

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

Columbia, Missouri

INDEPENDENT AUDITOR'S REPORT

For the Years Ended December 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of The Food Bank for Central and Northeast Missouri, Inc. (the "Organization") (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2020 and 2019, and the related Statements of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Organization 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.

Prior Period Financial Statements

The financial statements of the Organization as of December 31, 2019, were audited by other auditors whose report dated December 28, 2020, expressed an unmodified opinion on those statements.

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 Organization's ability to continue as a going concern within one year after the date that the financial statements are 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 generally accepted auditing standards 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, including omissions, are considered material if there is a 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 generally accepted 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 Organization'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 Organization'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.

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 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 September 21, 2021, on our consideration of the Organization'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 solely 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 effectiveness of the Organization's 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 Organization's internal control over financial reporting and compliance.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

September 21, 2021

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.

STATEMENTS OF FINANCIAL POSITION
DECEMBER 31, 2020 AND 2019

	2020	2019
<u>ASSETS</u>		
Current Assets		
Cash and Cash Equivalents	\$ 4,940,556	\$ 627,330
Contributions, United Way, and Agency Receivables	195,249	128,244
Grants Receivable	1,193,648	1,266,100
Unconditional Promises to Give	8,602	61,058
Inventory	2,541,385	1,660,723
Prepaid Expense	586,093	61,560
Total Current Assets	<u>9,465,533</u>	<u>3,805,015</u>
Noncurrent Assets		
Investments	3,660,760	3,392,419
Deposits	100,000	-
Property, Buildings, and Equipment, Net of Accumulated Depreciation	6,167,877	6,040,666
Total Noncurrent Assets	<u>9,928,637</u>	<u>9,433,085</u>
TOTAL ASSETS	<u>\$ 19,394,170</u>	<u>\$ 13,238,100</u>
<u>LIABILITIES AND NET ASSETS</u>		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 351,340	\$ 219,289
Accrued Expenses	10,000	-
Accrued Payroll	85,371	69,968
Accrued Employee Benefits	90,390	79,029
Total Current Liabilities	<u>537,101</u>	<u>368,286</u>
Noncurrent Liabilities		
PPP Loan	611,500	-
CDBG Loan	19,000	-
Total Noncurrent Liabilities	<u>630,500</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,167,601</u>	<u>368,286</u>
NET ASSETS		
Without Donor/Grantor Restrictions		
Undesignated	8,397,930	3,375,671
Designated by the Board - Endowment	1,361,673	1,253,284
Designated by the Board - Operating Reserves	2,299,087	2,139,135
Investment in Property, Buildings, and Equipment	6,167,877	6,040,666
Total Without Donor/Grantor Restrictions	<u>18,226,568</u>	<u>12,808,756</u>
With Donor/Grantor Restrictions		
Time Restricted for Future Periods	-	61,058
Total With Donor/Grantor Restrictions	<u>-</u>	<u>61,058</u>
TOTAL NET ASSETS	<u>18,226,568</u>	<u>12,869,814</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 19,394,170</u>	<u>\$ 13,238,100</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, 2020

	2020		Total
	Without Donor/Grantor Restrictions	With Donor/Grantor Restrictions	
SUPPORT AND REVENUES:			
Food Donations	\$ 45,963,467	\$ -	\$ 45,963,467
Contributions and Donations	5,529,097	-	5,529,097
Operational Grants	2,677,147	-	2,677,147
United Way Grants	151,686	-	151,686
Governmental Grants and Support	4,147,439	-	4,147,439
Investment Income (Loss)	268,340	-	268,340
Rental Income	(18)	-	(18)
In-Kind Contributions	219,419	-	219,419
Agency Fees	33,102	-	33,102
Gain (Loss) on Disposal of Property, Buildings, and Equipment	3,259	-	3,259
Miscellaneous Revenue	56,264	-	56,264
Net Assets Released From Restrictions			
Expiration of Time	61,058	(61,058)	-
TOTAL SUPPORT AND REVENUES	59,110,260	(61,058)	59,049,202
EXPENSES:			
Program Services:			
Food Distribution	49,833,168	-	49,833,168
Food Pantry	651,398	-	651,398
Children's Programs	1,578,938	-	1,578,938
Total Program Services	52,063,504	-	52,063,504
Administration	759,571	-	759,571
Fundraising	869,374	-	869,374
TOTAL EXPENSES	53,692,449	-	53,692,449
CHANGE IN NET ASSETS	5,417,811	(61,058)	5,356,753
NET ASSETS, BEGINNING OF YEAR	12,808,756	61,058	12,869,814
NET ASSETS, END OF YEAR	\$ 18,226,567	\$ -	\$ 18,226,567

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

	Without Donor/Grantor Restrictions	With Donor/Grantor Restrictions	Total
SUPPORT AND REVENUES:			
Food Donations	\$ 46,855,074	\$ -	\$ 46,855,074
Contributions and Donations	3,246,785	-	3,246,785
Operational Grants	842,442	-	842,442
United Way Grants	139,176	61,058	200,234
Governmental Grants and Support	2,694,275	-	2,694,275
Investment Income (Loss)	460,162	-	460,162
Rental Income	4,523	-	4,523
In-Kind	657,781	-	657,781
Miscellaneous Revenue	78,840	-	78,840
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
EXPENSES:			
Program Services:			
Food Distribution	50,670,692	-	50,670,692
Food Pantry	443,956	-	443,956
Children's Programs	1,390,655	-	1,390,655
Total Program Services	52,505,303	-	52,505,303
Administration	601,174	-	601,174
Fundraising	1,345,222	-	1,345,222
TOTAL EXPENSES	54,451,699	-	54,451,699
CHANGE IN NET ASSETS	877,475	(289,058)	588,417
NET ASSETS, BEGINNING OF YEAR	11,931,281	350,116	12,281,397
NET ASSETS, END OF YEAR	\$ 12,808,756	\$ 61,058	\$ 12,869,814

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, 2020

Expenses	Program Services			Total Program Services	Administration	Fundraising	Total Expenses
	Food Distribution	Food Pantry	Children's Programs				
Personnel	\$ 1,656,804	\$ 486,877	\$ 387,706	\$ 2,531,387	\$ 509,849	\$ 479,538	\$ 3,520,774
Food Distributed	47,024,366	50	1,005,350	48,029,766	-	123	48,029,889
Professional Fees	4,939	1,230	424	6,593	31,975	1,766	40,334
Supplies	150,282	19,936	1,489	171,707	21,640	93,699	287,046
Occupancy	95,909	29,339	178,613	303,861	14,338	14,345	332,544
Equipment	39,069	4,214	694	43,977	5,034	8,544	57,555
Printing and Publications	4,252	923	1,357	6,532	12,214	189,918	208,664
Meetings	2,401	298	70	2,769	430	558	3,757
Dues	65,947	820	68	66,835	109,456	2,450	178,741
Insurance	41,998	8,038	2,613	52,649	13,687	9,483	75,819
Fleet Maintenance	156,991	6,623	97	163,711	122	4,233	168,066
Miscellaneous	176,632	380	100	177,112	6,192	30,490	213,794
Depreciation	413,578	92,670	357	506,605	34,634	34,227	575,466
Total Expenses	<u>\$ 49,833,168</u>	<u>\$ 651,398</u>	<u>\$ 1,578,938</u>	<u>\$ 52,063,504</u>	<u>\$ 759,571</u>	<u>\$ 869,374</u>	<u>\$ 53,692,449</u>

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

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

The accompanying notes are an integral part of these financial statements.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in Net Assets	\$ 5,356,753	\$ 588,417
Adjustments To Reconcile Increase (Decrease) In Net Assets To Net Cash Provided (Used) By Operating Activities:		
Depreciation	575,466	519,594
Unrealized (Gain) Loss on Investments	(199,067)	(356,623)
Realized (Gain) Loss on Investments	(20,759)	(40,682)
(Gain) Loss on Disposal of Property, Buildings, and Equipment	1,068	-
(Increase) Decrease in:		
Pledged Contributions Receivable	(67,005)	(64,691)
Grants Receivable	72,452	(134,986)
Unconditional Promises to Give	52,456	442
Inventory	(880,662)	157,646
Prepaid Expense	(524,533)	4,811
Increase (Decrease) in:		
Accounts Payable	132,051	(33,028)
Accrued Expenses	10,000	
Accrued Payroll	15,403	17,770
Accrued Employee Benefits	11,361	(4,784)
Total Adjustments	<u>(821,769)</u>	<u>65,469</u>
Net Cash Provided (Used) By Operating Activities	<u>4,534,984</u>	<u>653,886</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of Investments	(100,000)	-
Reinvestment of Investment Earnings	(48,514)	(62,857)
Purchase of Property, Buildings, and Equipment	<u>(703,744)</u>	<u>(379,396)</u>
Net Cash Provided (Used) By Investing Activities	<u>(852,258)</u>	<u>(442,253)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from PPP Loan	611,500	-
Proceeds from CDBG Block Grant Loan	<u>19,000</u>	<u>-</u>
Net Cash Provided (Used) By Financing Activities	630,500	-
Net Change in Cash and Cash Equivalents	4,313,226	211,633
Cash and Cash Equivalents, Beginning of Year	<u>627,330</u>	<u>415,697</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,940,556</u>	<u>\$ 627,330</u>

Supplemental Disclosures of Cash Flow Information:

Cash paid during the year for:

Interest	\$	-
Taxes	\$	-

Disclosure of Accounting Policy:

For purposes of the Statement of Cash Flows, the Organization considers all highly liquid investments, except for those held for long-term investment, with a maturity of three months or less from the date of purchase to be cash and cash equivalents.

The accompanying notes are an integral part of these financial statements.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of Business

The Food Bank for Central and Northeast Missouri, Inc. (the “Organization”) was formed in September 1981. It 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	Children’s Programs	Other Food Banks
Shelters for Homeless and Abused	Senior Programs	

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting. Accordingly, revenues are recognized when earned and expenses when incurred.

Basis of Presentation

The financial statement presentation follows the requirements of the Financial Accounting Standards Board. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor/grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor/Grantor Restrictions

Net assets available for use in general operations and not subject to donor/grantor-imposed restrictions. For the years ended, the Organization’s governing board has designated, from net assets without donor/grantor restrictions a board-designated endowment and a board-designated operating reserve.

Net Assets With Donor/Grantor Restrictions

Net assets subject to donor/grantor imposed restrictions. Some donor/grantor-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/grantor. Donor/grantor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Revenue Recognition

The Organization has adopted ASU 2014-09 *Revenue from Contracts with Customers* and all subsequent amendments to the ASU (collectively, “ASC 606”), as management believes the standard improves the usefulness and understandability of the Organization’s financial reporting.

Analysis of various provisions of this standard resulted in no significant changes in the way the Organization recognizes revenue and, therefore, no changes to the previously issued audited financial statements were required on a retrospective basis. The presentation and disclosures of revenue have been enhanced in accordance with the standard.

Contributions

Contributions are considered to be available for the general program of the Organization, unless specifically restricted by the donor/grantor. Gifts of cash and other assets received without donor/grantor stipulations are reported as revenue and net assets without donor/grantor 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/grantor stipulations that limit the use of the donated assets. The Organization’s restricted program is the Buddy Pack or Children’s Program. When a donor/grantor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor/grantor restrictions are reclassified to net assets without donor/grantor restrictions and reported in the Statement of Activities as Net Assets Released from Restrictions. Contributions that are restricted by the donors/grantors are reported as an increase in Net Assets Without Donor/Grantor 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/grantor restrictions unless explicit donor/grantor 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/grantor stipulations about how long these long-lived assets must be maintained, the Organization reports expirations of donor/grantor 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 a contribution revenue. Many of the contributions and support received by the Organization qualify for Neighborhood Assistance Program (NAP) tax credits and Food Pantry tax credits through the State of Missouri.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

In-Kind Contributions and Contributed 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 repacking inventory. 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.

In-Kind Contributions generally include warehouse space, transportation of food, advertising, and supplies. These donations are included in the financial statements as in-kind contributions and as expenses in the appropriate functional categories. Additionally, the Organization receives food donations from government and private entities. Food donations are included in the financial statements as food donations and inventory when received and are recognized as a program expense when removed from inventory.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid investments with original maturities of three months or less, which are neither held for nor restricted by donors/grantors for long-term purposes, to be cash and cash equivalents. Cash and highly liquid investments that are designated, or that are included in endowment investment balances or other long-term purposes, are excluded from this definition.

Investments

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the Statements of Financial Position. Net investment return/(loss) is reported in the Statements of Activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses. Investment income and gains restricted by a donor/grantor are reported as increases in net assets without donor/grantor restrictions if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash and money market accounts with creditworthy financial institutions. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates. Investments are made by diversified investment managers whose performance is monitored by the Organization. Although the fair values of investments are subject to fluctuation on a year-to-year basis, the investment policies and guidelines are prudent for the long-term welfare of the Organization.

In January, 2016, the FASB issue ASU 2016-01 Financial Instruments – Overall (Subtopic 825-10: Recognition and Measurement of Financial Assets and Financial Liabilities). These standards amend certain aspects of accounting and disclosure requirements for financial instruments. The Organization adopted this standard on December 1, 2020, which resulted on expanded disclosures related to financial instrument and credit risk, with no impact on the financial statements.

Use of Estimates

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

Income Tax

The Organization is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code, except for taxes on unrelated business income, if any. Accordingly, no provision for income tax has been reflected in the Organization’s financial statements as of the year ended.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

Accounts Receivable

Contributions, United Way, and Agency Receivables

Monies due to the Organization as of December 31st, coming from various outside donors. An allowance for doubtful accounts has not been established since management feels all receivables will be collected.

Grants Receivable

Monies the State of Missouri for the Commodities Supplemental Food Program (“CSFP”), Temporary Assistance to Needy Families Program (TANF), and from USDA food commodities. An allowance for doubtful accounts has not been established since management feels all grants will be collected.

Unconditional Promises to Give

Monies granted from United Way organizations to the Organization as of the years ended. An allowance for doubtful accounts has not been established as management feels all promises to give will be collected.

Property, Buildings, and Equipment

Expenditures for property, buildings, and equipment over \$1,000, which have a useful life of one year or more are capitalized at cost. The cost of normal maintenance and repairs that do not add to the value of the asset nor materially extend the asset’s life are not capitalized. Assets are depreciated over their estimated useful lives using the straight-line method.

Donations of property, buildings, and equipment are recorded as contributions at their estimated fair value as of the date received, and are reported as contributions without restrictions unless the donor has restricted the donated asset to a specified purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as contributions with donor restrictions. The Organization reports contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished).

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 Statements of Functional Expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 2 – CASH AND CONCENTRATIONS OF CREDIT RISK

As of the years ended, the carrying amounts of the Organization’s deposits were \$4,940,556 and \$627,330, respectively. The Organization’s total bank balances as of the years ended were \$5,372,947 and \$869,852, respectively. Deposits at one financial institution were not fully covered by the Federal Deposit Insurance Corporation (“FDIC”) or collateral pledged in the Organization’s name. The deposits in excess were \$5,095,657 and \$574,622, as of the years ended, respectively, which represents the maximum credit risk the Organization could incur in the event of failure by the institutions. The Organization has not historically experienced any such loss in its holdings at financial institutions and believes it is not exposed to any significant credit risk on its cash balances. The Organization’s deposits are at high quality financial institutions, as of the years ended. Deposits at a second financial institution were fully insured by FDIC for the years ended.

NOTE 3 – LIQUIDITY AND AVAILABILITY:

Financial assets available for general expenditure, that is, without donor/grantor or other restrictions or board designations limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2020</u>	<u>2019</u>
Cash	\$ 4,940,556	\$ 627,330
Receivables	1,397,500	1,455,402
Financial Assets	6,338,056	2,082,732
Less: Donor-Imposed Restrictions	-	(61,058)
Total Financial Assets Available	<u>\$ 6,338,056</u>	<u>\$ 2,021,674</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.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 4 – INVESTMENTS:

The Organization carries its investments at fair value. As of the years ended, investments consisted of two separate investment funds totaling \$3,660,760 and \$3,392,419, respectively. The Board has designated one fund of \$1,361,673 and \$1,253,284, respectively, as of the years ended, as an endowment and the Board designated the other fund for \$2,299,087 and \$2,139,135, respectively, as of the years ended, for operating reserves.

Investments are stated at fair value based on quoted market prices. The Organization’s policy is to include cash and cash equivalents held by a broker in a managed portfolio of investments. Investments consist of the following as of the years ended:

2020

	<u>Cost</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 154,346	\$ 154,346
Equity Investments	1,287,087	1,570,622
Fixed Income Investments	1,672,893	1,801,575
Alternative Investments	125,820	134,217
Total Investments	<u>\$ 3,240,146</u>	<u>\$ 3,660,760</u>

2019

	<u>Cost</u>	<u>Fair Value</u>
Cash and Cash Equivalents	\$ 87,558	\$ 87,558
Equity Investments	1,207,635	1,359,612
Fixed Income Investments	1,734,143	1,798,082
Alternative Investments	141,104	147,167
Total Investments	<u>\$ 3,170,440</u>	<u>\$ 3,392,419</u>

Investments are subject to continual market fluctuations and, therefore, the Organization is subject to market 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.

Investment income (loss) consists of the following as of the years ended:

	<u>2020</u>	<u>2019</u>
Dividends	\$ 67,492	\$ 80,975
Realized Gains (Losses)	20,759	40,682
Unrealized Gains (Losses)	198,634	356,216
Investment Administrative Fees	(18,545)	(17,711)
Total Investment Income (Loss)	<u>\$ 268,340</u>	<u>\$ 460,162</u>

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 5 – FAIR VALUE MEASUREMENTS:

Financial assets valued using Level 1 inputs are based on unadjusted quoted market prices within active markets. Financial assets valued using Level 2 inputs are based primarily on quoted prices for similar assets in active or inactive markets. Financial assets valued using Level 3 inputs are based primarily using the market approach. The parcels of land received as donations were recorded at the value listed in the probate court approved or other estate valuation documents, as applicable. As of the years ended, there were no Level 2 or 3 inputs.

Fair values of assets measured on a recurring basis for years ended, are as follows:

2020

	Fair Value	Quoted Prices Markets for Identical Assets (Level 1)
Cash and Cash Equivalents	\$ 154,346	\$ 154,346
Equity Investments	1,570,622	1,570,622
Fixed Income Investments	1,801,575	1,801,575
Alternative Investments	134,217	134,217
Total Investments	<u>\$ 3,660,760</u>	<u>\$ 3,660,760</u>

2019

	Fair Value	Quoted Prices Markets for Identical Assets (Level 1)
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>\$ 3,392,419</u>

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 as of the years ended.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6 – ENDOWMENT:

The Organization’s Endowment (the “Endowment”) consists of a board designated fund. The Endowment’s goal is to provide a reasonable, predictable, and sustainable amount of funds available for use. The spending policy (4-5% of assets) will take effect once the Endowment has reached a minimum market value of \$2,000,000, unless otherwise approved by the Finance Committee to meet the need for contingency funding.

A. Changes in Board Designated Endowment composition are as follows as of the years ended:

	2020	2019
Endowment, Beginning	\$ 1,253,284	\$ 1,058,626
Investment Income Return:		
Dividends	21,504	26,304
Unrealized Gains (Losses)	93,619	159,083
Realized Gains (Losses)	832	16,558
Administrative Expenses	(7,566)	(7,287)
Endowment, Ending	<u>\$ 1,361,673</u>	<u>\$ 1,253,284</u>

B. Interpretation of Relevant Law

The Board of Directors of the Organization 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 the interpretation, the Organization classifies the investment as net assets without donor/grantor restrictions until the amount is appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate the Endowment:

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

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 6 – ENDOWMENT: (Continued)

C. Return Objectives and Risk Parameters

The Organization 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.

D. Strategies Employed for Achieving Objectives

To satisfy its long-term rate of return objectives, the Organization 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 Organization targets a diversified asset allocation of equity, fixed income, and alternative investments to achieve its long-term return objectives within prudent risk constraints.

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

The Organization'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 risk associated with portfolio deviation from the desired targets.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 7 – COMMITMENTS:

The Organization’s Board Designated Operating Reserves is necessary to allow the Organization to meet its contractual obligation with Feeding America. Under that contract, the Organization shall 1) Demonstrate unrestricted cash reserves equal to or greater than an average quarter’s cash operating expenses (based on the previous fiscal year audited financial statements excluding donated product, government purchased food, and pass-through funds); or 2) Demonstrate positive working capital (current assets less current liabilities excluding inventory) in each of the two preceding fiscal years.

It is expected the Board designated operating reserves may be accessed periodically to meet seasonal obligations with the expectation that the funds will be replaced as soon as practical.

Changes in Board Designated Operating Reserves composition are as follows, as of the years ended:

	<u>2020</u>	<u>2019</u>
Operating Reserves, Beginning	\$ 2,139,135	\$ 1,873,631
Investment Income Return:		
Dividends	45,988	54,671
Unrealized Gains (Losses)	105,015	197,133
Realized Gains (Losses)	19,927	24,124
Administrative Expenses	<u>(10,978)</u>	<u>(10,423)</u>
Ending	<u>\$ 2,299,087</u>	<u>\$ 2,139,135</u>

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 8 – 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 \$1.68 and \$1.68, respectively, as provided by Feeding America for the years ended. Donated food inventory is valued at \$1,399,676 and \$771,847, respectively, as of the years ended. 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 \$280,371 and \$7,625, respectively, as of the years ended. The value of inventory for programs, such as veterans and children, was \$219,865 and \$223,476, respectively, as of the years ended.

Total food inventory, as of the years ended, respectively, consisted of 1,854,930 and 1,596,141, pounds of donated, purchased, and received from the State through the USDA. The value of the year-end inventory was as follows, as of the years ended:

	<u>2020</u>	<u>2019</u>
TEFAP	\$ 507,844	\$ 459,289
CSFP	133,629	198,486
Non-USDA	1,899,912	1,002,948
Total Ending Inventory	<u>\$ 2,541,385</u>	<u>\$ 1,660,723</u>

The Organization is recognized by the 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.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 9 – PROPERTY, BUILDINGS, AND EQUIPMENT:

Property, buildings, and equipment are reported at historical cost, net of accumulated depreciation. Donated assets are recorded at estimated market value at the date of donation. Property, buildings, and equipment are depreciated using the straight-line method, as follows:

Buildings	20-40 years	Automotive Equipment	5 years
Improvements	7-30 years	Computer Software	3 years
Furniture and Equipment	5-10 years		

The following is a schedule of property, buildings, and equipment as of the years ended:

	<u>2020</u>	<u>2019</u>
Land (Nondepreciable)	\$ 324,124	\$ 324,124
Buildings	3,840,890	3,825,234
Improvements	3,520,727	3,378,739
Automotive Equipment	1,963,863	1,650,315
Furniture and Equipment	1,282,990	1,476,842
Computer Software	79,587	97,849
Total Property, Buildings, and Equipment	<u>11,012,181</u>	<u>10,753,103</u>
Less: Accumulated Depreciation	<u>(4,844,304)</u>	<u>(4,712,437)</u>
Net Property, Buildings, and Equipment	<u>\$ 6,167,877</u>	<u>\$ 6,040,666</u>

Depreciation expense for the years ended was \$575,465 and \$519,594, respectively.

NOTE 10 – ACCRUED LEAVE PAYABLE:

Full-time employees begin accruing vacation time every pay period at the beginning of employment. However, full-time employees cannot use accrued vacation time until the end of their 90-day observation period. Full-time employees accrue 3.08-7.69 hours of vacation each pay period, depending on their number of years of employment.

Part-time employees earn vacation at one-half the rate of full-time employees.

Employees accrue 8 to 25 vacation days per year, depending on their years of service. The value of accrued leave payable was \$135,962 and \$107,935, for the years ended, respectively.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 11 – NOTES PAYABLE:

Payroll Protection Program (PPP) Loan

During the year ended, the Organization obtained an unsecured Payroll Protection Program (PPP) loan from the Small Business Administration (SBA) via a local financial institution for \$611,500, which is included in liabilities on the Statements of Financial Position. As part of the SBA's PPP loan program, borrowers may apply for forgiveness of the amount due on the loan subject to certain PPP loan program guidelines.

As of the year ended 2020, the Organization had fulfilled its obligations under the loan agreement and expected full forgiveness of the loan.

CDBG Loan

On June 29, 2020, the Organization entered into a Community Development Block Grant (CDBG) loan with the City of Columbia, Missouri, for the sum of \$19,000; 0% interest per annum, payable and contingent upon the sale, conveyance, or other disposition of the real property. The loan is secured by a deed of trust. As of the year ended 2020, the loan balance was \$19,000.

NOTE 12 – LEASES AND GIFTS IN-KIND:

The Organization entered into a lease agreement for warehouse space in Jefferson City, Missouri, November 2017, on a month-to-month basis, for \$1,500 per month. Effective September 1, 2019, the rent increased to \$2,000 per month. Lease expense for the years ended was \$24,000, with a \$144,000, gift in-kind recognized for a total of \$168,000; and \$20,000, with a \$156,000 gift in-kind recognized for a total of \$176,000, respectively.

The Organization entered into a lease agreement for warehouse space in Kirksville, Missouri, August 1, 2018, for three years with a monthly lease of \$400. Lease expense for the years ended was \$4,800 with a gift in-kind of \$0 for a total of \$4,800; and \$4,800 with a gift in-kind of \$9,600 for a total of \$14,400, respectively.

The Organization entered into a lease agreement for warehouse space in Columbia, Missouri, June 4, 2020, on a month-to-month basis, for \$2,000 per month. Lease expense for the year ended 2020 was \$16,000.

In 2019, a \$5,000 gift in-kind was recognized as rent expense with Bass Pro Shop for the use of their site for a fund raising event. For 2020, this event was not held due to COVID-19.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 13 – SERVICE CONTRACTS:

In February 2020, the Organization entered into a telecommunication services contract for a period of three years at a monthly recurring charge of \$3,014, for a total expense of \$33,152, for 2020.

NOTE 14 – CONCENTRATION OF REVENUE:

The Organization received approximately 78% and 85% of its total revenues from food commodities received for the years ended, respectively. Of the remaining general operations revenues, contributions and donations make up approximately 42% and 40% of the total for the years ended, respectively. Governmental grants and support make up approximately 32% and 33% of the total for the years ended, respectively.

NOTE 15 – UNCERTAIN TAX POSITIONS:

The Organization is exempt from federal and state income taxes under Section 501(c)(3) of the Internal Revenue Code and applicable state law. The accounting standard on accounting for uncertainty in income taxes addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the financial statements. Under that guidance, the Organization may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities based on the technical merits of the position. Examples of tax positions include the tax-exempt status of the Organization and various positions related to the potential sources of unrelated business taxable income (“UBIT”). The Organization was not subject to UBIT for the years ended, respectively.

The Organization files a Form 990 in the U.S. federal jurisdiction. The Organization is generally no longer subject to examination by the Internal Revenue Service three years after forms are filed.

NOTE 16 – DONOR/GRANTOR RESTRICTED NET ASSETS:

Net assets released from donor/grantor restrictions satisfied by purpose and time expiration consist of the following as of the years ended:

	2020	2019
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 FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
 NOTES TO THE FINANCIAL STATEMENTS
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NOTE 16 – DONOR/GRANTOR RESTRICTED NET ASSETS: (Continued)

Net assets with donor/grantor restrictions consist of the following as of the years ended:

	2020	2019
Buddy Pack Program	\$ -	\$ -
Unconditional Promises to Give – United Way	-	61,058
Total	<u>\$ -</u>	<u>\$ 61,058</u>

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

NOTE 17 – ADVERTISING:

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense, included in Printing and Publications expense on the Statements of Functional Expenses, for the years ended was \$48,953 and \$502,502, respectively. Of the \$502,502 expensed in 2019, \$432,406 was received as in-kind contributions from a variety of local media outlets. Advertising expense in 2020 was considerably lower than 2019 and included no in-kind gifts because special events were cancelled due to the COVID-19 pandemic.

NOTE 18 – RECLASSIFICATIONS:

Certain balances have been reclassified to conform to the current year presentation.

NOTE 19 – EVALUATION OF SUBSEQUENT EVENTS:

The Organization has evaluated subsequent events through September 21, 2021, the date which the financial statements were available to be issued, as follows:

Effective January 1, 2021, the Organization increased the capitalization threshold from \$1,000 to \$5,000, for expenditures of property, buildings, and equipment with a useful life of one year or more.

In May 2021, the Organization purchased a building in cash for \$1,075,000. The previous owner is leasing back the building through May 2022. The Organization will engage in a capital campaign over the course of the next year to raise funds to remodel the building. As of the date of this report, \$800,000, had been raised for the campaign. The building will be used to accommodate the Organization’s expanding services to the community.

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019

NOTE 19 – EVALUATION OF SUBSEQUENT EVENTS: (Continued)

As of the date of this report, the full amount of \$611,500 of the PPP loan, further discussed in Note 10, was forgiven.

On March 11, 2020, Coronavirus (“COVID-19”) was declared a pandemic by the World Health Organization. As of the date of this report, any potential effects of COVID-19, whether operational or financial, for the Organization are unknown. An estimate of the actual effects, whether operational or financial, cannot be reasonably determined as of the date of this report.

OTHER INFORMATION

Federal Compliance Section

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.

SCHEDULE OF EXPENDITURES FOR FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2020

Federal Grantor Pass-Through Grantor Program Title	Federal CFDA Number	Pass Through Identifying Number	Federal Share of Expenditures
<u>U.S. Department of Agriculture</u>			
Passed through:			
Missouri Food Bank Association - Supplemental Nutrition Assistance Program (SNAP)	10.551	ER108120100	\$ 20,808
<u>Food Distribution Cluster</u>			
Passed through:			
State of Missouri Department of Health and Senior Services - Commodity Supplemental Food Program (CSFP):			
Administration Cost	10.565	CS170294001	153,176
Food Commodities	10.565	CS170294001	554,360
State of Missouri Department of Social Services - Emergency Food Assistance Program Cluster:			
Emergency Food Assistance Program			
Administration Costs	10.568	ER113170001	518,006
Food Commodities	10.569	ER113170001	2,633,659
Total Food Distribution Cluster			<u>3,859,201</u>
State of Missouri Department of Social Services - Trade Mitigation Program Eligible Recipient Agency Operational Funds			
	10.178	ER113170001	125,816
Total U.S. Department of Agriculture			<u>4,005,825</u>
Total Expenditures of Federal Awards			<u>\$ 4,005,825</u>

The accompanying notes are an integral part of this Schedule.

Note 1 – Basis of Presentation:

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal activity of the Food Bank for Central and Northeast Missouri, Inc. (the "Organization") under programs of the federal government for the year ended. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards* ("The Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Organization.

Note 2 – Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *Uniform Guidance*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Organization 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).

INDEPENDENT AUDITOR’S 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 of
The Food Bank for Central and Northeast Missouri, Inc.
Columbia, Missouri:

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. (the “Organization”) (a nonprofit organization), which comprise the Statement of Financial Position as of December 31, 2020, and the related Statement of Activities, Functional Expenses, and Cash Flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 21, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (“internal control”) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

September 21, 2021



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Jefferson City, MO 65109

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

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

Report on Compliance for Each Major Federal Program

We have audited The Food Bank for Central and Northeast Missouri, Inc.'s (the "Organization") 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 Organization's major federal programs for the year ended December 31, 2020. The Organization's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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* (the "*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 Organization'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 Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control Over Compliance

Management of the Organization 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 Organization'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 Organization'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.

Graves and Associates,
CPAs, LLC

GRAVES AND ASSOCIATES, CPAs, LLC
Jefferson City, Missouri

September 21, 2021

THE FOOD BANK FOR CENTRAL AND NORTEAST MISSOURI, INC.
 SCHEDULE OF FINDINGS 2 CFR SECTION 200.515
 FOR THE YEAR ENDED DECEMBER 31, 2020

Section I – Summary of Auditor's Results

Financial Statements:

Type of Financial Statement Opinion: Unmodified

Internal Control Over Financial Reporting (GAGAS):

- Material weakness(es) reported? No
- Significant deficiency(ies) reported? No
- Noncompliance material to financial statements noted (GAGAS)? No

Federal Awards:

Internal Control Over Major Programs:

- Material weakness(es) reported? No
- Significant deficiency(ies) reported? No

Type of Opinion on Compliance for Major Programs: Unmodified

Are there any reportable findings under 2 CFR Section 200.516(a)? No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.565/10.568/10.569	Food Distribution Cluster

Dollar Threshold: Type A/B Programs: \$750,000

Low Risk Auditee under 2 CFR Section 200.520? Yes

THE FOOD BANK FOR CENTRAL AND NORTHEAST MISSOURI, INC.
SCHEDULE OF FINDINGS 2 CFR SECTION 200.515
FOR THE YEAR ENDED DECEMBER 31, 2020

Section II – Financial Statement Findings

No matters were reported.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.