various COVID specific grants from all kinds of sources to be used for various projects. Some had grant ending times in 2020 while others either did not have any grant deadline while other were to end at various times in 2021.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

NOTE 15: SUBSEQUENT EVENTS (CONTINUED)

No adjustments have been made to these financial statements as a result of this uncertainty. However, subsequent to December 31, 2019, the investment and credit markets have experienced significant volatility. As a result, a substantial portion of the Organization's investments has experienced significant declines in the first half of 2020 but has rebounded in the second half with the general marketplace.

These financial statements considered subsequent events through December 28, 2020, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Share of Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed through:			
Missouri Food Bank Association- Supplemental Nutrition Assistance Program (SNAP)	10.551	ER108120100	\$ 12,121
State of Missouri Department of Health and Senior Services- Child Nutrition Cluster:			
Summer Food Service Program for Children (SFSP)	10.559	EO461725407	11,663
<u>Food Distribution Cluster</u>			
Passed through:			
State of Missouri Department of Health and Senior Services- Commodity Supplemental Food Program (CSFP):			
Administration Costs	10.565	CS170294001	102,800
		CS200683001	11,505
Food Commodities	10.565	CS170294001	418,587
State of Missouri Department of Social Services- Emergency Food Assistance Program Cluster:			
Emergency Food Assistance Program (TEFAP):			
Administration Costs	10.568	ER113170001	271,284
Food Commodities	10.569	ER113170001	<u>3,510,958</u>
Total Food Distribution Cluster			\$ <u>4,315,134</u>
State of Missouri Department of Social Services- Trade Mitigation Program Eligible Recipient Agency Operational Funds			
	10.178	ER113170001	138,431
Total U.S. Department of Agriculture			\$ <u>4,477,349</u>
Total Expenditures of Federal Awards			\$ <u><u>4,477,349</u></u>

No federal awards were provided to any subrecipients.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2019

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

- A. Purpose of Schedule and Reporting Entity** – The accompanying Schedule of Expenditures of Federal Awards of The Food Bank for Central and Northeast Missouri, Inc. has been prepared to comply with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). The Uniform Guidance requires a schedule of expenditures of federal awards showing total expenditures for each federal financial assistance program as identified in the catalog of federal domestic assistance (“CFDA”), and identification of federal financial assistance programs which have not been assigned a CFDA number.

The accompanying schedule includes all federal financial assistance programs administered (cash and non-cash through food commodities) by The Food Bank for Central and Northeast Missouri, Inc.

- B. Basis of Presentation** – The accompanying Schedule of Expenditures of Federal Awards is presented in accordance with the Uniform Guidance, which defines federal financial assistance as assistance that non-federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

The Uniform Guidance establishes the formula for determining the level of expenditures of disbursements to be used in defining Type A and Type B federal financial assistance programs. For 2019, Type A programs are those which exceed \$750,000 in disbursements, expenditures, or distributions. The determination of major and nonmajor programs is based on the risk based approach outlined in the Uniform Guidance.

Food Distribution Programs

The amounts reported for Food Distribution Programs (CFDA #10.565, #10.568, and #10.569) represent the dollar value of food commodities received to be distributed to eligible recipients during the year. The U.S. Department of Agriculture (USDA) provides the current values of the commodities as received by the Organization. The amount of administrative costs presented represents the amounts expended by The Food Bank for Central and Northeast Missouri and reimbursed by the Department of Health and Senior Services and the Department of Social Services. The amount reported for the Food Distribution Program under CFDA #10.559 represents the amount expended and reimbursed from the Department of Health and Senior Services for child nutrition meals served during the year based upon a contractual agreement. The amount reported for the Trade Mitigation Program under CFDA #10.178 represents the costs associated with the purchase of food from farmers directly affected by the tariffs and then sent the food to various food banks for distribution to TEFAP recipients.

- C. Basis of Accounting** – The accompanying Schedule of Expenditures of Federal Awards is presented on the accrual basis of accounting.
- D. Indirect Cost Rate** – The Food Bank elected to use the 10% de minimus indirect cost rate for the Commodity Supplemental Food Program (CSFP) but not for the Emergency Food Assistance Program (TEFAP).
- E. Subrecipients** – The Food Bank did not provide any federal awards to any subrecipients.

December 28, 2020

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors
The Food Bank for Central and Northeast Missouri, Inc.
Columbia, MO

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of The Food Bank for Central and Northeast Missouri, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 28, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Food Bank for Central and Northeast Missouri, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Food Bank for Central and Northeast Missouri, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of The Food Bank for Central and Northeast Missouri, Inc.'s internal control.

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

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

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
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* (CONTINUED)**

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Beard-Boehmer and Associates, PC

Beard-Boehmer & Associates, PC
Columbia, MO

December 28, 2020

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

To the Board of Directors
The Food Bank for Central and Northeast Missouri, Inc.
Columbia, MO

Report on Compliance for Each Major Federal Program

We have audited The Food Bank for Central and Northeast Missouri, Inc.'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 The Food Bank for Central and Northeast Missouri, Inc.'s major federal programs for the year ended December 31, 2019. The Food Bank for Central and Northeast Missouri, Inc.'s major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirement of laws, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of The Food Bank for Central and Northeast Missouri, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The Food Bank for Central and Northeast Missouri, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, The Food Bank for Central and Northeast Missouri, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2019.

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE (CONTINUED)**

Report on Internal Control over Compliance

Management of The Food Bank for Central and Northeast Missouri, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered The Food Bank for Central and Northeast Missouri, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Food Bank for Central and Northeast Missouri, Inc.'s internal control over compliance.

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

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

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

Beard-Boehmer and Associates, PC

Beard-Boehmer & Associates, PC
Columbia, MO

**THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

SECTION I: SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		<u>Unmodified</u>
Internal control over financial reporting:		
Material weakness(es) disclosed?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified?	_____ Yes	<u> X </u> None reported
Noncompliance material to financial statements noted?	_____ Yes	<u> X </u> No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	_____ Yes	<u> X </u> No
Significant deficiency(ies) identified?	_____ Yes	<u> X </u> None reported

Type of auditors' report issued on compliance for major programs:		<u>Unmodified</u>
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	_____ Yes	<u> X </u> No

Identification of major program:

CFDA NUMBER	<u>Name of Federal Program or Cluster</u>
	Food Distribution Cluster:
10.565	Commodity Supplemental Food Program - Administrative Costs
10.565	Commodity Supplemental Food Program - Food Commodities
10.568	USDA Emergency Food Assistance Program - Administrative Costs
10.569	USDA Emergency Food Assistance Program - Food Commodities

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as a low-risk auditee?	<u> X </u>	_____
	Yes	No

SECTION II: FINANCIAL STATEMENT FINDINGS

There are no financial statement findings that are required to be reported for the year ended December 31, 2019.

SECTION III: FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no federal award findings and questioned costs for the year ended December 31, 2019.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2019

Government Auditing Standards

In accordance with *Government Auditing Standards*, this section reports the auditor's follow-up on action taken by The Food Bank for Central and Northeast Missouri, Inc. on the applicable findings in the prior audit report issued for the year ended December 31, 2018.

The prior audit report issued for the year ended December 31, 2018, included no audit findings that *Government Auditing Standards* requires to be reported for an audit of financial statements.

Uniform Guidance (OMB 2 CFR Part 200)

Section 200.511(b) of the Uniform Guidance requires the auditee to prepare a Summary Schedule of Prior Audit Findings to report the status of all findings that are relative to federal awards and included in the prior audit report's Schedule of Findings and Questioned Costs. The summary schedule must also include audit findings reported in the prior audit's Summary Schedule of Prior Audit Findings, except audit findings listed as corrected, no longer valid, or not warranting further action.

The prior audit report issued for the year ended December 31, 2018, included no audit findings that the Uniform Guidance Section 200.516(a) requires to be reported for an audit of federal awards.