



Financial Statements
April 30, 2021

Idaho Foodbank Warehouse, Inc.

Independent Auditor’s Report	1
Financial Statements	
Statement of Financial Position	3
Statement of Activities.....	4
Statement of Functional Expenses.....	5
Statement of Cash Flows	6
Notes to Financial Statements	8
Federal Awards Reports in Accordance with 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 <i>Government Auditing Standards</i>	21
Independent Auditor’s Report on Compliance for the Major Federal Program; Report Internal Control over Compliance Required by the Uniform Guidance	23
Schedule of Expenditures of Federal Awards	25
Notes to Schedule of Expenditures of Federal Awards	26
Schedule of Findings and Questioned Costs.....	27



Independent Auditor's Report

To the Board of Directors
Idaho Foodbank Warehouse, Inc.
Boise, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of Idaho Foodbank Warehouse, Inc. (the Organization), an Idaho nonprofit organization, which comprise the statement of financial position as of April 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.

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 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 Idaho Foodbank Warehouse, Inc. as of April 30, 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.

Other Matters

Other Information

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 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), 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 a report dated September 9, 2021, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 the Organization'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 the Organization's internal control over financial reporting and compliance.



Boise, Idaho
September 9, 2021

Idaho Foodbank Warehouse, Inc.
Statement of Financial Position
April 30, 2021

Assets	
Current Assets	
Cash and cash equivalents	\$ 6,122,102
Restricted cash - Idaho Foodbank Fund	107,698
Investments	7,026,655
Accounts receivable	91,844
Promises to give - current portion	1,012,617
Food inventory	4,760,344
Prepaid expenses and other assets	78,971
Total current assets	<u>19,200,231</u>
Property and Equipment	
Land and land improvements	1,860,470
Buildings and leasehold improvements	15,294,927
Furniture, fixtures and equipment	1,027,094
Vehicles	1,595,867
	<u>19,778,358</u>
Accumulated depreciation	<u>(2,466,536)</u>
Total property and equipment	<u>17,311,822</u>
Promises to Give - Long-Term, Net	1,142,450
Endowment investments	761,899
	<u>1,904,349</u>
	<u>\$ 38,416,402</u>
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 259,340
Capital leases - current portion	3,607
Idaho Foodbank Fund	107,698
Mortgage - current portion	63,369
Unearned revenue	94,354
Accrued expenses and compensated absences	242,885
Total current liabilities	<u>771,253</u>
Long-Term Liabilities	
Long-term debt	60,803
Mortgage - long-term portion	832,956
Capital leases - long-term portion	10,083
Total long-term liabilities	<u>903,842</u>
Total liabilities	<u>1,675,095</u>
Net Assets	
Without donor restrictions	30,622,123
With donor restrictions	6,119,184
Total net assets	<u>36,741,307</u>
	<u>\$ 38,416,402</u>

Idaho Foodbank Warehouse, Inc.

Statement of Activities
Year Ended April 30, 2021

Monetary Transactions	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Support, and Gains			
Program services	\$ 371	\$ -	\$ 371
Power of purchase sales	126,771	-	126,771
Less cost of goods sold	<u>(115,563)</u>	<u>-</u>	<u>(115,563)</u>
Net power of purchase sales	11,208	-	11,208
Special events	717,534	494,792	1,212,326
Less direct expenses	<u>(67,173)</u>	<u>-</u>	<u>(67,173)</u>
Net special events revenue	650,361	494,792	1,145,153
Contributions	11,435,463	5,299,867	16,735,330
Federal/State grants	-	3,033,727	3,033,727
Net investment return	1,243,440	-	1,243,440
Real estate income	307,800	-	307,800
Fixed asset gain	2,747	-	2,747
Other sources	<u>14,537</u>	<u>-</u>	<u>14,537</u>
Total revenues and support	<u>13,665,927</u>	<u>8,828,386</u>	<u>22,494,313</u>
Net Assets Released from Restriction Program restriction	<u>8,895,207</u>	<u>(8,895,207)</u>	<u>-</u>
Total Monetary Revenues, Support and Release of Restrictions	<u>22,561,134</u>	<u>(66,821)</u>	<u>22,494,313</u>
Expenses			
Administration	829,041	-	829,041
Fundraising	1,786,209	-	1,786,209
Program	<u>7,903,879</u>	<u>-</u>	<u>7,903,879</u>
Total expenses	<u>10,519,129</u>	<u>-</u>	<u>10,519,129</u>
Change in Monetary Net Assets	<u>12,042,005</u>	<u>(66,821)</u>	<u>11,975,184</u>
In-Kind Transactions			
Revenues and Support			
Contributions - in-kind	369,152	7,563	376,715
Food contributions	-	50,515,740	50,515,740
Loss on disposal of asset	<u>(365,408)</u>	<u>-</u>	<u>(365,408)</u>
Total revenues and support	3,744	50,523,303	50,527,047
Net Assets Released from Restriction In-Kind	<u>49,569,065</u>	<u>(49,569,065)</u>	<u>-</u>
Total In-kind Revenues, Support and Release of Restrictions	<u>49,572,809</u>	<u>954,238</u>	<u>50,527,047</u>
Expenses			
Fundraising	127,550	-	127,550
Program	<u>49,653,403</u>	<u>-</u>	<u>49,653,403</u>
Total expenses	<u>49,780,953</u>	<u>-</u>	<u>49,780,953</u>
Change in In-kind Net Assets	<u>(208,144)</u>	<u>954,238</u>	<u>746,094</u>
Total Change in Net Assets	<u>11,833,861</u>	<u>887,417</u>	<u>12,721,278</u>
Net Assets, Beginning of Year	<u>18,788,262</u>	<u>5,231,767</u>	<u>24,020,029</u>
Net Assets, End of Year	<u>\$ 30,622,123</u>	<u>\$ 6,119,184</u>	<u>\$ 36,741,307</u>

See Notes to Financial Statements

Idaho Foodbank Warehouse, Inc.
Statement of Functional Expenses
Year Ended April 30, 2021

	Program Services			Supporting Activities			Total All Funds	
	Food Distribution	Nutritional Services	Cost of Goods Sold	Program Total	Administration	Fundraising and Development		Supporting Total
Food purchased/donated and distributed	\$50,528,122	\$ 2,028,599	\$ 115,563	\$52,672,284	\$ -	\$ -	\$ -	\$52,672,284
Salary and fringe benefits	1,890,853	833,683	-	2,724,536	684,246	884,878	1,569,124	4,293,660
Professional fees	194,185	7,212	-	201,397	58,524	315,711	374,235	575,632
Direct mail costs	-	-	-	-	-	479,575	479,575	479,575
Supplies	162,882	170,025	-	332,907	24,334	155,909	180,243	513,150
Depreciation and amortization	572,805	-	-	572,805	-	-	-	572,805
Vehicle and equipment maintenance	305,830	2,385	-	308,215	227	-	227	308,442
Occupancy	464,285	20,172	-	484,457	9,390	14,375	23,765	508,222
Other operating expenses	75,049	8,713	-	83,762	51,848	128,232	180,080	263,842
Grants to other organizations	-	283,721	-	283,721	-	-	-	283,721
Travel and training	6,141	2,620	-	8,761	472	2,252	2,724	11,485
Total expenses	54,200,152	3,357,130	115,563	57,672,845	829,041	1,980,932	2,809,973	60,482,818
Less expenses included with revenues on the statement of activities								
Cost of goods sold	-	-	(115,563)	(115,563)	-	-	-	(115,563)
Direct expenses	-	-	-	-	-	(67,173)	(67,173)	(67,173)
Total expenses included in the expense section on the statement of activities	\$54,200,152	\$ 3,357,130	\$ -	\$57,557,282	\$ 829,041	\$ 1,913,759	\$ 2,742,800	\$60,300,082

Idaho Foodbank Warehouse, Inc.

Statement of Cash Flows
Year Ended April 30, 2021

Operating Activities	
Cash provided by program services	\$ 128,257
Cash used for power of purchase sales, net	(919,109)
Cash provided by contributions and events	16,603,021
Cash provided by federal/state grants	3,017,666
Cash provided by investment earnings	402,334
Cash provided by other sources	14,537
Net cash provided by the Idaho Foodbank Fund	32,762
Payments to vendors	(5,883,815)
Payments for salaries, benefits and taxes	(4,257,868)
	<u>9,137,785</u>
Net Cash from Operating Activities	
Investing Activities	
Proceeds from sale of fixed assets	3,290
Purchases of property and equipment	(3,590,143)
Sale of investments	1,334,261
Purchase of investments	(4,261,991)
	<u>(6,514,583)</u>
Net Cash used for Investing Activities	
Financing Activities	
Proceeds from mortgage	1,682,942
Principal payments on line of credit	(2,653,597)
Principal payments on mortgage	(786,617)
Principal payments on capital leases	(7,388)
	<u>(1,764,660)</u>
Net Cash used for Financing Activities	
Net Change in Cash, Cash Equivalents, and Restricted Cash	858,542
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year	<u>5,371,258</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 6,229,800</u>
Cash and Cash Equivalents	\$ 6,122,102
Restricted Cash - Idaho Foodbank Fund	<u>107,698</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 6,229,800</u>

Idaho Foodbank Warehouse, Inc.
Statement of Cash Flows
Year Ended April 30, 2021

Supplemental Disclosure of Cash Flow Information

Cash paid during the year for

Interest

\$ 64,249

Supplemental Disclosure of Non-Cash Investing and Financing Activities

Donated property and equipment

\$ 156,721

Loss on disposal of building

389,706

Total Non-Cash Investing and Financing Activities

\$ 546,427

Note 1 - Principal Business Activity and Significant Accounting Policies

Activity

The Idaho Foodbank Warehouse, Inc. (the Organization) is a nonprofit established to collaborate with the food industry and partnership agencies to feed the hungry throughout the State of Idaho. The Organization operates warehouse facilities in Boise, Lewiston and Pocatello through which it distributes donated and purchased food to a statewide network of community partners. In addition, the Organization operates direct service programs which include Mobile Pantry, Backpack, School Pantry, Picnic in the Park, Cooking Matters, Commodity Supplemental Food Program, Coronavirus Food Assistance Program, and the Temporary Emergency Food Assistance Program.

Cash and Cash Equivalents

Cash and cash equivalents include all monies in banks and highly liquid investments with original maturities of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short-term maturities.

Restricted Cash – The Idaho Foodbank Fund

The Idaho Foodbank Fund was established by the 2009 Idaho Legislature and gives Idaho taxpayers the opportunity to help hunger relief organizations through a “check-off” donation on their state tax return. Contributions assist Idaho hunger relief organizations in meeting the increasing demand for emergency food. Contributions allow Idaho community-based nonprofit groups with grants to increase their capacity to provide hunger relief services and/or nutrition education programs in Idaho. The Idaho Foodbank Fund is a statewide collaboration administrated by the Idaho Foodbank, Catholic Charities of Idaho, and Community Action Partnership Association of Idaho.

The funds from Idaho Taxpayers are sent to the Idaho Foodbank on a monthly basis and are maintained by Foodbank employees throughout the year. Annual grant applications are collected and presented to the statewide collaboration who reviews and awards the grants. Idaho Foodbank accounting staff manages the process as well as creates and tracks the grant awards and payments.

Receivables and Credit Policies

Receivables represent amounts due from various agencies and organizations for payment of handling fees. All amounts are current and no provision for doubtful accounts is considered necessary. Purchased food and other products are generally distributed at a nominal handling fee per pound, which generates handling fee revenue and accounts receivable. The Organization does not charge interest on overdue customer account balances. Payments of trade receivables are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

Receivables from contracts with customers are reported as accounts receivable, net in the accompanying statement of financial position. Contract liabilities, if any, are reported as unearned revenue in the accompanying statement of financial position.

Promises to Give

Promises to give expected to be collected within one year are recorded at net realizable value. Promises to give expected to be collected in future years are initially recorded at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset. In subsequent years, amortization of the discounts is included in contribution revenue in the statement of activities. Management determines the allowance for uncollectable promises to give based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Promises to give are written off when deemed uncollectable. At April 30, 2021, there was no allowance for doubtful accounts.

Food Inventory

Donated food inventory consists of donated food and other products that are valued at an average donated value per pound. In accordance with Feeding America's Valuation Survey, which is performed annually by RSM US, LLP, the average value of donated food and other products was \$1.79 per pound as of April 30, 2021. Donated food and other products at April 30, 2021, was 1,384,263 pounds totaling \$2,477,830.

United States Department of Agriculture (USDA) donated food inventory represent commodities (bulk food products) received under government programs for distribution. In accordance with USDA Food Distribution Policy FD-104, USDA donated food is valued at the food only price per pound value of \$1.70 contained in Feeding America's Valuation Survey. Donated USDA food at April 30, 2021, was 640,970 pounds totaling \$1,089,650.

Purchased food inventory consists of food purchased by the Idaho Foodbank Warehouse, Inc. and is valued the lower of actual cost or net realizable value. At April 30, 2021, purchased food inventory totaled 1,564,489 pounds with a value of \$1,192,864.

Property and Equipment

Property and equipment acquired with a value over \$5,000 are capitalized and stated at cost or fair market value at time of purchase or donation and are being depreciated using the straight-line method of depreciation over the estimated useful lives as shown in the table below. In the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term is used.

	<u>Life in Years</u>
Building and leasehold improvements	3-39
Furniture, fixtures and equipment	3-10
Vehicles	7

The carrying values of property and equipment are reviewed for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. The Organization has determined that no long-lived assets were impaired during the year ended April 30, 2021.

Investments

Investment purchases are recorded at cost, or if donated, at fair value at the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return is reported in the statement of activities and consist of interest and dividend income, realized and unrealized capital gains and losses, less external and direct internal investment expenses.

Net Assets

The net assets of the Organization are reported in each of the following two classes: (a) Net Assets Without Donor Restrictions, and (b) Net Assets With Donor Restrictions. Under these provisions, net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

Net Asset 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 a board-designated endowment.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by the actions of Idaho Foodbank Warehouse, Inc. and/or the passage of time or other events specified by the donor. Idaho Foodbank Warehouse, Inc. reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, 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.

Revenue and Revenue Recognition

The Organization recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return - are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/ or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the statement of financial position.

The Organization records special events revenue equal to the fair value of direct benefits to donors, and contribution income for excess received when the event takes place.

Idaho Foodbank Warehouse, Inc. records various types of in-kind support including contributed property and equipment, professional services and materials. Contributed professional services are recognized if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation. Contributions of tangible assets are recognized at fair market value when received. The total amount contributed related to professional services is \$26,675, use of facilities is \$3,555, gift cards is \$27,577, building and equipment contributions is \$156,721, material and supplies is \$133,913, and other is \$28,274 as of April 30, 2021. Cash donations, purchased goods and services are reflected as monetary contributions and corresponding expenses on the accompanying statement of activities in accordance with current account standards.

Additionally, Idaho Foodbank Warehouse, Inc. receives a significant amount of contributed time from volunteers which does not meet the recognition criteria described above. Accordingly, the value of this contributed time has not been determined and is not reflected in the accompanying financial statements.

Advertising Costs

The Organization uses advertising to promote its programs among the audiences it serves. Advertising costs are expensed as incurred. Advertising expense for the year ended April 30, 2021, was \$8,462.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services. The financial statements report certain category of expenses 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 included occupancy, which is allocated based on headcount, as well as warehouse and related expenses which are allocated based on pounds of food. The remaining expenses that are allocated include salaries and fringe benefits, professional fees, direct mail costs, supplies, vehicle and equipment maintenance, other operating expenses, grant and contract expense and travel and training, which are allocated on the basis of estimates of time and effort.

Income Taxes

The Organization is organized as an Idaho nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(c)(3), qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi), and has been determined not to be a private foundation under Section 509(a)(1). The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. Management has determined that the Organization is subject to unrelated business income tax and will file an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS for the year ended April 30, 2021 which included rental income from the tenant lease.

The Organization believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Organization would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and those differences could be material.

Financial Instruments and Credit Risk

The Organization manages deposit concentration risk by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. Usually, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. Credit risk associated with accounts receivable and promises to give is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies, and foundations supportive of the mission. Investments are made by diversified investment managers whose performance is monitored by Management and the Board of Directors. Although the fair values of investments are subject to fluctuation on a year-to-year basis, Management and the Board of Directors believe that the investment policies and guidelines are prudent for the long-term welfare of the Organization.

Subsequent Events

The Organization has evaluated subsequent events through September 9, 2021, the date which the financial statements were issued.

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 statement of net position date, comprise the following:

Cash and cash equivalents	\$ 6,122,102
Investments	7,026,655
Accounts receivable	91,844
Promises to give, net	<u>1,003,349</u>
	<u>\$ 14,243,950</u>

The Organization has approximately \$14,243,950 of financial assets available within one year of the statement of net position date consisting of approximately \$6,122,102 of cash and cash equivalents and \$1,095,193 of accounts receivable and pledges receivable, and \$7,026,655 of investments. The statement of net position includes a lease receivable for in-kind leases, which are not liquid, thus not included in the liquidity schedules above.

As more fully described in Note 5, the Organization has a line of credit in the amount of \$2,000,000, which could be drawn upon in the event of an unanticipated liquidity need.

Additionally, the Organization has an endowment (See Note 11) of \$761,899. Although the Organization does not intend to spend from its endowment other than the amounts appropriated as part of the annual budget approval and appropriation process, allocations from the endowment could be made available if necessary.

Note 3 - Fair Value Measurements

The Organization reports certain assets at fair value in the financial statements. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset or liability based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that can be accessed at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Unobservable inputs for the asset. In these situations, inputs are developed using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to an assessment of the quality, risk or liquidity profile of the asset.

The investments are classified within Level 1 because they are comprised of open-end mutual funds with readily determinable fair values based on daily redemption values.

The following table presents assets measured at fair value on a recurring basis, at April 30, 2021:

	<u>Total</u>	<u>Quoted Prices in Active Markets (Level 1)</u>	<u>Other Observable Inputs (Level 2)</u>	<u>Unobservable Inputs (Level 3)</u>
Investments, at fair value				
Mutual funds				
Taxable fixed income bonds	\$ 2,955,025	\$ 2,955,025	\$ -	\$ -
Emerging markets	892,510	892,510	-	-
Large cap stock funds	2,343,463	2,343,463	-	-
Small/Mid cap funds	342,858	342,858	-	-
International funds	933,675	933,675	-	-
Real estate funds	317,968	317,968	-	-
Total investments	7,785,499	<u>\$ 7,785,499</u>	<u>\$ -</u>	<u>\$ -</u>
Accrued Income	3,055			
Total	<u>\$ 7,788,554</u>			

Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at April 30, 2021:

Within one year	\$ 1,012,617
One to 5 years	1,079,663
6 to 9 years	177,000
	<u>2,269,280</u>
Less discount to net present value at a 3.25% rate	<u>(114,213)</u>
Promises to give	<u>\$ 2,155,067</u>

At April 30, 2021, four donors accounted for 81% of total promises to give.

Note 5 - Line of Credit

In 2016, Idaho Foodbank Warehouse, Inc. opened a \$2,000,000 line of credit with First Interstate Bank, secured by the property and equipment of the Organization. The balance on the line of credit is due October 10, 2021. As of April 30, 2021, the line of credit was \$0. Interest is paid monthly based on the LIBOR one-month rate plus 2.0%. At April 30, 2021, the rate was 2.11038%.

Note 6 - Mortgage Payable

On October 30, 2020, the line of credit was converted into a five year mortgage of \$1,682,942 with Idaho Central Credit Union. Starting in November 2020, principal and interest payments of \$9,325 are due monthly at an interest rate of 2.99%. As Capital Campaign revenues are received, the loan will be paid down, and management anticipates the full amount of the loan to be paid in 2022. As of April 30, 2021, the balance of the mortgage is \$896,325.

Maturities over the next five years at April 30, are as follows:

2022		\$	63,369
2023			65,290
2024			67,269
2025			69,308
2026			631,089
			631,089
		\$	896,325

Note 7 - Defined Contribution Plan

Idaho Foodbank Warehouse, Inc. sponsors a 401(k) plan for employees, a defined contribution plan to which it will match employee contributions dollar for dollar up to the maximum of 4.5% of the employee’s gross salary figured on a bi-weekly basis. The employee must complete one year of employment from date of hire before eligibility and before the matching contribution is available. Eligible employees include part-time employees as well as full-time employees once a minimum hour requirement of 1,000 hours is met and the employee has worked for the Organization for one full year. The total employer matching for the year ended April 30, 2021, was \$92,895.

Note 8 - Long-Term Debt

Long-term debt at April 30, 2021 consists of the following:

Three notes payable to the City of Pocatello due in full upon sale of the Pocatello warehouse. The interest rate is 0% and the notes are secured by a deed of trust on the Pocatello warehouse.

\$ 60,803

As of April 30, 2021, the Organization has no intention to sell the building.

Note 9 - Lease Commitments

The Organization leases certain office equipment under capital leases and certain office space and vehicles under various operating leases through 2025. Future minimum lease payments are as follows:

Years ending April 30,	Capital Leases	Operating Leases
2022	\$ 4,212	\$ 40,440
2023	4,212	40,440
2024	4,212	6,740
2025	2,345	-
Total minimum lease payments	14,981	<u>\$ 87,620</u>
Less amount representing interest	<u>(1,291)</u>	
Present value of minimum lease payments	13,690	
Less current portion	<u>(3,607)</u>	
Long-term portion	<u>\$ 10,083</u>	

Rent expense for the year ended April 30, 2021, totaled \$158,987.

The capitalized cost of the assets under the capital leases is \$57,751 with accumulated amortization of \$27,295, as of April 30, 2021.

Note 10 - Tenant Lease

On October 11, 2020, a new tenant signed a two year lease with the Organization to occupy a portion of the building in Meridian, Idaho with an option for month-to-month renewal for up to 6 months. The Organization receives \$24,441 rent per month.

Note 11 - Endowment

The Idaho Foodbank Warehouse, Inc.'s endowment includes funds designated by the Board of Directors to function as an endowment. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The management of the Idaho Foodbank Warehouse, Inc. has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Organization retains in perpetuity (a) the original value of initial and subsequent gift amounts, including promises to give net of discount and allowance for doubtful accounts including promises to give donated to the Endowment, and (b) any accumulations to the Endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure in a manner consistent with the standard of prudence prescribed by SPMIFA. The following factors are considered in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund
2. The purposes of the Organization and the donor-restricted endowment fund
3. General economic conditions
4. The possible effect of inflation and deflation
5. The expected total return from income and the appreciation of investments
6. Other resources of the Organization
7. The investment policies of the Organization

The composition of endowment net assets by fund type as of April 30, 2021, is as follows:

	Without Donor Restrictions
Board Designated Endowment Funds	\$ 761,899
	\$ 761,899

Changes in endowment net assets for the year ended April 30, 2021, are as follows:

	Without Donor Restrictions
Endowment net assets, beginning of the year	\$ 591,847
Investment return	
Investment income	11,277
Net realized and unrealized gains	158,775
Endowment net assets, end of the year	\$ 761,899

As of April 30, 2021, there were no donor restricted balances or transactions related to the endowment.

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that obtains a maximum return consistent with a prudent investment style to reduce risk of both principal and income.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation that includes both fixed-income and equity-based investments to achieve its long-term return objectives within prudent risk constraints.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has a policy that no distributions of the corpus are to be made unless a declaration of a state of emergency is made and two-thirds of the Board of Directors votes positively to use the funds to address the emergency. Annual income from the funds may be applied as determined by the Organization. Any unspent income becomes part of the corpus.

Note 12 - Net Assets with Donor Restrictions

Net assets with donor restrictions are restricted for the following purposes or periods.

Restricted programs	\$ 434,491
Food and other products for distribution	3,567,480
Donations for future food expenditures, time restricted for periods after April 30, 2021	355,240
Donations for in-kind lease, time restricted	10,265
Donations for Capital Campaign, time restricted for periods after April 30, 2021	<u>1,751,708</u>
	<u><u>\$ 6,119,184</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the year ended April 30, 2021:

Restricted programs	\$ 5,772,324
Food and other products for distribution	49,547,118
Time restriction	<u>3,144,830</u>
	<u><u>\$ 58,464,272</u></u>

Note 13 - Net Asset without Donor Restrictions

Net assets without donor restrictions consisted of the following as of April 30, 2021:

Property Plant and Equipment	\$ 17,311,822
Endowment Fund/Board Fund	761,899
Undesignated	<u>12,548,402</u>
Net Assets without Donor Restrictions	<u><u>\$ 30,622,123</u></u>



Federal Awards Reports in Accordance with the Uniform
Guidance

April 30, 2021

Idaho Foodbank Warehouse, Inc.



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*

The Board of Directors
Idaho Foodbank Warehouse, Inc.
Boise, Idaho

We have audited, in accordance with the 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 Idaho Foodbank Warehouse, Inc. (the Organization), which comprise the statement of financial position as of April 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 September 9, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization’s internal control over financial reporting (internal control) as a basis for designing 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 the Organization’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization’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 the Organization'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 financial statements. 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 Organization'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 Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Eide Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho
September 9, 2021



Independent Auditor's Report on Compliance for Each Major Federal Program; Report Internal Control over Compliance Required by the Uniform Guidance

The Board of Directors
Idaho Foodbank Warehouse, Inc.
Boise, Idaho

Report on Compliance for Each Major Federal Program

We have audited Idaho Foodbank Warehouse, Inc.'s (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal programs for the year ended April 30, 2021. The Organization's major federal programs are 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 the Organization's major federal programs 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 the Organization'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 each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each major federal programs for the year ended April 30, 2021.

Report on Internal Control over Compliance

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each 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 the Organization'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, material weaknesses may exist that have not been identified.

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.



Boise, Idaho
September 9, 2021

Idaho Foodbank Warehouse, Inc.
Schedule of Expenditures of Federal Awards
Year Ended April 30, 2021

<u>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal Financial Assistance Listing/Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Expenditures</u>	<u>Amounts Passed-Through to Subrecipients</u>
U.S. Department of Agriculture				
Food Distribution Cluster				
Passed through Idaho Commission on Aging				
Commodities Supplemental Food Program - Administrative Costs	10.565	202020Y800547	\$ 167,601	\$ -
Commodities Supplemental Food Program - Food Commodities	10.565	202020Y800547	1,393,829	1,308,789
Passed through Idaho Department of Health and Welfare				
The Emergency Food Assistance Program - Administrative Costs	10.568	TEFAP-1020/21	273,910	-
The Emergency Food Assistance Program - Food Commodities	10.569	TEFAP-1020/21	<u>2,058,073</u>	<u>1,318,156</u>
Total Food Distribution Cluster			<u>3,893,413</u>	<u>2,626,945</u>
Total U.S. Department of Agriculture			<u>3,893,413</u>	<u>2,626,945</u>
U.S. Department of the Treasury				
Passed through Idaho State Controller				
Coronavirus Relief Fund	21.019	Not Available	<u>2,565,817</u>	<u>-</u>
Total U.S. Department of the Treasury			<u>2,565,817</u>	<u>-</u>
U.S. Department of Homeland Security				
Passed through United Way				
Emergency Food and Shelter National Board Program	97.024	219800008/213400010	<u>26,399</u>	<u>-</u>
Total U.S. Department of Homeland Security			<u>26,399</u>	<u>-</u>
Total Federal Financial Assistanc			<u>\$ 6,485,629</u>	<u>\$ 2,626,945</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of the Idaho Foodbank Warehouse, Inc. (the Organization) under programs of the federal government for the year ended April 30, 2021. The information 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Significant Accounting Policies

Expenditures reported on the schedule are reported on the accrual basis of accounting, except for subrecipient expenditures, which are recorded on the cash basis. When applicable, such expenditures are recognized following the cost principles contained in Cost Principles of the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

The Organization has not elected to use the 10% de minimus cost rate.

Note 3 - Food Donation

At April 30, 2021, the Idaho Foodbank Warehouse, Inc. had received and disbursed food commodities in the amount of \$3,451,902 and had food commodities totaling \$1,089,650 of food contributed by federal programs included in year-end inventories.

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the value of its food donated and distributed using the price per pound provided by Feeding America. See Note 1 of the audited financial statements for further detail.

Section I – Summary of Auditor’s Results

FINANCIAL STATEMENTS

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None Reported
Noncompliance material to financial statements noted?	No

FEDERAL AWARDS

Internal control over major program:	
Material weaknesses identified	No
Significant deficiencies identified not considered to be material weaknesses	None reported
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 Uniform Guidance 2 CFR 200.516:	No

Identification of major programs:

Name of Federal Program	CFDA Number
<u>Total Food Distribution Cluster</u>	
Commodities Supplemental Food Program - Administrative Costs	10.565
Commodities Supplemental Food Program - Food Commodities	10.565
The Emergency Food Assistance Program - Administrative Costs	10.568
The Emergency Food Assistance Program - Food Commodities	10.569
COVID-19: Coronavirus Relief Fund	21.019
Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

Section II – Financial Statement Findings

None

Section III – Federal Award Findings and Questioned Costs

None