



Financial Statements  
April 30, 2020

# Idaho Foodbank Warehouse, Inc.

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## 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, 2020, 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, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Emphasis of Matter

As discussed in Note 1 to the financial statements, the Organization has adopted the provisions of Financial Accounting Standards Board Accounting Standards Update No. 2016-18, *Statement of Cash Flows (Topic 230): Restricted Cash*. Accordingly, the beginning balance of Cash, Cash Equivalents, and Restricted Cash, as of April 30, 2019 on the statement of cash flows has been restated to adopt this standard. Our opinion is not modified with respect to this matter.

## 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 August 12, 2020, 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  
August 12, 2020

Idaho Foodbank Warehouse, Inc.  
Statement of Financial Position  
April 30, 2020

Assets	
Current Assets	
Cash and cash equivalents	\$ 5,296,322
Restricted cash - Idaho Foodbank Fund	74,936
Investments	2,870,002
Accounts receivable	177,704
Promises to give	421,827
Food inventory	2,853,492
Prepaid expenses and other assets	87,571
Endowment	591,847
Total current assets	12,373,701
Property and Equipment	
Land and land improvements	1,860,469
Construction in progress	8,734,987
Buildings and leasehold improvements	4,127,972
Furniture, fixtures and equipment	727,687
Vehicles	1,435,509
	16,886,624
Accumulated depreciation	(2,043,882)
Total property and equipment	14,842,742
Promises to Give - Long-Term, Net	601,330
	\$ 27,817,773
Liabilities and Net Assets	
Current Liabilities	
Accounts payable	\$ 446,400
Current portion of capital leases	7,388
Idaho Foodbank Fund	74,936
Line of credit	2,653,597
Unearned revenue	128,479
Accrued expenses and compensated absences	412,451
Total current liabilities	3,723,251
Long-Term Liabilities	
Long-term debt	60,803
Capital leases - long-term portion	13,690
Total long-term liabilities	74,493
Total liabilities	3,797,744
Net Assets	
Without donor restrictions	18,788,262
With donor restrictions	5,231,767
Total net assets	24,020,029
	\$ 27,817,773

Idaho Foodbank Warehouse, Inc.

Statement of Activities  
Year Ended April 30, 2020

<b>Monetary Transactions</b>	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue, Support, and Gains</b>			
Program services	\$ 56,878	\$ -	\$ 56,878
Power of purchase sales	227,342	-	227,342
Less cost of goods sold	<u>(212,302)</u>	<u>-</u>	<u>(212,302)</u>
Net power of purchase sales	15,040	-	15,040
Special events	607,333	441,918	1,049,251
Less direct expenses	<u>(110,031)</u>	<u>-</u>	<u>(110,031)</u>
	497,302	441,918	939,220
Contributions	5,265,694	5,104,504	10,370,198
Federal/State grants	-	405,143	405,143
Net investment loss	(142,768)	-	(142,768)
Fixed asset gain	1,253,248	-	1,253,248
Other sources	<u>10,069</u>	<u>-</u>	<u>10,069</u>
Total revenues and support	<u>6,955,463</u>	<u>5,951,565</u>	<u>12,907,028</u>
Net Assets Released from Restriction			
Program restriction	<u>4,568,000</u>	<u>(4,568,000)</u>	<u>-</u>
Total Monetary Revenues, Support and Release of Restrictions	<u>11,523,463</u>	<u>1,383,565</u>	<u>12,907,028</u>
<b>Expenses</b>			
Administration	749,643	-	749,643
Fundraising	1,608,778	-	1,608,778
Program	<u>4,862,965</u>	<u>-</u>	<u>4,862,965</u>
Total expenses	<u>7,221,386</u>	<u>-</u>	<u>7,221,386</u>
Change in Monetary Net Assets	<u>4,302,077</u>	<u>1,383,565</u>	<u>5,685,642</u>
<b>In-Kind Transactions</b>			
<b>Revenues and Support</b>			
Contributions - in-kind	2,235,288	17,524	2,252,812
Food contributions	<u>-</u>	<u>36,390,484</u>	<u>36,390,484</u>
Total revenues and support	2,235,288	36,408,008	38,643,296
Net Assets Released from Restriction			
In-Kind	<u>35,650,779</u>	<u>(35,650,779)</u>	<u>-</u>
Total In-kind Revenues, Support and Release of Restrictions	<u>37,886,067</u>	<u>757,229</u>	<u>38,643,296</u>
<b>Expenses</b>			
Administration	100	-	100
Fundraising	88,375	-	88,375
Program	<u>35,802,616</u>	<u>-</u>	<u>35,802,616</u>
Total expenses	<u>35,891,091</u>	<u>-</u>	<u>35,891,091</u>
Change in In-kind Net Assets	<u>1,994,976</u>	<u>757,229</u>	<u>2,752,205</u>
Total Change in Net Assets	<u>6,297,053</u>	<u>2,140,794</u>	<u>8,437,847</u>
Net Assets, Beginning of Year	<u>12,491,209</u>	<u>3,090,973</u>	<u>15,582,182</u>
Net Assets, End of Year	<u>\$ 18,788,262</u>	<u>\$ 5,231,767</u>	<u>\$ 24,020,029</u>

Idaho Foodbank Warehouse, Inc.  
Statement of Functional Expenses  
Year Ended April 30, 2020

	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	\$36,194,370	\$ 515,512	\$ 212,302	\$36,922,184	\$ -	\$ -	\$ -	\$36,922,184
Salary and fringe benefits	1,651,069	807,143	-	2,458,212	609,637	776,439	1,386,076	3,844,288
Professional fees	133,011	17,251	-	150,262	52,936	292,695	345,631	495,893
Direct mail costs	-	-	-	-	-	460,644	460,644	460,644
Supplies	133,385	22,337	-	155,722	16,213	60,338	76,551	232,273
Depreciation and amortization	264,641	-	-	264,641	-	-	-	264,641
Vehicle and equipment maintenance	273,148	16,799	-	289,947	100	374	474	290,421
Occupancy	411,309	14,962	-	426,271	7,378	11,281	18,659	444,930
Other operating expenses	163,088	14,165	-	177,253	52,711	196,397	249,108	426,361
Travel and training	13,664	19,727	-	33,391	10,768	9,016	19,784	53,175
<b>Total Expenses</b>	<b>39,237,685</b>	<b>1,427,896</b>	<b>212,302</b>	<b>40,877,883</b>	<b>749,743</b>	<b>1,807,184</b>	<b>2,556,927</b>	<b>43,434,810</b>
Less expenses included with revenues on the statement of activities								
Cost of goods sold	-	-	(212,302)	(212,302)	-	-	-	(212,302)
Direct expenses	-	-	-	-	-	(110,031)	(110,031)	(110,031)
<b>Total expenses included in the expense section on the statement of activities</b>	<b>\$39,237,685</b>	<b>\$ 1,427,896</b>	<b>\$ -</b>	<b>\$40,665,581</b>	<b>\$ 749,743</b>	<b>\$ 1,697,153</b>	<b>\$ 2,446,896</b>	<b>\$43,112,477</b>

## Idaho Foodbank Warehouse, Inc.

Statement of Cash Flows  
Year Ended April 30, 2020

	<u>Restated</u>
Operating Activities	
Cash provided by program services	\$ 1,334,981
Cash provided by power of purchase sales, net	9,073
Cash provided by contributions	8,017,278
Cash provided by federal/state grants	456,227
Cash provided by investment earnings	110,908
Cash provided by other sources	10,069
Cash provided by the Idaho Foodbank Fund	74,936
Payments to vendors	(3,299,033)
Payments for salaries, benefits and taxes	<u>(3,921,778)</u>
Net Cash from Operating Activities	<u>2,792,661</u>
Investing Activities	
Proceeds from sale of fixed assets	2,798,322
Purchases of property and equipment	(8,346,161)
Contributions received for long term purposes	1,807,700
Sale of investments	1,013,638
Purchase of investments	<u>(691,299)</u>
Net Cash used for Investing Activities	<u>(3,417,800)</u>
Financing Activities	
Proceeds from line of credit	7,541,741
Principal payments on line of credit	(4,888,144)
Principal payments on capital leases	<u>(7,882)</u>
Net Cash from Financing Activities	<u>2,645,715</u>
Net Change in Cash, Cash Equivalents, and Restricted Cash	2,020,576
Cash, Cash Equivalents, and Restricted Cash, Beginning of Year, as Restated	<u>3,350,682</u>
Cash, Cash Equivalents, and Restricted Cash, End of Year	<u>\$ 5,371,258</u>
Cash and Cash Equivalents	\$ 5,296,322
Restricted Cash - Idaho Foodbank Fund	<u>74,936</u>
Total Cash, Cash Equivalents, and Restricted Cash	<u>\$ 5,371,258</u>



Idaho Foodbank Warehouse, Inc.

Statement of Cash Flows  
Year Ended April 30, 2020

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Supplemental Disclosure of Cash Flow Information

Cash paid during the year for  
Interest

\$ 76,165

Supplemental Disclosure of Non-Cash Investing and Financing Activities

Accounts payable for property and equipment

\$ 339,028

Donated building and leasehold improvements in construction in progress

1,882,755

Donated vehicles

113,466

Equipment financed through capital lease arrangement

18,589

Total Non-Cash Investing and Financing Activities

\$ 2,353,838

## **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 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 Food Bank 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**

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, 2020, 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 \$1.74 per pound as of April 30, 2020. Donated food and other products at April 30, 2020, was 1,033,642 pounds totaling \$1,798,536.

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 \$1.49 contained in Feeding America's Valuation Survey. Donated USDA food at April 30, 2020, was 537,128 pounds totaling \$800,321.

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, 2020, purchased food inventory totaled 426,702 pounds with a value of \$254,635.

### 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, 2020.

**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 loss is reported in the statement of activity 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. recognizes all contributed support received as income in the period pledged or received. Contributed support is reported as without donor restriction or with donor restriction depending on the existence of donor stipulations that limit the use of the support.

When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restricted net assets are reclassified to without donor restricted net assets, 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 \$47,376, use of facilities is \$28,243, gift cards is \$7,335 other is \$289,858 and building contributions is \$1,880,000 as of April 30, 2020. 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 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, 2020, was \$6,284.

#### **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), qualify for the charitable contribution deduction under Sections 170(b)(1)(A)(vi), and have been determined not to be private foundations under Sections 509(a)(1), respectively. The Organization is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entities are 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, 2020.

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.

### **Recent Accounting Pronouncements**

#### *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made.*

As of May 01, 2019, the Organization adopted the requirements of the Financial Accounting Standards Board's Accounting Standards Update No. 2018-08 – *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08). This update clarifies and improves the scope and accounting guidance for contributions received and contributions made. The amendments in this update should assist entities in (1) evaluation whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958, *Not-for-Profit Entities*, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Organization accounting policies have been updated in the financial statements to reflect conformity with ASU 2018-08. The adoption of ASU 2018-08 has had no material effect on the change in net assets or net asset balances, by classification, as previously reported.

#### *Revenue from Contracts with Customers*

As of May 01, 2019, the Organization adopted the provisions of FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, which provides a comprehensive revenue recognition model for all contracts with customers. The new model requires revenue recognition to depict the transfer of promised goods or services to customers at an amount that reflects the consideration expected to be received in exchange for those goods and services. There was no effect on the financial statements as a result of the new standard.

*Statement of Cash Flows (Topic 230) Restricted Cash*

As of May 01, 2019, the Organization adopted the provisions of Accounting Standards Update (ASU) 2016-18, *Statement of Cash Flows (Topic 230) Restricted Cash*. This update requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents, and amounts generally described as restricted cash or restricted cash equivalents, by including amounts generally described as restricted cash and restricted cash equivalents with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. Retrospective application of the amendment is required. The Organization has adopted this standard as management believes this presentation eliminates a diversity in practice in the presentation of restricted cash and restricted cash equivalents in the statement of cash flows.

The effects of the change in accounting policy under ASU 2016-18 on the Organization's April 30, 2019 statement of cash flows, is a restatement of Cash, Cash Equivalents, and Restricted Cash, End of Year, in the amount of \$83,117. Previously reported amounts were \$3,267,565. Restated amounts are \$3,350,682. The result is reflected in the Organization's April 30, 2020, Statement of Cash Flows in the Cash, Cash Equivalents, and Restricted Cash, Beginning of Year, as Restated, line.

**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.

**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 balance sheet date, comprise the following:

Cash and cash equivalents	\$ 5,296,322
Investments	2,870,002
Accounts receivable	177,704
Promises to give, net, current portion	402,659
	<u>8,746,687</u>
	<u>\$ 8,746,687</u>

The Organization has approximately \$8,746,687 of financial assets available within one year of the balance sheet date consisting of approximately \$5,296,322 of cash and \$580,363 of accounts receivable and pledges receivable, and \$2,870,002 of investments. The balance sheet 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 \$3,000,000, which could be drawn upon in the event of an unanticipated liquidity need.

Additionally, the Organization has an endowment (See Note 9) of \$591,847. 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, 2020:

	Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)	Unobservable Inputs (Level 3)
Investments, at fair value			
Mutual funds			
Taxable fixed income bonds	\$ 1,265,189	\$ -	\$ -
Commodity funds	18,378	-	-
Emerging markets	216,787	-	-
Large cap stock funds	1,015,958	-	-
Mid cap funds	294,607	-	-
Small cap funds	143,016	-	-
International funds	362,041	-	-
Hedged equity funds	50,432	-	-
Real estate funds	95,441	-	-
Total investments	<u>\$ 3,461,849</u>	<u>\$ -</u>	<u>\$ -</u>

#### Note 4 - Promises to Give

Unconditional promises to give are estimated to be collected as follows at April 30, 2020:

Within one year	\$ 421,827
One to 5 years	538,338
6 to 9 years	<u>150,000</u>
	1,110,165
Less discount to net present value at a 3.25% rate	<u>(87,008)</u>
Promises to give	<u>\$ 1,023,157</u>

At April 30, 2020, one donor accounted for 41%, and another donor accounted for 14% of total promises to give.

**Note 5 - Line of Credit**

In 2016, Idaho Foodbank Warehouse, Inc. opened a \$3,000,000 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 March 10, 2021. As of April 30, 2020, the line of credit was \$0. Interest is paid monthly based on the LIBOR one-month rate plus 2.0%. At April 30, 2020, the rate was 3.01625%.

On August 14, 2019, an \$8,000,000 line of credit was established for the purchase of the Meridian building, and interest payments are paid monthly. As of April 30, 2020, the balance of the line is \$2,653,597. The line of credit will mature on October 20, 2020. The line of credit has a fixed interest rate of 2.99%. As Capital Campaign revenues are received, the loan will be paid down. The agreement requires the Organization to comply with certain financial and non-financial covenants. The line of credit is collateralized by the above noted building, equipment, and fixtures.

**Note 6 - 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, 2020, was \$75,080.

**Note 7 - Long-Term Debt**

Long-term debt at April 30, 2020 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, 2020, the Organization has no intention to sell the building.

**Note 8 - 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
2021	\$ 8,266	\$ 172,057
2022	4,212	40,440
2023	4,212	40,440
2024	4,212	6,740
2025	2,345	-
	23,247	\$ 259,677
Total minimum lease payments	23,247	\$ 259,677
Less amount representing interest	(2,169)	
Present value of minimum lease payments	21,078	
Less current portion	(7,388)	
Long-term portion	\$ 13,690	

Rent expense for the year ended April 30, 2020, totaled \$164,202.

The capitalized cost of the assets under the capital leases is \$57,751 with accumulated amortization of \$36,673, as of April 30, 2020.

**Note 9 - 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, 2020, is as follows:

	<u>Without Donor Restrictions</u>
Board Designated Endowment Funds	\$ 591,847
	<u>\$ 591,847</u>

Changes in endowment net assets for the year ended April 30, 2020, are as follows:

	<u>Without Donor Restrictions</u>
Endowment net assets, beginning of the year	\$ 622,609
Investment return	
Investment income	14,822
Net realized and unrealized losses	<u>(45,584)</u>
Endowment net assets, end of the year	<u>\$ 591,847</u>

As of April 30, 2020, 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 10 - Net Assets with Donor Restrictions**

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

Restricted programs	\$ 1,530,543
Food and other products for distribution	2,598,857
Donations for future food expenditures, time restricted for periods after April 30, 2020	541,476
Donations for in-kind lease, time restricted	24,649
Donations for Capital Campaign, time restricted for periods after April 30, 2020	536,242
	\$ 5,231,767
	\$ 5,231,767

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, 2020:

Restricted programs	\$ 2,310,487
Food and other products for distribution	35,629,408
Time restriction	2,278,884
	\$ 40,218,779
	\$ 40,218,779

**Note 11 - Net Asset without Donor Restrictions**

Net assets without donor restrictions consisted of the following as of April 30, 2020:

Property Plant and Equipment	\$ 14,842,742
Endowment Fund/Board Fund	591,847
Undesignated	<u>3,353,673</u>
Net Assets without Donor Restrictions	<u><u>\$ 18,788,262</u></u>

**Note 12 - Subsequent Events**

Beginning May 1, 2020, a tenant has signed a 6 month lease with the Organization to occupy a portion of the building in Meridian, Idaho. The Organization will receive \$22,000 rent, and \$4,400 triple net rent each month, and is actively seeking a new tenant to replace the tenant at the end of the lease term.

The Organization has evaluated subsequent events through August 12, 2020, the date which the financial statements were issued.



Federal Awards Reports in Accordance with the Uniform  
Guidance

April 30, 2020

**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, 2020, 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 August 12, 2020.

**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) to determine the 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 over financial reporting 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 financial reporting 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 determination of financial statement amounts. 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 "Erik Sully LLP". The signature is written in a cursive, flowing style.

Boise, Idaho  
August 12, 2020



## **Independent Auditor's Report on Compliance for the 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 the 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 program for the year ended April 30, 2020. The Organization's major federal program is 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 program 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 the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

### **Opinion on the 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 the major federal program for the year ended April 30, 2020.

## **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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the 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.

A handwritten signature in cursive script that reads "Eide Bailly LLP".

Boise, Idaho  
August 12, 2020

Idaho Foodbank Warehouse, Inc.  
Schedule of Expenditures of Federal Awards  
Year Ended April 30, 2020

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	Amounts Passed- Through to Subrecipients
U.S Department of Agriculture				
Food Distribution Cluster				
Passed through Idaho Commission on Aging				
Commodities Supplemental Food Program - Administrative Costs	10.565	1691301	\$ 166,027	\$ -
Commodities Supplemental Food Program - Food Commodities	10.565	1691301	1,364,548	1,300,106
Passed through CAPAI - Idaho Department of Health and Welfare				
The Emergency Food Assistance Program - Administrative Costs	10.568	TEFAP-1019/20	105,773	-
The Emergency Food Assistance Program - Food Commodities	10.569	TEFAP-1019/20	<u>1,829,533</u>	<u>1,691,111</u>
Total Food Distribution Cluster			3,465,881	2,991,217
Passed through Idaho Department of Education				
Child Nutrition Cluster				
Summer Food Service Program for Children	10.559	197IDID3N1099	<u>133,343</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>3,599,224</u>	<u>2,991,217</u>
Total Federal Financial Assistance			<u>\$ 3,599,224</u>	<u>\$ 2,991,217</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 from the year ended April 30, 2020. 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, 2020, the Idaho Foodbank Warehouse, Inc. had received and disbursed food commodities in the amount of \$3,194,081 and had food commodities totaling \$800,321 of food contributed by federal programs included in year-end inventories.

Nonmonetary assistance is reported in the Schedule of Federal Expenditures 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
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