

CONCHO VALLEY REGIONAL FOOD BANK

Financial Statements

For the Year Ended December 31, 2020

CONCHO VALLEY REGIONAL FOOD BANK
Financial Statements
For the Year Ended December 31, 2020

Table of Contents

Independent Auditor's Report	1-2
Statement of Financial Position	3
Statement of Activities	4
Statement of Functional Expenses	5
Statement of Cash Flows	6
Notes to the Financial Statements	7-12

KUNTZ, SMITH & Co., PC

111 W. TEXAS
PO Box 489
WHEELER, TX 79096
806-826-5516
FAX: 806-209-0333



CERTIFIED PUBLIC ACCOUNTANTS

CHARLES F. KUNTZ, CPA
ckuntz@ckuntzcpa.com

RYAN S. SMITH, CPA
ryan@ckuntzcpa.com



315 N. MAIN
PO Box 246
SHAMROCK, TX 79079
806-256-3790
FAX: 806-209-0333

Independent Auditor's Report

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

We have audited the accompanying financial statements of Concho Valley Regional Food Bank (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities 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 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 Concho Valley Regional Food Bank 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.

Kuntz, Smith & Co., P.C.

Certified Public Accountants

August 6, 2021

FINANCIAL STATEMENTS

Concho Valley Regional Food Bank
Statement of Financial Position
December 31, 2020

Assets

Cash and Cash Equivalents	\$	867,295
Investment Securities, at market		306,538
Shared Maintenance Receivables		21,706
FSE Program Reimbursement Receivable		21,017
Inventory - Food		60,767
Land		55,000
Property & Equipment, Net		1,529,599
		2,861,922

Liabilities and Net Assets

Current Liabilities		
Accounts Payable		32,976
Payroll Taxes Payable		929
Total Current Liabilities		33,905
Long Term Liabilities		
Payroll Protection Program		56,600
Total Long Term Liabilities		56,600
Total Liabilities		90,505
Net Assets		
Without Donor Restrictions		
Board Designated - Fixed Assets		140,000
Undesignated		2,631,417
Total Net Assets		2,771,417
Total Liabilities and Net Assets		2,861,922

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, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and Revenue			
Contributions:			
Cash Donations - Unrestricted	\$ 519,966	-	519,966
Cash Donations - Back Pack Program	66,500	-	66,500
Direct Mail Solicitations	330,080	-	330,080
United Way	39,761	-	39,761
Grants:			
COVID-19	732,348	-	732,348
HEB	124,070	-	124,070
Back Pack Program	-	-	-
Feeding Texas	18,828	-	18,828
Feeding America	6,058	-	6,058
Food Stamp Program	88,568	-	88,568
FEMA	18,723	-	18,723
Other	72,000	-	72,000
Program Revenue	214,216	-	214,216
Investment Income	4,543	-	4,543
Gain on Sale of Vehicle	1,500	-	1,500
Miscellaneous Income	4,450	-	4,450
Net Realized and Unrealized Gains (Losses)	18,432	-	18,432
Net Assets Released from Restrictions	-	-	-
	2,260,043	-	2,260,043
Expenses			
Program Services	1,440,981	-	1,440,981
Fundraising	53,646	-	53,646
Management & General	48,736	-	48,736
	1,543,363	-	1,543,363
Change in Net Assets	716,680	-	716,680
Net Assets, Beginning of Year	2,054,737	-	2,054,737
Net Assets, End of Year	2,771,417	-	2,771,417

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, 2020

	<u>Program Services</u>	<u>Fundraising</u>	<u>Mgmt & General</u>	<u>Total</u>
Expenses:				
Food Acquisition and Processing	\$ 829,294	\$ -	\$ -	\$ 829,294
Personnel and Benefits	262,953		29,217	292,170
Unemployment Benefits Paid	-	-	4,820	4,820
Food Stamp Services	73,490	-	8,166	81,656
Agency Inspections	2,540	-	-	2,540
Warehouse Supplies	30,252	-	-	30,252
Occupancy	57,344	-	-	57,344
Vehicle Expense	24,585	-	-	24,585
Office	38,326	-	-	38,326
Conferences and Conventions	2,256	-	-	2,256
Membership Dues	2,526	-	-	2,526
Advertising and Promotion	5,835	-	-	5,835
Investment Expenses	1,599	-	-	1,599
Professional Fees	-	53,646	6,533	60,179
Insurance	33,418	-	-	33,418
Interest Paid	68	-	-	68
Volunteer Expenses	1,717	-	-	1,717
Equipment Repair	6,152	-	-	6,152
Contract Labor	4,720	-	-	4,720
Grants	4,000	-	-	4,000
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenses Before Depreciation	1,381,075	53,646	48,736	1,483,457
Depreciation	59,906	-	-	59,906
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
	\$ 1,440,981	\$ 53,646	\$ 48,736	\$ 1,543,363

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, 2020

Cash Flows from Operating Activities

Change in Net Assets	\$	716,682
Adjustment to Reconcile Change in Net Asset to Net Cash Provided by Operating Activities -		
Depreciation		59,906
Unrealized Loss on Securities		19,172
Net Security Activity included in Change in Net Assets		(39,708)
(Increase) Decrease in:		
Accounts Receivable		(8,100)
Reimbursement from FSE program		(2,298)
Food Inventory		(17,466)
Increase (Decrease) in:		
Accounts Payable		13,830
Payroll Taxes Payable		546
Total Adjustments to Net Cash from Operating Activities		25,882
Net Cash Provided by Operating Activities		742,564

Cash Flows from Investing Activities

Contributions to Investment Account		1,350
Capital Assets purchases		(57,492)
Loss (Gain) on Sale of Assets		(1,500)
Management Expenses on Investment Securities		(1,599)
Net Cash from Investing Activities		(59,241)

Cash Flows from Financing Activities

Payroll Protection Program		56,600
Net Cash Provided by Financing Activities		56,600

Net Increase in Cash and Cash Equivalents

739,923

Cash and Cash Equivalents, Beginning of Year

127,372

Cash and Cash Equivalents, End of Year

867,295

Supplemental Disclosure of Cash Flow Information

Cash Paid During the Year:

Interest	\$	68
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, 2020

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, 2020

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 3,587 hours during the current year.

CONCHO VALLEY REGIONAL FOOD BANK
Notes to the Financial Statements - Continued
December 31, 2020

Note B – Summary of Significant Accounting Policies – Continued

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.

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 has designated, from net assets without donor restrictions, net assets for the purchase of a new delivery truck. The delivery truck was ordered in the current year but not received or paid for until February 2021.

During the pandemic, donors became very generous and as the Organization transitioned from 2020 to 2021, funds were intended for food purchases, but because of the timeline in getting the food products due to the supply chain shortages, funds had not been expensed for the food products.

CONCHO VALLEY REGIONAL FOOD BANK
Notes to the Financial Statements - Continued
December 31, 2020

Note B – Summary of Significant Accounting Policies – Continued

Net Assets(continued)

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 \$6,836 made by the Organization in the current year.

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	\$ 1,828,453	\$ 0	\$ 0	\$ 1,828,453
Furniture and Fixtures	14,726	0	0	14,726
Equipment	323,567	20,400	0	343,967
Vehicles	78,742	37,092	(17,118)	98,716
Total	<u>2,245,488</u>	<u>57,492</u>	<u>(17,118)</u>	2,285,862
Accumulated Depreciation				<u>(756,263)</u>
Property and Equipment, Net				<u>\$ 1,529,599</u>

Depreciation expense amounted to \$59,906 in the current year.

CONCHO VALLEY REGIONAL FOOD BANK
Notes to the Financial Statements - Continued
December 31, 2020

Note D – Investment Securities

Investment Securities are summarized as follows at December 31, 2020:

	<u>Cost</u>	<u>Market</u>
San Angelo Area Foundation	\$ 301,847	\$ 306,538

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

Investment Income	\$ 4,101
Investment Expenses	(1,599)
Contributions	1,350
Net Realized Gains	37,605
Net Unrealized Gain	(19,172)
Total Investment Gain	\$ 22,533

Note E – Long Term Liabilities

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act, commonly referred to as the CARES Act, was signed into law. One component of the CARES Act is the Payroll Protection Program (PPP), which provides qualified small businesses and certain tax-exempt organizations with the resources needed to help provide economic relief due to the adverse impact of COVID-19. The PPP is implemented by the U.S. Small Business Administration (SBA) with support from the U.S. Department of the Treasury.

On April 20, 2020, the Organization received funding of \$56,600. The loan was a two-year loan with annual interest rate of 1%. It is the Organization's intent to apply for loan forgiveness under the provisions of Section 1106 of the CARES Act. Loan forgiveness is subject to the approval of the SBA (see Note G – Subsequent Events).

Note F - Date of Management's Review

Subsequent events were evaluated through August 6, 2021, the financial statements issuance date.

Note G – Subsequent Events

On February 15, 2021, the Organization placed in service and paid for the new delivery truck (See Note B – Net Assets Without Donor Restrictions, pg. 9) that was ordered in 2020.

On March 29, 2021, the Organization applied for loan forgiveness of the Payroll Protection Program loan received (See Note E). The Organization received a letter from Texas Bank notifying the Organization that the loan forgiveness was approved by Small Business Administration.

CONCHO VALLEY REGIONAL FOOD BANK
Notes to the Financial Statements - Continued
December 31, 2020

Note H – 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 \$33,418

Note I - Liquidity and Availability of Financial Assets

The following reflects the Organization's financial assets as of the statement of financial position date at 12-31-20, 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 12-31-20.

Financial assets, at year end:	
Cash and cash equivalents	\$ 867,295
Investment Securities, at market	306,538
Shared Maintenance Receivables	21,706
Reimbursement from FSE Program	21,017
Inventory	60,767
Less contractual or donor-imposed restrictions:	<u>(140,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,137,323</u>