

**CONCHO VALLEY REGIONAL FOOD BANK**

**Financial Statements**

**For the Year Ended December 31, 2019**

*Reed, McKee & Co., P.C.  
Certified Public Accountants  
San Angelo, Texas*

**Concho Valley Regional Food Bank  
Financial Statements  
For the Year Ended December 31, 2019**

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# *Reed, McKee & Co., P.C.*

CERTIFIED PUBLIC ACCOUNTANTS

3140 EXECUTIVE DRIVE  
SAN ANGELO, TEXAS 76904  
(325) 942-8984

## **Independent Auditor's Report**

To the Board of Directors  
Concho Valley Regional Food Bank  
San Angelo, TX

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Concho Valley Regional Food Bank (a nonprofit corporation) which comprise the statement of financial position as of December 31, 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.

### **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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 the internal control relevant to the organization'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 Concho Valley Regional Food Bank as of December 31, 2019, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Reed, McKee & Co., P.C.  
Certified Public Accountants

August 27, 2020

## **FINANCIAL STATEMENTS**

**Concho Valley Regional Food Bank**  
**Statement of Financial Position**  
**December 31, 2019**

<b>Assets</b>	
Cash and Cash Equivalents	\$ 127,372
Investment Securities, at market	284,255
Shared Maintenance Receivables	13,606
Reimbursement from FSE program	18,719
Food Inventory	43,301
Land	55,000
Property & Equipment, Net of Accumulated Depreciation	<u>1,532,013</u>
 Total Assets	 <u><u>2,074,266</u></u>

<b>Liabilities and Net Assets</b>	
<b>Liabilities</b>	
Accounts Payable	19,146
Payroll Taxes Payable	<u>383</u>
 Total Liabilities	 <u>19,529</u>
<b>Net Assets</b>	
Without Donor Restrictions:	
Board Designated - Building Project	-
Undesignated	<u>2,054,737</u>
 Total Net Assets	 <u>2,054,737</u>
 Total Liabilities and Net Assets	 <u><u>\$ 2,074,266</u></u>

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

**Concho Valley Regional Food Bank**  
**Statement of Activities**  
**For the Year Ended December 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Support and Revenue</b>			
Contributions:			
Cash Donations - Unrestricted	\$ 142,490	\$ -	\$ 142,490
Cash Donations - Back Pack Program	25,000	-	25,000
Direct Mail Solicitations	124,448	-	124,448
United Way	39,631	-	39,631
Grants:			
Back Pack Program	20,000	-	20,000
Kids Café	10,000	-	10,000
Food Stamp Program	58,796	-	58,796
Other	17,500	-	17,500
Program Revenues	242,171	-	242,171
Investment Income	6,830	-	6,830
Miscellaneous Income	1,829	-	1,829
Net Realized and Unrealized Gains (Losses)	41,239	-	41,239
Net Assets Released From Restrictions	-	-	-
	<u>729,934</u>	<u>-</u>	<u>729,934</u>
Total Support and Revenue			
<b>Expenses</b>			
Program Services	616,665	-	616,665
Fundraising	53,165	-	53,165
Management & General	32,405	-	32,405
	<u>702,235</u>	<u>-</u>	<u>702,235</u>
Total Expenses			
<b>Change in Net Assets</b>	27,699	-	27,699
<b>Net Assets, Beginning of Year</b>	<u>2,027,038</u>		<u>2,027,038</u>
<b>Net Assets, End of Year</b>	<u>\$ 2,054,737</u>	<u>\$ -</u>	<u>\$ 2,054,737</u>

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

**Concho Valley Regional Food Bank**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2019**

	<u>Program Services</u>	<u>Fundraising</u>	<u>Mgmt &amp; General</u>	<u>Total</u>
Expenses:				
Food Acquisition and Processing	\$ 136,477	\$ -	\$ -	\$ 136,477
Personnel and Benefits	189,657	-	21,073	210,730
Food Stamp Services	45,514	-	5,057	50,571
Agency Inspections	515	-	-	515
Warehouse Supplies	20,187	-	-	20,187
Occupancy	52,294	-	-	52,294
Vehicle Expense	30,096	-	-	30,096
Office	23,067	-	-	23,067
Conferences and Conventions	1,582	-	-	1,582
Membership Dues	2,481	-	-	2,481
Advertising and Promotion	2,035	-	-	2,035
Investment Expenses	1,556	-	-	1,556
Professional Fees	-	53,165	6,275	59,440
Insurance	35,326	-	-	35,326
Volunteer Expenses	1,547	-	-	1,547
Equipment Repair	2,978	-	-	2,978
Building Expense	11,835	-	-	11,835
Miscellaneous	223	-	-	223
	<u>557,370</u>	<u>53,165</u>	<u>32,405</u>	<u>642,940</u>
Total Expenses Before Depreciation				
Depreciation	<u>59,295</u>	<u>-</u>	<u>-</u>	<u>59,295</u>
	<u>\$ 616,665</u>	<u>\$ 53,165</u>	<u>\$ 32,405</u>	<u>\$ 702,235</u>

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



**Concho Valley Regional Food Bank**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2019**

**Cash Flows from Operating Activities**

Change in Net Assets	\$ 27,699
Adjustments to Reconcile Change in Net Assets to	
Net Cash Provided by Operating Activities -	
Depreciation	59,295
Unrealized gain on securities	(37,624)
Net security activity included in Change in Net Assets	(11,472)
(Increase) Decrease in:	
Accounts Receivable	2,491
Reimbursement from FSE program	(2,609)
Food Inventory	(13,650)
Increase (Decrease) in:	
Accounts Payable	(16,538)
Payroll Taxes Payable	(1,234)
Total Adjustments to Net Cash from Operating Activities	(21,341)
Net Cash Provided by Operating Activities	6,358

**Cash Flows from Investing Activities**

Contributions to Investment Account	2,092
Capital asset purchases and building costs	(6,426)
Management Expenses on Investment Securities	(1,556)
Net Cash Flows from Investing Activities	(5,890)

**Cash Flows from Financing Activities**

<b>Net Increase in Cash and Cash Equivalents</b>	<b>468</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>126,904</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 127,372</b>

**Supplemental Disclosure of Cash Flow Information**

Cash Paid During the Year for:	
Interest	\$ -
Income Taxes	\$ -

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

**CONCHO VALLEY REGIONAL FOOD BANK**  
**Notes to the Financial Statements**  
**December 31, 2019**

**Note A – Organization and Nature of Activities**

The Concho Valley Regional Food Bank, a non-profit Texas corporation, was formed on June 29, 1983 in order to provide a clearing house for salvage and surplus food that otherwise might be wasted. The Concho Valley Regional Food Bank is currently affiliated with the South Plains Food Bank in Lubbock, Texas (a certified member of the Second Harvest to Feeding America). The Concho Valley Regional Food Bank also actively solicits donations of food and other necessities from local retailers, wholesalers, and individuals. Through membership in the Concho Valley Regional Food Bank, more than one hundred other non-profit agencies are provided with a greater supply and variety of food at a lower cost than they might be able to acquire through their own efforts. Membership is open to non-profit organizations in Tom Green County and fourteen other surrounding counties which have feeding programs for the needy, elderly, sick, or infants. The Concho Valley Regional Food Bank is exempted from federal income taxes under Sec. 501 ( c ) ( 3 ) of the Internal Revenue Code.

**Note B - Summary of Significant Accounting Policies**

Basis of Accounting

The financial statements of the organization have been prepared on the accrual basis of accounting and, accordingly, reflect all significant receivables, payables, and other liabilities

Use of 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 the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities (if any) at the date of the financial statements and the reported amounts of revenues, gains and expenses during the reporting period. Actual results may differ from those estimates.

Cash and Cash Equivalents

Cash equivalents are considered to be highly liquid depository accounts with a maturity of less than one year. Deposits held in all non-interest bearing transactional bank accounts and interest bearing accounts with the bank are aggregated and are fully insured up to \$250,000.

Fair Value of Financial Instruments

FASB ASC Topic 820, *Fair Value Measurements and Disclosures*, defines fair value as a market-based measurement, not an entity-specific measurement. The objective of a fair value measurement is to estimate the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date under current market conditions (that is, an exit price at the measurement date from the perspective of a market participant that holds the assets or owes the liability). A fair value measurement assumes that the transaction to sell an asset or to transfer a liability occurs either in the principal market (or in its absence, the most advantageous market) for the asset or liability.

**CONCHO VALLEY REGIONAL FOOD BANK**  
**Notes to the Financial Statements - Continued**  
**December 31, 2019**

**Note B - Summary of Significant Accounting Policies – Continued**

Fair Value of Financial Instruments- Continued

For some assets and liabilities, observable market transactions or market information may be available. For other assets and liabilities, observable market transactions and market information may not be available. When a price for an identical asset or liability is not observable, the Organization measures fair value using other valuation techniques which maximize the use of relevant observable inputs and minimize the use of unobservable inputs. Because fair value is a market-based measurement, it is measured using the assumptions that market participants would use when pricing the asset or liability, including assumptions about risk. As a result, the Organization's intent to hold an asset or settle or otherwise fulfill a liability is not relevant when measuring fair value.

Unconditional Promises to Give

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in net assets without donor restrictions if the restrictions expire in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increase in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are classified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Shared Maintenance Receivable

The Organization charges member non-profit agencies for food purchased and records the receivable at that time unless cash is paid. The balance on the statement of financial position represents these unpaid amounts. All uncollectible amounts have been removed, so there is no allowance for uncollectible amounts.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization in all areas of their operations, but these services do not meet the criteria for recognition as contributed services. Volunteer services for warehousing, salvage, and delivery activities represented 3,271 hours during the current year.

Inventory

The inventory of donated food is not shown on the statement of financial position by the Organization. Items which are donated free to the Organization are not assigned any value but are recorded in the non-financial records as pounds of product received and distributed. Food acquisition costs are primarily the costs of transportation of bulk food from the South Plains Food Bank in Lubbock, Texas. The Organization began purchasing food and other items for an expansion of their program. End of the year inventory of these items is shown on the statement of financial position at cost.

**CONCHO VALLEY REGIONAL FOOD BANK**  
**Notes to the Financial Statements - Continued**  
**December 31, 2019**

**Note B – Summary of Significant Accounting Policies - Continued**

Property and Equipment

Property and equipment acquired by the Organization are capitalized at original cost, and depreciation is computed using the straight-line method over the estimated useful lives of the assets. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. In the absence of such stipulations, contributions of property and equipment are recorded as unrestricted support. Additions and betterments are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Functional Expenses

Expenses are charged to each functional area based on direct expenditures incurred. Any expenses not directly chargeable are allocated to a functional area based on percentage of time spent by individuals and other appropriate measures.

Net Assets

Net assets, revenues, gains, and losses 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 certain grantor) restrictions. The Governing board had previously designated, from net assets without donor restrictions, net assets for a building project, but that was completed in the current year.

*Net Assets With Donor Restrictions* – Net assets subject to donor (or certain grantor) 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. Donor-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.

Employee Benefits

Salaried employees may accrue six leave days and ten vacation days per year, however, these days must be taken in that year and no payments for unused sick leave or vacation days are made.

Retirement Plan

The Organization participates in a Simple Retirement Plan. Under this plan, the Organization has elected to make matching contributions totaling 3% of all eligible employees. Eligible employees include all those employees who have completed 60 days of service. Both the employees and Organization made the required contributions to the plan which amounted to \$4,530 made by the Organization in the current year.

**CONCHO VALLEY REGIONAL FOOD BANK**  
**Notes to the Financial Statements - Continued**  
**December 31, 2019**

**Note C – Property and Equipment**

Below is a summary of the changes in property and equipment:

	<u>Beginning</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending</u>
Land	\$ 55,000	\$ 0	\$ 0	\$ 55,000
Buildings & Improvements	\$ 1,834,123	\$ 0	\$ (5,670)	\$ 1,828,453
Furniture and Fixtures	3,729	10,997	0	14,726
Equipment	339,516	1,100	0	340,616
Vans	<u>61,693</u>	<u>0</u>	<u>0</u>	<u>61,693</u>
Total	<u>2,239,061</u>	<u>12,097</u>	<u>(5,670)</u>	2,245,488
Accumulated Depreciation				<u>(713,475)</u>
Property and Equipment, Net				<u>\$ 1,532,013</u>

Depreciation expense amounted to \$59,295 in the current year.

**Note D – Investment Securities**

Investment Securities are summarized as follows at December 31, 2019:

	<u>Cost</u>	<u>Market</u>
San Angelo Area Foundation	\$ 260,391	\$ 284,255

The following schedule summarizes the investment return for the current year:

Investment Income	\$ 6,785
Investment Expenses	(1,556)
Contributions	2,091
Net Realized Gains	3,615
Net Unrealized Gain	<u>37,624</u>
Total Investment Gain	<u>\$ 48,559</u>

**Note E - Date of Management's Review**

Subsequent events were evaluated through August 27, 2020, the financial statements issuance date.

**CONCHO VALLEY REGIONAL FOOD BANK**  
**Notes to the Financial Statements**  
**December 31, 2019**

**Note F – Related Party Information**

The Organization currently purchases its insurance for workers compensation, commercial insurance, and directors and officer's liability insurance from a Board Member. The total spent for insurance in the current year was \$35,236.

**Note G - Liquidity and Availability of Financial Assets**

The following reflects the Organization's financial assets as of the statement of financial position date at 12-31-19, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the statement of financial position date of 12-31-19.

Financial assets, at year end:	
Cash and cash equivalents	\$ 127,372
Investment Securities, at market	284,255
Shared Maintenance Receivables	13,606
Reimbursement from FSE Program	18,719
Inventory	43,301
Less contractual or donor-imposed restrictions:	<u>(     0 )</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 487,253</u>