

Northeast Iowa Food Bank

Financial Statements

June 30, 2021 and 2020



**Northeast Iowa Food Bank
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Independent Auditor's Report

Board of Directors
Northeast Iowa Food Bank

Report on the Financial Statements

We have audited the accompanying financial statements of Northeast Iowa Food Bank, which comprise the statements of financial position as of June 30, 2021 and 2020, 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Northeast Iowa Food Bank as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) 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 schedule of expenditures of federal awards 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 16, 2021, on our consideration of Northeast Iowa Food Bank'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 Northeast Iowa Food Bank'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 Northeast Iowa Food Bank's internal control over financial reporting and compliance.

Bergankdv, LTD.

Waterloo, Iowa
December 16, 2021

Northeast Iowa Food Bank
Statements of Financial Position
As of June 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 5,499,431	\$ 3,345,824
Trade receivables	33,500	24,511
Promises to give	158,881	906,922
Food inventory		
Purchased	167,429	274,181
In-kind	2,967,024	2,744,424
Prepaid expenses	1,586	2,817
Total current assets	8,827,851	7,298,679
Beneficial interest in assets held by Community Foundation	15,638	12,638
Property and equipment, net	5,885,406	5,738,761
Total assets	\$ 14,728,895	\$ 13,050,078
Liabilities and Net Assets		
Current liabilities		
Current portion of capital lease obligations	\$ 35,248	\$ 32,647
Accounts payable	35,732	87,577
Accrued expenses	184,077	164,914
Total current liabilities	255,057	285,138
Long-term liabilities		
Long-term debt	-	286,980
Capital lease obligations	47,691	82,939
Total long-term liabilities	47,691	369,919
Net assets		
Without donor restrictions		
Undesignated	2,981,903	979,691
Board designated - operating reserve	1,750,000	1,750,000
Board designated - capital expenditures	500,000	500,000
In-kind food for distribution	2,967,024	2,744,424
Net investment in property and equipment	5,802,467	5,623,175
Total without donor restrictions	14,001,394	11,597,290
With donor restrictions	424,753	797,731
Total net assets	14,426,147	12,395,021
Total liabilities and net assets	\$ 14,728,895	\$ 13,050,078

See notes to financial statements.

Northeast Iowa Food Bank
Statement of Activities
Year Ended June 30, 2021

	Without Donor Restrictions			With Donor Restrictions	Total
	Operations	In-Kind Product	Total		
Revenue, gains and public support					
Contributions	\$ 2,750,572	\$ -	\$ 2,750,572	\$ -	\$ 2,750,572
In-kind donations	72,309	14,061,024	14,133,333	-	14,133,333
Foundations and grants	1,217,100	-	1,217,100	270,636	1,487,736
Fundraising events, less cost of direct benefit to donors	86,797	-	86,797	-	86,797
United Way	25,499	-	25,499	37,035	62,534
Governmental agencies	1,249,991	5,478,780	6,728,771	-	6,728,771
Interest	42,420	-	42,420	-	42,420
Agency support fee	91,844	-	91,844	-	91,844
Miscellaneous income	10,729	-	10,729	-	10,729
Net assets released from restrictions	680,649	-	680,649	(680,649)	-
Total revenue, gains and public support	<u>6,227,910</u>	<u>19,539,804</u>	<u>25,767,714</u>	<u>(372,978)</u>	<u>25,394,736</u>
Expenses					
Program services					
Food pantry	706,473	62,895	769,368	-	769,368
Member agency distribution	1,921,539	19,112,477	21,034,016	-	21,034,016
Other	776,647	141,832	918,479	-	918,479
Management and general	246,491	-	246,491	-	246,491
Fundraising	395,256	-	395,256	-	395,256
Total expenses	<u>4,046,406</u>	<u>19,317,204</u>	<u>23,363,610</u>	<u>-</u>	<u>23,363,610</u>
Change in net assets	2,181,504	222,600	2,404,104	(372,978)	2,031,126
Net assets, beginning of year	<u>8,852,866</u>	<u>2,744,424</u>	<u>11,597,290</u>	<u>797,731</u>	<u>12,395,021</u>
Net assets, end of year	<u>\$ 11,034,370</u>	<u>\$ 2,967,024</u>	<u>\$ 14,001,394</u>	<u>\$ 424,753</u>	<u>\$ 14,426,147</u>

See notes to financial statements.

Northeast Iowa Food Bank
Statement of Activities
Year Ended June 30, 2020

	Without Donor Restrictions			With Donor Restrictions	Total
	Operations	In-Kind Product	Total		
Revenue, gains and public support					
Contributions	\$ 2,222,811	\$ -	\$ 2,222,811	\$ -	\$ 2,222,811
In-kind donations	50,631	12,545,774	12,596,405	-	12,596,405
Foundations and grants	1,139,533	-	1,139,533	101,609	1,241,142
Fundraising events, less cost of direct benefit to donors	132,796	-	132,796	-	132,796
United Way	19,875	-	19,875	37,035	56,910
Governmental agencies	730,559	6,815,343	7,545,902	-	7,545,902
Interest	23,783	-	23,783	-	23,783
Agency support fee	449,597	-	449,597	-	449,597
Agency membership fee	250	-	250	-	250
Miscellaneous income	3,695	-	3,695	-	3,695
Net assets released from restrictions	735,985	-	735,985	(735,985)	-
Total revenue, gains and public support	<u>5,509,515</u>	<u>19,361,117</u>	<u>24,870,632</u>	<u>(597,341)</u>	<u>24,273,291</u>
Expenses					
Program services					
Food pantry	651,058	184,179	835,237	-	835,237
Member agency distribution	1,596,029	17,813,814	19,409,843	-	19,409,843
Other	960,384	279,090	1,239,474	-	1,239,474
Management and general	182,055	-	182,055	-	182,055
Fundraising	346,999	-	346,999	-	346,999
Total expenses	<u>3,736,525</u>	<u>18,277,083</u>	<u>22,013,608</u>	<u>-</u>	<u>22,013,608</u>
Change in net assets	1,772,990	1,084,034	2,857,024	(597,341)	2,259,683
Net assets, beginning of year	<u>7,079,876</u>	<u>1,660,390</u>	<u>8,740,266</u>	<u>1,395,072</u>	<u>10,135,338</u>
Net assets, end of year	<u>\$ 8,852,866</u>	<u>\$ 2,744,424</u>	<u>\$ 11,597,290</u>	<u>\$ 797,731</u>	<u>\$ 12,395,021</u>

See notes to financial statements.

Northeast Iowa Food Bank
Statement of Functional Expenses
Year Ended June 30, 2021

	Program Services			Supporting Services		Total Expenses
	Food Pantry	Member Agency Distribution	Other	Management and General	Fundraising	
Salaries and wages	\$ 325,711	\$ 490,958	\$ 315,171	\$ 178,122	\$ 117,159	\$ 1,427,121
Employee benefits	56,906	68,937	44,108	20,895	11,378	202,224
Payroll taxes	24,503	36,589	23,185	12,512	7,998	104,787
Total salaries and related expenses	<u>407,120</u>	<u>596,484</u>	<u>382,464</u>	<u>211,529</u>	<u>136,535</u>	<u>1,734,132</u>
In-kind product	62,895	19,112,477	141,832	-	-	19,317,204
Cost of product purchased	6,988	849,833	168,333	-	-	1,025,154
Storage/freight	-	30,833	-	-	-	30,833
Auto maintenance and travel expenses	39,941	57,260	30,669	1,012	238	129,120
Printing	1,659	1,818	2,255	-	233	5,965
Special programs	3,966	7,931	1,322	-	24,162	37,381
Utilities	23,097	31,497	15,689	3,088	3,817	77,188
Telephone	3,671	5,086	2,561	481	240	12,039
Building and equipment maintenance	43,040	45,756	22,690	3,562	4,453	119,501
Insurance	507	23,870	11,643	2,329	2,911	41,260
Marketing	7,770	10,840	5,167	1,033	179,932	204,742
Miscellaneous	341	21,986	228	46	314	22,915
Supplies	21,227	31,961	29,470	474	655	83,787
Postage	3,702	4,879	2,468	494	47,790	59,333
Professional services and fees	14,798	27,224	6,157	5,682	2,466	56,327
Workshops/conferences	2,873	390	2,064	383	479	6,189
Interest	-	-	6,819	-	-	6,819
Computer	12,941	17,200	7,764	1,552	1,940	41,397
Total expenses before depreciation	<u>656,536</u>	<u>20,877,325</u>	<u>839,595</u>	<u>231,665</u>	<u>406,165</u>	<u>23,011,286</u>
Depreciation	<u>112,832</u>	<u>156,691</u>	<u>78,884</u>	<u>14,826</u>	<u>7,412</u>	<u>370,645</u>
Total expenses by function	<u>769,368</u>	<u>21,034,016</u>	<u>918,479</u>	<u>246,491</u>	<u>413,577</u>	<u>23,381,931</u>
Less expenses included with revenues on the statement of activities						
Cost of direct benefits to donors	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,321)</u>	<u>(18,321)</u>
Total expenses included in the expense section on the statement of activities	<u>\$ 769,368</u>	<u>\$ 21,034,016</u>	<u>\$ 918,479</u>	<u>\$ 246,491</u>	<u>\$ 395,256</u>	<u>\$ 23,363,610</u>

See notes to financial statements.

Northeast Iowa Food Bank
Statement of Functional Expenses
Year Ended June 30, 2020

	Program Services			Supporting Services		Total Expenses
	Food Pantry	Member Agency Distribution	Other	Management and General	Fundraising	
Salaries and wages	\$ 301,083	\$ 457,478	\$ 310,127	\$ 127,423	\$ 137,590	\$ 1,333,701
Employee benefits	49,070	71,773	46,500	13,953	14,221	195,517
Payroll taxes	21,421	35,693	21,974	8,714	9,480	97,282
Total salaries and related expenses	371,574	564,944	378,601	150,090	161,291	1,626,500
In-kind product	184,179	17,813,814	279,090	-	-	18,277,083
Cost of product purchased	20,464	518,248	319,717	-	-	858,429
Storage/freight	-	105,215	-	-	-	105,215
Auto maintenance and travel expenses	29,668	42,175	26,872	-	1,015	99,730
Printing	793	1,090	2,336	-	102	4,321
Special programs	6,710	13,420	2,237	-	36,383	58,750
Utilities	22,652	30,459	17,862	3,073	2,796	76,842
Telephone	3,419	4,737	2,383	448	224	11,211
Building and equipment maintenance	33,942	47,119	26,400	3,349	2,852	113,662
Insurance	3,322	21,997	12,582	2,188	1,733	41,822
Marketing	5,231	7,259	4,108	715	125,087	142,400
Miscellaneous	381	18,277	286	213	440	19,597
Supplies	21,101	32,204	70,632	280	2,010	126,227
Postage	3,355	4,203	2,440	424	23,507	33,929
Professional services and fees	15,299	21,089	6,953	6,366	1,374	51,081
Workshops/conferences	3,043	10,098	2,565	413	531	16,650
Interest	-	-	6,915	-	-	6,915
Computer	7,629	11,187	5,853	1,031	873	26,573
Total expenses before depreciation	732,762	19,267,535	1,167,832	168,590	360,218	21,696,937
Depreciation	102,475	142,308	71,642	13,465	6,732	336,622
Total expenses by function	835,237	19,409,843	1,239,474	182,055	366,950	22,033,559
Less expenses included with revenues on the statement of activities						
Cost of direct benefits to donors	-	-	-	-	(19,951)	(19,951)
Total expenses included in the expense section on the statement of activities	\$ 835,237	\$ 19,409,843	\$ 1,239,474	\$ 182,055	\$ 346,999	\$ 22,013,608

See notes to financial statements.

Northeast Iowa Food Bank
Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows - Operating Activities		
Change in net assets	\$ 2,031,126	\$ 2,259,683
Adjustments to reconcile change in net assets to net cash flows - operating activities		
Depreciation	370,645	336,622
Change in in-kind inventory	(222,600)	(1,084,034)
Change in value of beneficial interest	(3,000)	356
Gain on loan extinguishment	(286,980)	-
Changes in operating assets and liabilities		
Trade receivables and promises to give	739,052	482,776
Purchased food inventory	106,752	(172,371)
Prepaid expenses	1,231	(2,077)
Accounts payable	(51,845)	7,372
Accrued expenses	19,163	49,996
Net cash flows - operating activities	2,703,544	1,878,323
Cash Flows - Investing Activities		
Purchases of property and equipment	(517,290)	(167,613)
Cash Flows - Financing Activities		
Proceeds from long-term debt	-	286,980
Principal payments under capital lease obligations	(32,647)	(32,264)
Net cash flows - financing activities	(32,647)	254,716
Net change in cash and cash equivalents	2,153,607	1,965,426
Cash and Cash Equivalents		
Beginning of year	3,345,824	1,380,398
End of year	\$ 5,499,431	\$ 3,345,824

See notes to financial statements.

Northeast Iowa Food Bank Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

The Northeast Iowa Food Bank (the Food Bank) is a nonprofit organization that receives and distributes food and non-food products to people in need. The Food Bank's programs include: Member Agency Distribution, which provides food and grocery products to other nonprofit organizations in a 16 county area; Cedar Valley Food Pantry provides food and non-food items to individuals in Black Hawk County; Mobile Food Pantry provides food and non-food items to individuals and families in various underserved towns in northeast Iowa; Kids Cafe provides meals and snacks to kids in afterschool programs during the school year; Summer Feeding provides food and snacks to 10 summer meals sites in Black Hawk, Chickasaw and Fayette Counties; Elderly Nutrition Box Program provides homebound seniors in 14 counties with a monthly box of food; Backpack Program provides children, at schools in 16 counties, with a backpack full of food on weekends and before school breaks; and the Garden where food is grown onsite at the Food Bank and then distributed through the Cedar Valley Food Pantry. The Food Bank is a member of Feeding America, the Nation's largest charitable hunger relief organization.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted 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.

Concentrations of Credit Risk

Financial instruments which potentially subject the Food Bank to concentrations of credit risk consist principally of cash and cash equivalents. The Food Bank places its cash and cash equivalents with high credit quality financial institutions. At times, the Food Bank's cash and cash equivalents are in excess of the FDIC insurance limit.

The Food Bank receives a substantial amount of food inventory available for distribution from a limited number of contributors, including area businesses and the United States Department of Agriculture (USDA). During the years ended June 30, 2021 and 2020, the Food Bank received approximately 25% and 35% of food commodities from the USDA.

Cash Equivalents

Cash equivalents include highly liquid investments, with original maturities of three months or less, that are recorded at cost plus accrued interest, which approximates market.

Food Inventory

Inventory consists of donated non-government food, food commodities received from the USDA, and purchased food. Donated and USDA food is valued at a weighted average gross pound as determined by Feeding America's Product Valuation Survey. Purchased food is valued at the lower of cost (first-in, first-out method) or net realizable value.

Property and Equipment

Property and equipment are carried at cost, or fair value if donated, with depreciation computed primarily under the straight-line method over the economic useful lives of the assets. The Food Bank capitalizes technology equipment in excess of \$500 and all other acquisitions and donations of property and equipment in excess of \$1,000.

Northeast Iowa Food Bank
Notes to Financial Statements

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment (Continued)

Equipment held under capital leases is classified as property and equipment and amortized using the straight-line method over the economic useful life of the equipment, or the term of the lease. Lease amortization is included in depreciation expense.

Long-Lived Assets

The Food Bank records impairment losses on long-lived assets used in operations when events and circumstances indicate that the assets might be impaired and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amounts of those assets. There were no impairment losses for the years ended June 30, 2021 and 2020.

Paycheck Protection Program Loan

The Food Bank followed the Financial Accounting Standards Board's (FASB) Topic 470-*Debt* in accounting for its Paycheck Protection Program (PPP) loan. The proceeds from the loan remained as a liability until forgiven. Once the loan was forgiven and legal release was received, the Food Bank reduced the liability by the amount forgiven and recorded a gain on extinguishment.

Income Taxes

The Food Bank is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal income taxes pursuant to Section 501(a) of the Code.

Net Assets

Net assets, revenues, gains, and other support are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and future capital expenditures.

Net Assets With Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Contributions that are restricted by the donor are reported 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) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, 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.

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

Contributions are recognized when cash, securities or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Multi-year promises to give are recorded at the present value of their net realizable value, using discount rates applicable to the years in which the promises are received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met. Revenue from government grants and contracts is recognized as it is earned through expenditures in accordance with the agreements. Agency support revenue, which was temporarily suspended during the COVID-19 pandemic, is recognized when earned.

Donated Food, Materials and Contributed Services

The Food Bank recognizes donated food and other goods at the time the contribution is received at their estimated fair value based on Feeding America's Product Valuation Survey and USDA fair market value reports.

Contributed services, which require a specialized skill and which the Food Bank would have paid for if not donated, are recorded at the estimated fair value at the time the services are rendered. The Food Bank also receives donated services that do not require specific expertise, but which are nonetheless central to the Food Bank's operations. While these contributed services are not reflected in the financial statements, the Food Bank estimates that volunteers contribute more than 32,000 hours per year.

Functional Allocation of Expenses

The costs of providing various programs and supporting services have been summarized on a functional basis in the statement of activities. The statement of functional expenses presents the natural classification detail of expenses by function. The financial statements report certain categories of expense that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include the following: salaries, wages, and employee benefits, which are allocated on the basis of estimated time and effort; professional services, computer, insurance, depreciation, utilities, marketing, postage, printing, workshops, and building and vehicle maintenance and supplies, which are allocated on the basis of pounds distributed, meals distributed and square footage.

Recently Issued Accounting Pronouncements

Leases

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. The new guidance will require all leases to be recorded as assets and liabilities on the statement of financial position. This update requires capitalization of "right-of-use assets" and recognition of an obligation for future lease payments for most leases currently classified as operating leases. In June 2020, the FASB issued ASU 2020-05 which defers the effective date one year making it effective for annual reporting periods beginning after December 15, 2021, with early adoption permitted. The provisions of this ASU are to be applied using either the retrospective approach or modified retrospective approach. The Food Bank is currently evaluating the impact this standard will have on its financial statements.

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 1 – ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Recently Issued Accounting Pronouncements (Continued)

Contributed Nonfinancial Assets

In September 2020, the FASB issued Accounting Standards Update (ASU) No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, which is intended to improve transparency in the reporting of contributed nonfinancial assets, also known as gifts-in-kind, for not-for-profit organizations. In addition to enhanced disclosures for contributed nonfinancial assets, this ASU requires not-for-profit organizations to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The amendments in this ASU should be applied on a retrospective basis and are effective for annual reporting periods beginning after June 15, 2021, with early adoption permitted. The Food Bank is currently evaluating the impact this standard will have on its financial statements.

Subsequent Events

Management has evaluated subsequent events through December 16, 2021, the date which the financial statements were available for issue.

NOTE 2 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following as of June 30, 2021 and 2020:

	2021	2020
Cash and cash equivalents	\$ 5,499,431	\$ 3,345,824
Trade receivables	33,500	24,511
Promises to give	158,881	906,922
Total financial assets available	5,691,812	4,277,257
Less: Donor-imposed restrictions	(376,718)	(242,321)
Less: Board restrictions	(2,250,000)	(2,250,000)
Financial assets available within one year	\$ 3,065,094	\$ 1,784,936

As part of the Food Bank's liquidity management plan, the Food Bank invests cash in excess of daily requirements in certificates of deposit or money market accounts, depending on prevailing market rates, which are included in cash and cash equivalents. Occasionally, the Food Bank designates a portion of any operating surplus to an operating reserve or for capital expenditures, which could be made available for general expenditures if necessary.

The Food Bank has funds available at the Community Foundation of Northeast Iowa (the Foundation). These funds are invested for long-term appreciation but are available at the discretion of the Foundation.

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 3 – ASSETS HELD BY COMMUNITY FOUNDATION

As of June 30, 2021 and 2020, the Food Bank had a total of \$354,081 and \$275,938, respectively, which represents both transfers from the Food Bank and third-party contributions, in a fund with the Foundation. The Food Bank's beneficial interest in the fund was \$15,638 and \$12,638 as of June 30, 2021 and 2020, respectively, which represents amounts previously transferred to the Foundation by the Food Bank, and the earnings thereon. The Food Bank has granted variance power to the Foundation in the event the Food Bank terminates or ceases to exist as a legal entity. As a result, the Foundation is considered the owner of the funds. Income from the fund is available to support the Food Bank's operations. For the years ended June 30, 2021 and 2020, \$10,792 and \$10,298, respectively, was distributed to the Food Bank from the Foundation.

NOTE 4 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of June 30, 2021 and 2020:

	2021	2020
Land and land improvements	\$ 295,366	\$ 295,366
Buildings	5,826,106	5,741,284
Equipment	2,117,388	1,728,406
	8,238,860	7,765,056
Less accumulated depreciation	2,353,454	2,026,295
	\$ 5,885,406	\$ 5,738,761

NOTE 5 – PAYCHECK PROTECTION PROGRAM

In April 2020, the Food Bank applied for and obtained a PPP loan in the amount of \$286,980, administered by the U.S. Small Business Administration (SBA), established under the Coronavirus Aid, Relief, and Economic Security Act (Cares Act). Under the terms of the loan, the Food Bank could apply for forgiveness for a portion or all of the loan. In order to meet the conditions for forgiveness, the Food Bank was required to maintain certain employee levels and use the proceeds on eligible expenses including payroll, benefits, rent, and utilities. The loan was forgiven by the SBA in December 2020 at which time the Food Bank recognized a gain on extinguishment of debt. The Food Bank must retain all records relating to the loan for six years from the date of forgiveness and must permit authorized representatives of the SBA, including representatives of its Office of Inspector General, to access such files upon request.

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 6 – CAPITAL LEASES

The following is an analysis of leased property under the Food Bank's capital leases as of June 30, 2021 and 2020:

	2021	2020
Equipment	\$ 211,866	\$ 211,866
Less accumulated depreciation	133,327	100,006
	\$ 78,539	\$ 111,860

The following is a schedule by years of future minimum lease payments under capital leases as of June 30, 2021:

<u>Year Ending June 30</u>			
2022		\$	37,802
2023			37,802
2024			11,104
Less amount representing interest			(3,769)
Present value of net minimum lease payments		\$	82,939

NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes as of June 30, 2021 and 2020:

	2021	2020
Kid's Café/Backpack Program	\$ 106,082	\$ 106,791
Additional staffing position	-	30,000
Capacity development	150,000	-
Food distribution	74,500	14,000
Summer feeding	-	9,547
Time restricted	37,035	544,610
Capital purchases	46,136	81,783
Beneficial interest in assets held by Community Foundation	11,000	11,000
	\$ 424,753	\$ 797,731

**Northeast Iowa Food Bank
Notes to Financial Statements**

NOTE 8 – DONATED AND PURCHASED FOOD

	2021			2020		
	lbs.	Amount	Average Price/lb.	lbs.	Amount	Average Price/lb.
Donated						
Received	10,909,477	\$ 19,539,804	\$ 1.79	11,127,079	\$ 19,361,117	\$ 1.74
Distributed	10,610,733	19,317,204	1.82	10,267,515	18,277,083	1.78
Purchased						
Purchased	1,089,756	918,402	0.84	1,041,087	1,041,066	1.00
Distributed	1,202,381	1,025,154	0.85	897,942	868,695	0.97

NOTE 9 – RETIREMENT PLANS

Effective January 1, 2019, the Food Bank adopted a 401(k) Plan covering substantially all employees and contributed 7% of each covered employee's wages through December 31, 2019. Effective January 1, 2020, the Food Bank contributed 5% of each covered employee's wages as well as up to a 3% match. For the years ended June 30, 2021 and 2020, the Food Bank's contributions were \$85,629 and \$73,876, respectively.

NOTE 10 – AFFILIATE AGREEMENT

The Food Bank is a member in the national network of Feeding America through an Affiliate Contract. The Affiliate Contract establishes the Food Bank's exclusive service area and sets forth a variety of compliance requirements.

SUPPLEMENTARY INFORMATION

**Northeast Iowa Food Bank
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021**

<u>Federal Grantor/Pass-Through Grantor/Program Title/Cluster</u>	<u>Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
United States Department of Agriculture			
Passed through Iowa Department of Human Services			
Food Distribution Cluster			
Emergency Food Assistance Program (Food Commodities)	10.569	ACFS 16-189	\$ 4,892,193
Emergency Food Assistance Program (TEFAP Administrative Costs)	10.568	ACFS 16-189	155,747
COVID-19 - Emergency Food Assistance Program (TEFAP Administrative Costs)	10.568	ACFS 16-189	83,572
COVID-19 - Emergency Food Assistance Program (Iowa Cares)	10.568	ACFS 16-189	<u>257,424</u>
Total Food Distribution Cluster			5,388,936
Trade Mitigation Program Eligible Recipient Agency Operational Funds	10.178	ACFS 16-189	44,778
Passed through Iowa Department of Education			
Child and Adult Care Food Program	10.558	078041	85,563
Child Nutrition Cluster			
Summer Food Service Program for Children	10.559	078041	<u>59,336</u>
Total United States Department of Agriculture			<u>5,578,613</u>
United States Department of Housing and Urban Development			
CDBG-Entitlement Grants Cluster			
Passed through Floyd County			
Community Development Block Grants/Entitlement Grants	14.218	NA	50,000
Passed through City of Waterloo			
Community Development Block Grants/Entitlement Grants	14.218	NA	75,000
Passed through City of Cedar Falls			
Community Development Block Grants/Entitlement Grants	14.218	B-19-MC-19-0007	<u>42,132</u>
Total United States Department of Housing and Urban Development and CDBG-Entitlement Grants Cluster			<u>167,132</u>
United States Department of Homeland Security			
Passed through Iowa Department of Homeland Security and Emergency Management			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	NA	44,549
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	NA	<u>11,751</u>
Total Assistance Listing Number 97.036			56,300
Passed through Iowa Northland Regional Council of Governments			
COVID-19 - Emergency Food and Shelter National Board Program	97.024	285800-009	<u>30,660</u>
Total United States Department of Homeland Security			<u>86,960</u>
Total Expenditures of Federal Awards			<u>\$ 5,832,705</u>

See notes to schedule of expenditures of federal awards.

Northeast Iowa Food Bank
Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northeast Iowa Food Bank under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of Northeast Iowa Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Northeast Iowa Food Bank.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the 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 to reimbursement.

NOTE 3 - NONCASH TRANSACTIONS

Northeast Iowa Food Bank consumed noncash assistance in the form of food commodities (Assistance Listing Number 10.569). These commodities, with fair value calculated at the time received, were consumed or distributed during the year ended June 30, 2021.

NOTE 4 - INDIRECT COST RATE

Northeast Iowa Food Bank has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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***

Board of Directors
Northeast Iowa Food Bank

We have audited, 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, the financial statements of Northeast Iowa Food Bank, which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated December 16, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Northeast Iowa Food Bank'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 Northeast Iowa Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of Northeast Iowa Food Bank's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect 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 Northeast Iowa Food Bank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

Bergankdv, LTD.

Waterloo, Iowa
December 16, 2021

**Independent Auditor's Report on Compliance for
a Major Federal Program and on Internal Control over
Compliance Required by the Uniform Guidance**

Board of Directors
Northeast Iowa Food Bank

Report on Compliance for a Major Federal Program

We have audited Northeast Iowa Food Bank's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Northeast Iowa Food Bank's major federal program for the year ended June 30, 2021. Northeast Iowa Food Bank's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 Northeast Iowa Food Bank's major federal program 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 Northeast Iowa Food Bank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Northeast Iowa Food Bank's compliance.

Opinion on Major Federal Program

In our opinion, Northeast Iowa Food Bank complied, in all material respects, with the types of compliance requirements referred to in the first paragraph that could have a direct and material effect on its major federal program for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2021-001. Our opinion on the major federal program is not modified with respect to this matter.

Northeast Iowa Food Bank's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Northeast Iowa Food Bank's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Northeast Iowa Food Bank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to in the first paragraph. In planning and performing our audit of compliance, we considered Northeast Iowa Food Bank's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for its 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 Northeast Iowa Food Bank's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Northeast Iowa Food Bank's response to the internal control over compliance finding identified in our audit is accompanying schedule of findings and questioned costs. Northeast Iowa Food Bank's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

BergankDV, LTD.

Waterloo, Iowa
December 16, 2021

**Northeast Iowa Food Bank
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financial reporting	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	Yes
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	Yes

Identification of Major Program

Assistance Listing Numbers	10.569 and 10.568
Name of Federal Program or Cluster	Food Distribution Cluster
Dollar threshold used to distinguish between type A and type B programs	\$750,000
Auditee qualified as a low risk auditee?	Yes

**Northeast Iowa Food Bank
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021**

SECTION II – FINDINGS RELATED TO THE FINANCIAL STATEMENTS

None

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding 2021-001: Less than 51% Predominantly Needy

Federal Program: Assistance listing number 10.569 – United States Department of Agriculture, pass through Iowa Department of Human Services

Compliance Requirement: Eligibility

Criteria: A properly designed system of internal control over compliance allows entities to meet those requirements set forth by the federal government. Under the Emergency Food Assistance Program for Food Commodities, the Food Bank is required to monitor eligibility of sub-recipient agencies based on at least 51% of the clients they serve being low income.

Condition: One of eleven sub-recipient agencies monitored during the year showed 30% of the clients served as low income, and therefore should not have been eligible to receive food commodities under this program.

Cause: The individual responsible for monitoring the sub-recipient agencies used the wrong criteria when evaluating eligibility.

Questioned Costs: The results of this noncompliance did not result in any questioned costs.

Potential Effect: Disqualification from the Emergency Food Assistance Program.

Recommendation: The Food Bank should establish procedures to ensure the inventory system is updated to reflect information contained in the monitoring form and complies with federal grant requirements.

Responsible Official's Response: Management agrees with the finding and the recommendation.