

CONCHO VALLEY REGIONAL FOOD BANK

Financial Statements

For the Year Ended December 31, 2021

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Financial Statements
For the Year Ended December 31, 2021

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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 **RYAN S. SMITH, CPA**
ckuntz@ckuntzcpa.com 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, 2021, 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, 2021, 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

November 2, 2022

FINANCIAL STATEMENTS

Concho Valley Regional Food Bank
Statement of Financial Position
December 31, 2021

Assets

Cash and Cash Equivalents	\$	864,831
Investment Securities, at market		412,873
Shared Maintenance Receivables		13,400
FSE Program Reimbursement Receivable		31,099
Inventory - Food		39,355
Inventory - Donated Food and Supplies		61,758
Land		55,000
Property & Equipment, Net		1,790,327
		3,268,643
		3,268,643

Liabilities and Net Assets

Current Liabilities		
Accounts Payable		5,098
Payroll Taxes Payable		255
Total Current Liabilities		5,353
Long Term Liabilities		
Total Long Term Liabilities		-
Total Liabilities		5,353
Net Assets		
Without Donor Restrictions		
Undesignated		3,263,290
Total Net Assets		3,263,290
Total Liabilities and Net Assets		3,268,643

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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions:			
Cash Donations - Unrestricted	\$ 363,226	-	363,226
Cash Donations - Back Pack Program	70,000	-	70,000
Direct Mail Solicitations	446,552	-	446,552
Donated Food and Assistance	2,765,320	-	2,765,320
United Way	44,411	-	44,411
Grants:			
HEB	52,000	-	52,000
Back Pack Program	-	-	-
Feeding Texas	82,672	-	82,672
Feeding America	11,654	-	11,654
Food Stamp Program	92,785	-	92,785
FEMA	18,723	-	18,723
Payroll Protection Program	56,600	-	56,600
Other	182,500	-	182,500
Program Revenue	173,019	-	173,019
Investment Income	17,949	-	17,949
Insurance Recovery	165,062	-	165,062
Miscellaneous Income	2,035	-	2,035
Net Realized and Unrealized Gains (Losses)	30,827	-	30,827
Net Assets Released from Restrictions	-	-	-
	<u>4,575,335</u>	<u>-</u>	<u>4,575,335</u>
Expenses			
Program Services	4,032,334	-	4,032,334
Fundraising	63,738	-	63,738
Management & General	54,864	-	54,864
	<u>4,150,936</u>	<u>-</u>	<u>4,150,936</u>
Change in Net Assets	424,399	-	424,399
Net Assets, Beginning of Year	<u>2,838,891</u>	<u>-</u>	<u>2,838,891</u>
Net Assets, End of Year	<u><u>3,263,290</u></u>	<u><u>-</u></u>	<u><u>3,263,290</u></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, 2021

	Program Services	Fundraising	Mgmt & General	Total
Expenses:				
Food Acquisition and Processing	\$ 503,836	\$ -	\$ -	\$ 503,836
Donated Food Distributed	2,771,036	-	-	2,771,036
Pop Up Distribution Expense	33,539	-	-	33,539
Personnel and Benefits	333,563	-	37,063	370,626
Unemployment Benefits Paid	-	-	1,010	1,010
Food Stamp Services	74,947	-	8,328	83,275
Agency Inspections	1,612	-	-	1,612
Alarm System	833	-	-	833
Warehouse Supplies	19,158	-	-	19,158
Occupancy	90,891	-	-	90,891
Vehicle Expense	19,157	-	-	19,157
Office	39,507	-	-	39,507
Conferences and Conventions	1,982	-	-	1,982
Membership Dues	3,328	-	-	3,328
Advertising and Promotion	3,241	-	-	3,241
Investment Expenses	2,181	-	-	2,181
Professional Fees	-	63,738	8,463	72,201
Insurance	27,474	-	-	27,474
Interest Paid	-	-	-	-
Volunteer Expenses	3,692	-	-	3,692
Equipment Repair	24,432	-	-	24,432
Miscellaneous	540	-	-	540
	<u>3,954,949</u>	<u>63,738</u>	<u>54,864</u>	<u>4,073,551</u>
Total Expenses Before Depreciation				
Depreciation	77,385	-	-	77,385
	<u>\$ 4,032,334</u>	<u>\$ 63,738</u>	<u>\$ 54,864</u>	<u>\$ 4,150,936</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, 2021

Cash Flows from Operating Activities

Change in Net Assets	\$	424,399
Adjustment to Reconcile Change in Net Asset to		
Net Cash Provided by Operating Activities -		
Depreciation		77,385
Unrealized Loss (Gain) on Securities		(27,231)
Net Security Activity included in Change in Net Assets		(137,956)
(Increase) Decrease in:		
Accounts Receivable		8,306
Reimbursement from FSE program		(10,082)
Food Inventory		27,127
Increase (Decrease) in:		
Accounts Payable		(27,878)
Payroll Taxes Payable		(674)
Total Adjustments to Net Cash from Operating Activities		(91,003)
Net Cash Provided by Operating Activities		333,396

Cash Flows from Investing Activities

Contributions to Investment Account		61,034
Capital Assets purchases		(338,113)
Loss (Gain) on Sale of Assets		-
Management Expenses on Investment Securities		(2,181)
		(279,260)
Net Cash from Investing Activities		(279,260)

Cash Flows from Financing Activities

Forgiveness of SBA PPP Loan		(56,600)
		(56,600)
Net Cash Provided by Financing Activities		(56,600)

Net Increase in Cash and Cash Equivalents (2,464)

Cash and Cash Equivalents, Beginning of Year 867,295

Cash and Cash Equivalents, End of Year 864,831

Supplemental Disclosure of Cash Flow Information

Cash Paid During the Year:		
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, 2021

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 San Antonio Food Bank (a certified member of the Second Harvest to Feeding America) effective September 2021. The Concho Valley Regional Food Bank had been affiliated with South Plains Food Bank in Lubbock prior to September 2021. 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.

CONCHO VALLEY REGIONAL FOOD BANK
Notes to the Financial Statements - Continued
December 31, 2021

Note B - Summary of Significant Accounting Policies – Continued

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.

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 5,257 hours during the current year.

CONCHO VALLEY REGIONAL FOOD BANK
Notes to the Financial Statements - Continued
December 31, 2021

Note B – Summary of Significant Accounting Policies – Continued

Inventory

The inventory of donated food is shown on the statement of financial position by the Organization. Donated products and food commodities are valued at the fair value using the Feeding America rate. The current rate for valuing is \$1.79 per pound. Food acquisition costs are primarily the costs of transportation of bulk food from the South Plains Food Bank in Lubbock, Texas and San Antonio Food Bank. The Organization began purchasing food and other items for an expansion of their program. End of the year inventory of these purchased items is shown on the statement of financial position at cost.

The Organization does not receive any administrative funds for USDA commodity program and is not considered a subrecipient of the South Plains Food Bank in Lubbock, TX or San Antonio Food Bank for the year ended December 31, 2021. Therefore, the commodities are included with other donated inventory at fair value.

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.

CONCHO VALLEY REGIONAL FOOD BANK
Notes to the Financial Statements - Continued
December 31, 2021

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 \$7,777 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	\$ 1,883,453	\$ 185,840	\$ 0	\$ 2,069,293
Furniture and Fixtures	14,726	12,251	0	26,977
Equipment	343,967	4,000	0	343,967
Vehicles	98,716	136,022	(0)	234,738
Total	<u>2,285,862</u>	<u>338,114</u>	<u>(0)</u>	2,623,975
Accumulated Depreciation				<u>(833,648)</u>
Property and Equipment, Net				<u>\$ 1,790,327</u>

Depreciation expense amounted to \$77,385 in the current year.

CONCHO VALLEY REGIONAL FOOD BANK
Notes to the Financial Statements - Continued
December 31, 2021

Note D – Investment Securities

Investment Securities are summarized as follows at December 31, 2021:

	<u>Cost</u>	<u>Market</u>
San Angelo Area Foundation	\$ 380,950	\$ 412,873

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

Investment Income	\$ 16,655
Investment Expenses	(2,181)
Contributions	61,304
Net Realized Gains	3,596
Net Unrealized Gain	<u>27,231</u>
Total Investment Gain	<u>\$106,605</u>

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).

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

Note F - Date of Management’s Review

Subsequent events were evaluated through November 2, 2022, the financial statements issuance date.

Note G – Subsequent Events

None.

CONCHO VALLEY REGIONAL FOOD BANK
Notes to the Financial Statements - Continued
December 31, 2021

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 \$27,474.

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 12-31-21, 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 12-31-21.

Financial assets, at year end:	
Cash and cash equivalents	\$ 864,831
Investment Securities, at market	412,873
Shared Maintenance Receivables	13,400
Reimbursement from FSE Program	31,099
Inventory	101,113
Less contractual or donor-imposed restrictions:	<u>(0)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,423,316</u>