

CONCHO VALLEY REGIONAL FOOD BANK

Financial Statements

For the Year Ended December 31, 2022

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Financial Statements
For the Year Ended December 31, 2022

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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, 2022, 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, 2022, 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

September 19, 2023

FINANCIAL STATEMENTS

Concho Valley Regional Food Bank
Statement of Financial Position
December 31, 2022

Assets

Cash and Cash Equivalents	\$	732,244
Investment Securities, at market		423,033
Shared Maintenance Receivables		21,147
FSE Program Reimbursement Receivable		28,761
Inventory - Food		27,820
Inventory - Donated Food and Supplies		138,413
Inventory - Backpack Program		58,370
Land		55,000
Property & Equipment, Net		1,760,236
		3,245,024

Liabilities and Net Assets

Current Liabilities		
Accounts Payable		26,125
Payroll Taxes Payable		255
Due to Other Governmental Agency		2,583
Deferred Grant Revenue		70,000
Total Current Liabilities		98,963
 Long Term Liabilities		
Total Long Term Liabilities		-
Total Liabilities		98,963
 Net Assets		
Without Donor Restrictions		
Undesignated		3,108,448
Board Designated - Fixed Assets		37,613
Total Net Assets		3,146,061
Total Liabilities and Net Assets		3,245,024

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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Support and Revenue			
Contributions:			
Cash Donations - Unrestricted	\$ 300,165	-	300,165
Cash Donations - Back Pack Program	26,606	-	26,606
Direct Mail Solicitations	490,777	-	490,777
Donated Food and Assistance	4,498,704	-	4,498,704
Pop Up Distributions	2,500	-	2,500
United Way	44,262	-	44,262
Grants:			
HEB	5,000	-	5,000
Feeding America	10,000	-	10,000
Food Stamp Program	101,536	-	101,536
TANF PEAFF (HHS)	26,257	-	26,257
TDHCA Cares Act	97,981	-	97,981
Other	86,035	-	86,035
Program Revenue	262,548	-	262,548
Investment Income	14,599	-	14,599
Miscellaneous Income	2,924	-	2,924
Gain on Sale of Assets	21,410	-	21,410
Net Realized and Unrealized Gains (Losses)	(98,475)	-	(98,475)
Net Assets Released from Restrictions	-	-	-
	<u>5,892,829</u>	<u>-</u>	<u>5,892,829</u>
Expenses			
Program Services	5,858,652	-	5,858,652
Fundraising	78,283	-	78,283
Management & General	73,123	-	73,123
	<u>6,010,058</u>	<u>-</u>	<u>6,010,058</u>
Change in Net Assets	(117,229)	-	(117,229)
Net Assets, Beginning of Year	<u>3,263,290</u>	<u>-</u>	<u>3,263,290</u>
Net Assets, End of Year	<u><u>3,146,061</u></u>	<u><u>-</u></u>	<u><u>3,146,061</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, 2022

	<u>Program Services</u>	<u>Fundraising</u>	<u>Mgmt & General</u>	<u>Total</u>
Expenses:				
Food Acquisition and Processing	\$ 478,995	\$ -	\$ -	\$ 478,995
Donated Food Distributed	4,422,050	-	-	4,422,050
Pop Up Distribution Expense	5,970	-	-	5,970
Personnel and Benefits	429,891	-	47,766	477,657
Unemployment Benefits Paid	-	-	-	-
Food Stamp Services	146,434	-	16,270	162,704
TANF Grant Expenditures	27,858	-	-	27,858
Agency Inspections	3,320	-	-	3,320
Alarm System	1,390	-	-	1,390
Warehouse Supplies	28,170	-	-	28,170
Occupancy	60,568	-	-	60,568
Vehicle Expense	29,607	-	-	29,607
Contract Services	2,759	-	-	2,759
Office	48,799	-	-	48,799
Conferences and Conventions	22,920	-	-	22,920
Staff & Board Development	12,519	-	-	12,519
Membership Dues	2,581	-	-	2,581
Advertising and Promotion	5,429	-	-	5,429
Investment Expenses	2,416	-	-	2,416
Professional Fees	-	78,283	9,087	87,370
Insurance	25,870	-	-	25,870
Interest Paid	-	-	-	-
Volunteer Expenses	6,549	-	-	6,549
Equipment Repair	644	-	-	644
Miscellaneous	805	-	-	805
	<u>5,765,544</u>	<u>78,283</u>	<u>73,123</u>	<u>5,916,950</u>
Total Expenses Before Depreciation				
Depreciation	93,108	-	-	93,108
	<u>\$ 5,858,652</u>	<u>\$ 78,283</u>	<u>\$ 73,123</u>	<u>\$ 6,010,058</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, 2022

Cash Flows from Operating Activities

Change in Net Assets	\$	(117,229)
Adjustment to Reconcile Change in Net Asset to Net Cash Provided by Operating Activities -		
Depreciation		93,108
Unrealized Loss (Gain) on Securities		87,830
Net Security Activity included in Change in Net Assets		(163,483)
(Increase) Decrease in:		
Accounts Receivable		(7,747)
Reimbursement from FSE program		(5,770)
Food Inventory		(123,490)
Increase (Decrease) in:		
Accounts Payable		21,027
Deferred Revenue		70,000
Payroll Taxes Payable		-
Total Adjustments to Net Cash from Operating Activities		<u>(28,525)</u>
Net Cash Provided by Operating Activities		<u>(145,754)</u>

Cash Flows from Investing Activities

Contributions to Investment Account		100,000
Capital Assets purchases		(63,017)
Loss (Gain) on Sale of Assets		(21,410)
Management Expenses on Investment Securities		<u>(2,406)</u>
Net Cash from Investing Activities		<u>13,167</u>

Cash Flows from Financing Activities

Forgiveness of SBA PPP Loan		<u>-</u>
Net Cash Provided by Financing Activities		<u>-</u>

Net Increase in Cash and Cash Equivalents (132,587)

Cash and Cash Equivalents, Beginning of Year 864,831

Cash and Cash Equivalents, End of Year 732,244

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, 2022

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, 2022

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 8,240 hours during the current year.

CONCHO VALLEY REGIONAL FOOD BANK
Notes to the Financial Statements - Continued
December 31, 2022

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 \$1.92 per pound. Food acquisition costs are primarily the costs of transportation of bulk food from the 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 San Antonio Food Bank for the year ended December 31, 2022. 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, 2022

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 \$11,667 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	\$ 2,014,293	\$ 0	\$ 0	\$ 2,014,293
Construction In Progress	0	23,797	0	23,797
Furniture and Fixtures	26,977	34,202	0	61,181
Equipment	347,967	5,016	0	352,983
Vehicles	234,738	0	(0)	234,738
Total	<u>2,623,975</u>	<u>63,015</u>	<u>(0)</u>	2,686,992
Accumulated Depreciation				<u>(926,756)</u>
Property and Equipment, Net				<u>\$ 1,760,236</u>

Depreciation expense amounted to \$93,108 in the current year.

CONCHO VALLEY REGIONAL FOOD BANK
Notes to the Financial Statements - Continued
December 31, 2022

Note D – Investment Securities

Investment Securities are summarized as follows at December 31, 2022:

	<u>Cost</u>	<u>Market</u>
San Angelo Area Foundation	\$ 478,941	\$ 423,033

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

Investment Income	\$ 11,041
Investment Expenses	(2,406)
Contributions	100,000
Net Realized Losses	(10,645)
Net Unrealized Loss	(87,830)
Total Investment Gain	\$ 10,160

Note E – Due to Other Governmental Agency

The Organization received grant reimbursement for emergency housing assistance through the TANF PEAFF Grant Program through Feeding Texas offered by Health and Human Services Commission. The amount of \$2,583 was received two months in row for the same expenditure. As stated in the statement of financial position, this amount is to be refunded to the agency.

Note F – Deferred Revenue

The Organization was awarded a 2022 Workforce Development & Safety Training grant from Texas Mutual Insurance Company on October 28, 2022, in the amount of \$70,000. The grant was received on December 9, 2022. No expenditures for the grant were expended in 2022.

Note G - Date of Management’s Review

Subsequent events were evaluated through September 19, 2023, the financial statements issuance date.

Note H – Subsequent Events

None.

CONCHO VALLEY REGIONAL FOOD BANK
Notes to the Financial Statements - Continued
December 31, 2022

Note I – 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 \$25,870.

Note J - Liquidity and Availability of Financial Assets

The following reflects the Organization’s financial assets as of the statement of financial position date at 12-31-22, 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 12-31-22.

Financial assets, at year end:	
Cash and cash equivalents	\$ 732,244
Investment Securities, at market	423,033
Shared Maintenance Receivables	21,147
Reimbursement from FSE Program	28,761
Inventory	224,603
Less contractual or donor-imposed restrictions:	<u>(70,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,359,788</u>