

**HIGH PLAINS FOOD BANK
FINANCIAL STATEMENTS
(Single Audit)
Years Ended December 31, 2021 and 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
High Plains Food Bank

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of High Plains Food Bank (a nonprofit organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In my opinion, the financial statements present fairly, in all material respects, the financial position of High Plains Food Bank as of December 31, 2021 and 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.

Basis for Opinion

I conducted my audits 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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of High Plains Food Bank and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about High Plains Food Bank's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are

considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 High Plains Food Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about High Plains Food Bank's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Supplementary Information

My 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, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the accompanying schedule of state awards, as required by the State of Texas *Single Audit Circular*, is presented for purposes of additional analysis 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 my 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*, I have also issued my report dated October 7, 2022, on my consideration of High Plains Food Bank's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my 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 High Plains Food Bank'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 High Plains Food Bank's internal control over financial reporting and compliance.

Victor B. Glenn

Amarillo, Texas
October 7, 2022

HIGH PLAINS FOOD BANK
 STATEMENTS OF FINANCIAL POSITION
 December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Cash and cash equivalents	\$ 3,358,101	\$ 3,211,120
Cash restricted for long-term purposes	185,000	-
Investments	1,188,844	217,540
Accounts receivable	235,421	432,953
Promises to give	4,628	9,563
Food inventory	7,085,503	5,803,755
Prepaid insurance	86,706	81,034
Investments held for endowment purposes	300,000	300,000
Property and equipment (net)	<u>3,676,603</u>	<u>3,533,321</u>
 Total assets	 <u><u>\$ 16,120,806</u></u>	 <u><u>\$ 13,589,286</u></u>
 LIABILITIES		
Accounts payable	\$ 303,870	\$ 219,138
Accrued liabilities	42,310	27,428
Grant advances	-	8,656
Line of credit	<u>-</u>	<u>390</u>
 Total liabilities	 346,180	 255,612
 NET ASSETS		
Without donor restrictions		
Unrestricted	14,101,958	11,572,346
With donor restrictions		
Perpetual in nature	300,000	300,000
Purpose restrictions	<u>1,372,668</u>	<u>1,461,328</u>
	<u>1,672,668</u>	<u>1,761,328</u>
 Total net assets	 <u>15,774,626</u>	 <u>13,333,674</u>
 Total liabilities and net assets	 <u><u>\$ 16,120,806</u></u>	 <u><u>\$ 13,589,286</u></u>

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue, support, and gains		
Food contributions	\$ 8,730,788	\$ 7,540,624
Cash contributions	2,771,849	3,386,380
Grants	311,759	825,060
Non-cash contributions	245,849	309,485
Purchased product sales	74,903	236,260
Cost of purchased product	(250,673)	(165,101)
	(175,770)	71,159
Share maintenance fees	274,877	378,133
Federal and state grants	1,450,948	2,411,668
Special events	135,281	90,365
Interest and investment income	81,601	16,393
Net gain (loss) on investments	(4,646)	37,973
Other	89,518	128,646
	89,518	128,646
Total revenue, support, and gains without donor restrictions	13,912,054	15,195,886
Net assets released from restrictions	4,501,230	6,112,377
Total revenue, support, and gains without donor restrictions	18,413,284	21,308,263
Expenses		
Program services		
Food distribution	13,950,047	16,041,560
Kid's Café	994,361	1,008,114
Total program services	14,944,408	17,049,674
Management and general	289,467	260,392
Cost of benefits to donors	30,885	26,275
Fund-raising	618,912	480,953
Total expenses	15,883,672	17,817,294
Increase in net assets without donor restrictions	2,529,612	3,490,969

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
 STATEMENTS OF ACTIVITIES
 Years Ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Food contributions-USDA	3,468,068	5,485,817
Grants and contributions	914,258	1,179,861
Interest and investment income	8,484	5,577
Net gain on investments	21,760	2,959
Net assets released from restrictions	<u>(4,501,230)</u>	<u>(6,112,377)</u>
Increase (decrease) in net assets with donor restrictions	<u>(88,660)</u>	<u>561,837</u>
Increase in net assets	2,440,952	4,052,806
Net assets at beginning of year	<u>13,333,674</u>	<u>9,280,868</u>
Net assets at end of year	<u><u>\$ 15,774,626</u></u>	<u><u>\$ 13,333,674</u></u>

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows From Operating Activities		
Cash received from contributors and grants, net of amount restricted for property acquisition	\$ 3,817,801	\$ 5,392,000
Cash received from service recipients	2,156,541	2,958,782
Investment income	90,085	21,970
Other	89,518	128,646
Cash paid to employees and suppliers	<u>(4,718,342)</u>	<u>(5,435,222)</u>
Net cash provided by operating activities	1,435,603	3,066,176
Cash Flows From Investing Activities		
Payments for property and equipment	(311,042)	(228,644)
Purchase of long-term investments	(1,285,631)	(312,744)
Sale of short-term investments	-	3,439
Sale of long-term investment	<u>300,000</u>	<u>300,000</u>
Net cash used by investing activities	<u>(1,296,673)</u>	<u>(237,949)</u>
Cash Flows From Financing Activities		
Collection of contributions restricted for property acquisition	185,000	-
Payments on short-term debt	<u>(390)</u>	<u>(175,461)</u>
Net cash provided (used) by financing activities	<u>184,610</u>	<u>(175,461)</u>
Net increase in cash	323,540	2,652,766
Beginning cash, cash equivalents, and restricted cash	<u>3,219,561</u>	<u>566,795</u>
Ending cash, cash equivalents, and restricted cash	<u>\$ 3,543,101</u>	<u>\$ 3,219,561</u>

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
 STATEMENTS OF CASH FLOWS
 Years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Reconciliation of Changes in Net Assets to Net Cash Provided		
by Operating Activities		
Increase in net assets	\$ 2,440,952	\$ 4,052,806
Adjustments to reconcile change in net assets to net cash		
Depreciation and amortization	202,760	184,844
Realized/unrealized (gain) loss on investments	5,886	(40,932)
Contributions restricted for property acquisition	(185,000)	-
(Increase) decrease in operating assets		
Accounts receivable	197,532	(158,844)
Promises to give	4,935	1,899
Food inventory	(1,281,748)	(1,037,961)
Prepaid expenses	(5,672)	(679)
Non-cash donations of property and equipment	(35,000)	(10,000)
Increase (decrease) in operating liabilities		
Accounts payable	76,076	60,315
Accrued liabilities	14,882	6,072
Grant advances	-	8,656
	<u>\$ 1,435,603</u>	<u>\$ 3,066,176</u>
Net cash provided by operating activities		
Supplemental disclosure		
Acquisition and non-cash donations of:		
Property and equipment	35,000	10,000

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2021

	Program Costs					Management & General	Benefit to Donors	Fund- Raising	Total
	Food Distribution	Kid's Café	Total Program						
Salaries	\$ 1,128,439	\$ 303,474	\$ 1,431,913	\$ 177,486	\$ -	\$ 201,614	\$ 1,811,013		
Payroll taxes	86,154	23,566	109,720	13,397	-	15,377	138,494		
Employee benefits	143,361	50,097	193,458	25,842	-	17,141	236,441		
	1,357,954	377,137	1,735,091	216,725	-	234,132	2,185,948		
Food distribution	11,705,120	389,541	12,094,661	278	-	374	12,095,313		
Cost of goods sold	1,160,735	-	1,160,735	-	-	-	1,160,735		
Professional fees	15,312	709	16,021	52,350	-	2,266	70,637		
Conferences and training	475	462	937	715	-	655	2,307		
Occupancy	134,698	43,521	178,219	1,562	-	952	180,733		
Dues and subscriptions	11,592	45	11,637	5,874	-	5,687	23,198		
Insurance	96,914	22,605	119,519	2,774	-	2,133	124,426		
Postage	11,996	30	12,026	92	-	5,721	17,839		
Supplies and food	104,605	51,309	155,914	1,919	6,676	1,574	166,083		
Printing	11,100	-	11,100	-	-	151,337	162,437		
Telephone	9,141	1,785	10,926	147	-	342	11,415		
Vehicle and delivery	206,505	11,434	217,939	14	-	-	217,953		
Equipment repair and maintenance	43,974	4,362	48,336	4,885	-	15,695	68,916		
Contract labor	10,190	4,800	14,990	-	-	-	14,990		
Other	43,576	19,383	62,959	134	24,209	197,273	284,575		
Agency support	54,142	-	54,142	-	-	-	54,142		
Depreciation and amortization	132,753	67,238	199,991	1,998	-	771	202,760		
Total expenses	15,110,782	994,361	16,105,143	289,467	30,885	618,912	17,044,407		
Less expenses netted with revenue on the statement of activities	1,160,735	-	1,160,735	-	-	-	1,160,735		
Total expenses reported by function	\$ 13,950,047	\$ 994,361	\$ 14,944,408	\$ 289,467	\$ 30,885	\$ 618,912	\$ 15,883,672		

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Costs						Fund- Raising	Total
	Food Distribution	Kid's Café	Total Program	Management & General	Benefit to Donors			
Salaries	\$ 1,029,644	\$ 331,337	\$ 1,360,981	\$ 156,998	\$ -	\$ -	\$ 115,359	\$ 1,633,338
Payroll taxes	78,112	25,353	103,465	11,730	-	-	8,700	123,895
Employee benefits	132,731	45,490	178,221	19,897	-	-	9,263	207,381
	1,240,487	402,180	1,642,667	188,625	-	-	133,322	1,964,614
Food distribution	13,800,205	373,869	14,174,074	154	-	-	110	14,174,338
Cost of goods sold	165,101	-	165,101	-	-	-	-	165,101
Professional fees	11,178	789	11,967	50,775	-	-	6,203	68,945
Conferences and training	389	250	639	2,163	-	-	357	3,159
Occupancy	101,563	33,621	135,184	1,351	-	-	733	137,268
Dues and subscriptions	11,754	-	11,754	6,096	-	-	1,275	19,125
Insurance	95,391	23,428	118,819	3,350	-	-	2,548	124,717
Postage	7,143	11	7,154	109	-	-	2,802	10,065
Supplies and food	273,260	63,301	336,561	661	8,320	-	331	345,873
Printing	-	-	-	-	-	-	108,866	108,866
Telephone	9,131	1,784	10,915	142	-	-	559	11,616
Vehicle and delivery	189,756	14,007	203,763	-	-	-	437	204,200
Equipment repair and maintenance	39,981	3,551	43,532	4,943	-	-	2,945	51,420
Contract labor	9,405	4,105	13,510	-	-	-	-	13,510
Other	117,208	16,334	133,542	25	17,955	-	219,694	371,216
Agency support	23,518	-	23,518	-	-	-	-	23,518
Depreciation and amortization	111,191	70,884	182,075	1,998	-	-	771	184,844
Total expenses	16,206,661	1,008,114	17,214,775	260,392	26,275	-	480,953	17,982,395
Less expenses netted with revenue on the statement of activities	165,101	-	165,101	-	-	-	-	165,101
Total expenses reported by function	\$ 16,041,560	\$ 1,008,114	\$ 17,049,674	\$ 260,392	\$ 26,275	\$ -	\$ 480,953	\$ 17,817,294

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021 and 2020

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

High Plains Food Bank (the Organization) is a Texas non-profit corporation chartered on September 27, 1982 to serve the Texas Panhandle area. Its purpose is to collect, store and preserve surplus food and to distribute the food among the indigent and needy and among charitable organizations, agencies, and governmental units for use by the indigent and needy. Under the Kids Café program, the Organization supplies the food, funds, and food preparation to feed needy children. The Organization’s support comes primarily from public and governmental contributions and grants, and from shared maintenance fees paid by recipient agencies.

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

Cash, Cash Equivalents, and Restricted Cash

For purposes of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Cash, cash equivalents, and restricted cash as of December 31, 2021 and 2020 consist of the following:

	2021	2020
Cash and cash equivalents	\$ 3,358,101	\$ 3,211,120
Cash restricted for acquisition of property	185,000	-
Cash, cash equivalents, and restricted cash shown in the statements of cash flows	\$ 3,543,101	\$ 3,211,120

Food Inventories

The inventory of publicly donated food items is valued at \$1.79 and \$1.74 per pound at 2021 and 2020 respectively, as recommended by the Feeding America Organization. Inventories of purchased food items are stated at the lower of cost or market, using the first-in, first-out method. USDA donated food items are valued at the USDA stated value, using the first-in, first-out method.

Donated Property and Equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated Food, Materials, and Services

Significant food items are donated to the Organization by various individuals and organizations. A food item donated by the public for which the donor has not placed a value on the food donated is recorded at the Feeding America Organization recommended per pound rate which averaged \$1.76 and \$1.65 a pound for 2021 and 2020, respectively. Food items donated under a contract agreement with the Texas Department of Human Services for USDA commodities are recorded at their stated value for the food item. Any non-food donated materials and services are recorded at fair market value at date of donation.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates those resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

Revenue Recognition

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when the conditions are substantially met. Contributions, grants, and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Shared Contributions and Purchased Product Sales

Revenue from food distribution and purchased product sales are recognized when the performance obligations of transferring the products and providing the services are met.

Special Event Revenues

Special event revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The portion of special event revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met. The portion of sponsorship revenue that relates to the commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

Third-party Reimbursements

A portion of 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 we have incurred expenditures in compliance with specific contract or grant provisions.

Functional Allocation of Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements of Functional Expenses. Directly identifiable expenses are charged to the program and supporting services of management and general, and fundraising. Expenses related to more than one function are charged to programs and supporting services on the basis of time and expense studies. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation, salaries, payroll taxes, insurance, and office expenses.

Property and Equipment

Property and equipment are carried at cost, or if donated, at the approximate fair value at date of donation. Depreciation on property and equipment was calculated using the straight-line method. All acquisitions of property and equipment in excess of \$1,000 and repairs and improvements in excess of \$1,000 are capitalized if the estimated life expectancy is greater than two years.

Concentration of Contributions

The Organization receives approximately 15% to 39% of food and 23% to 26% of its budgeted revenue and support under the United States Department of Agriculture food commodity program.

Concentration of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains its cash balances at several financial institutions located in the Texas Panhandle. Accounts at each institution are insured by the Federal Deposit Insurance Corporation

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

up to \$250,000. At December 31, 2021, the Organization's unsecured cash balances totaled \$2,781,703. The Board of Directors believes that the Organization has no significant risk of loss on these accounts due to the failure of the institution.

Reclassifications

Certain accounts in the prior-year financial statements have been classified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassifications had no impact on the previously reported net assets.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable are stated at unpaid balances. It is the Organization's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Accounts receivable are considered to be fully collectible and consist of the following:

	2021	2020
Accounts receivable - fees	\$ 37,438	\$ 54,977
Cost reimbursement receivable	197,983	377,976
	\$ 235,421	\$ 432,953

NOTE 3 – PROMISES TO GIVE

Promises to give as of December 31, 2021 and 2020 are unconditional and are considered to be fully collectible.

The contributions receivable for general operating purposes is as follows:

	2021	2020
General unconditional promises to give	\$ 4,750	\$ 9,950
Less: unamortized discount to present value	(122)	(387)
	\$ 4,628	\$ 9,563

Amounts due in:

One year	\$ 2,450	\$ -
Two to five years	2,400	5,363

NOTE 4 – FEDERAL INCOME TAX

No provision is made for federal income tax as the Organization is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 5 – FOOD INVENTORY

Food inventory as of December 31, 2021 and December 31, 2020 consist of the following:

	<u>2021</u>	<u>2020</u>
Donated food	\$ 6,457,836	\$ 5,011,754
USDA commodities	498,157	508,911
FEMA	8,173	227,195
Purchased food program	102,882	-
Disaster food program	18,455	88
Prepaid food	-	55,807
	<u>\$ 7,085,503</u>	<u>\$ 5,803,755</u>

NOTE 6 – DISCLOSURE ON LIQUIDITY AND AVAILABILITY

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions with one year of the balance sheet date.

	<u>2021</u>	<u>2020</u>
Cash and cash equivalents	\$ 3,543,101	\$ 3,211,120
Accounts receivable	235,421	432,953
Contributions receivable	4,628	9,563
Investments	1,488,844	517,540
Total financial assets	5,271,994	4,171,176
Less those unavailable for general expenditures within one year		
Contractual or donor-imposed restrictions		
Restricted by donor with time or purpose restriction	(300,000)	(300,000)
Amounts set aside for expansion	(185,000)	-
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 4,786,994</u>	<u>\$ 3,871,176</u>

As part of the Organization’s liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in short-term investments.

NOTE 7 – RELATED PARTY TRANSACTION

The Organization has an investment account with an investment services company in which a member of the Board is a shareholder. The related party transaction was consummated on terms equivalent or at lesser costs than those that would prevail in similar arm’s length transactions with non-related parties.

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2021	2020
Land	\$ 211,045	\$ 211,045
Building and improvements	4,915,477	4,904,199
Warehouse equipment	868,029	698,755
Office furniture and equipment	334,648	253,157
Vehicles	691,064	678,564
Software	14,584	14,584
Construction in Progress	37,750	-
	<u>7,072,597</u>	<u>6,760,304</u>
Accumulated depreciation	<u>(3,395,994)</u>	<u>(3,226,983)</u>
	<u>\$ 3,676,603</u>	<u>\$ 3,533,321</u>

NOTE 9 – INVESTMENTS

Investments are reported on the basis of quoted market prices and consist of equity securities, bonds, and certificate of deposits as follows:

	2021	2020
Cash	\$ 1,208	\$ 263
Equity mutual funds	1,277,281	309,099
Certificates of deposit	210,355	208,178
	<u>\$ 1,488,844</u>	<u>\$ 517,540</u>

Investment returns were \$74,516 and \$9,303 and net realized/unrealized gains (losses) were (\$5,886) and \$40,932 for 2021 and 2020, respectively.

NOTE 10 – TAX-DEFERRED ANNUITY PLAN

The Organization has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan is voluntary and covers full-time employees of the Organization. The Organization matches participant contributions up to five percent of the individual compensation. The Organization's contributions to the plan were \$18,145 and \$8,197 in 2021 and 2020, respectively.

HIGH PLAINS FOOD BANK
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021 and 2020

NOTE 11 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31:

	2021	2020
Subject to expenditure for specific purpose:		
USDA Commodities	\$ 498,157	\$ 508,911
Rural Service	49,190	269,215
Kid's Café	-	22,413
Purchased Food	929	133,840
Community Garden	44,844	24,844
Acquisition of Property	392,429	-
Miscellaneous Program	387,119	502,105
	\$1,372,668	\$ 1,461,328
Subject to the Organization's spending policy and appropriation:		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	300,000	300,000
Total net assets with donor restrictions	\$1,672,668	\$ 1,761,328

NOTE 12 – DONATED MATERIALS AND SERVICES

Non-food donated materials were \$251,781 and \$285,096 in 2021 and 2020, respectively and were included in revenue and expenses. Only those services that meet the criteria for recognition are included in revenue and expenses. Volunteer services for 2021 and 2020 with an estimated value of \$166,896 and \$181,498 respectively, were not recognized in the financial statements because they did not meet the criteria for recognition. Donated services recognized in the financial statements are as follows:

	2021	2020
Accounting	\$ 3,100	\$ 5,575
Maintenance	5,341	8,714
Total donated services	\$ 8,441	\$ 14,289

NOTE 13 – ADVERTISING

The Organization uses advertising to promote its programs. The costs of advertising are expensed as incurred.

NOTE 14 – AMARILLO AREA FOUNDATION, INC. AGREEMENT

In 1992, the Organization entered in to an agreement with the Amarillo Area Foundation, Inc. (the Foundation), a community charitable organization. Under this agreement, the Organization

HIGH PLAINS FOOD BANK
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2021 and 2020

transferred the Mr. and Mrs. Tom Boyer Endowment, the Katherine Wilson Endowment, and the Harrington Endowment to the Foundation. The income of the endowments will from time to time be distributed for one or more exempt purposes within the Amarillo Area with the primary consideration given to the Organization. The endowments are a component fund of the Foundation and therefore the Foundation has the absolute right to make the final decision as to any and all distributions from these endowments. Distributions to the Organization were \$9,385 and \$7,810 for 2021 and 2020, respectively. The market values of the endowment funds at December 31 are as follows:

	2021	2020
Boyer Endowment	\$ 28,335	\$ 25,190
Wilson Endowment	31,317	27,827
Harrington Endowment	155,799	138,239
	\$ 215,451	\$ 191,256

NOTE 15 – ENDOWMENT FUNDS

The Organization’s endowment consists of four funds which includes donor-restricted funds and the funds described in Note 14. 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 Board of Directors of the Organization 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 and classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund(s), (2) the purposes of the donor-restricted endowment funds, (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, and (7) the Organization’s investment policies.

Investment Return Objectives, Risk Parameters, and Strategies. The Organization has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix and include equity and debt securities with the objective of minimizing risk and volatility while

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

maximizing expected returns. A spending policy had not been finalized as of December 31, 2021.

Endowment net asset composition by type of fund as of December 31, 2021 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment funds	\$ -	\$ 566,454	\$ 566,454

Changes in endowment net assets as of December 31, 2021 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 512,016	\$ 512,016
Investment returns, net	-	63,823	63,823
Amounts appropriated for expenditure	-	(9,385)	(9,385)
Endowment net assets, end of year	\$ -	\$ 566,454	\$ 566,454

Endowment net asset composition by type of fund as of December 31, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment funds	\$ -	\$ 512,016	\$ 512,016

Changes in endowment net assets as of December 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 491,040	\$ 491,040
Investment returns, net	-	29,569	29,569
Amounts appropriated for expenditure	-	(8,593)	(8,593)
Endowment net assets, end of year	\$ -	\$ 512,016	\$ 512,016

NOTE 16 – FAIR VALUE MEASUREMENT

The carrying amount of cash and cash equivalents, certificates of deposit, accounts receivable, and accounts payable approximate their fair value due to the short-term nature of such instruments.

The Food Bank uses the following hierarchical disclosures framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the Food Bank’s assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets and liabilities. When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

Fair values of assets measure on a recurring basis at 2021 and 2020 were as follows:

	2021			
	Fair Value	Level 1	Level 2	Level 3
Equity Mutual Funds	\$1,278,489	\$1,278,489	\$ -	\$ -
	2020			
Equity Mutual Funds	\$ 309,362	\$ 309,362	\$ -	\$ -

NOTE 17 – LINE OF CREDIT

The Organization has a \$216,000 line of credit dated September 20, 2019 and maturing September 20, 2020 of which there was none outstanding as of December 31, 2020. The line of credit was paid off during 2020. A new line of credit was issued on September 20, 2021 and matures on September 20, 2022, of which none was outstanding at December 31, 2021. Interest is payable monthly at 2.85% per annum beginning when money is drawn against the loan. Interest of \$0 and \$4,911 was paid in 2021 and 2020, respectively.

NOTE 18 – LEASES

The Organization has several operating leases for equipment that expire at various dates through December 31, 2026. Those leases contain a monthly renewal option, and require the Organization to pay all executory costs such as taxes, maintenance, and insurance. Rental expenses for those leases consisted of \$0 and \$0 for the years ended December 31, 2021 and 2020, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2021 are:

2022	\$ 41,835
2023	13,265
2024	7,015

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2021 and 2020

2025	7,015
2026	1,754
	<u>\$ 70,884</u>

NOTE 19 – SUBSEQUENT EVENTS

Subsequent to December 31, 2021, the stock market experienced a significant decline in value. As of September 30, 2022, the Dow Jones industrial average declined 23.8% since December 31, 2021, and the Nasdaq composite index declined 31.5%. During the same period, it is estimated that the Organization's investments declined by 28% or \$350,000. The Organization will continue to monitor its investments as it has successfully done in the past, but has no immediate plans to change its investment portfolio.

Subsequent to December 31, 2021, the Organization received \$2.2 million grant through Feeding Texas from the American Rescue Plan Act to be used for one-time capacity development. The funds will be used for the administrative building construction, purchase of trucks, and a back-up generator.

Subsequent events were evaluated through October 7, 2022, which is the date the financial statements were available to be issued.

NOTE 20 – COMMITMENTS

The Organization has plans to remodel an existing facility into administrative office space. Construction costs which have been capitalized as construction in progress, are \$37,750 as of December 31, 2021. The Organization expects the additional costs to complete the project will be approximately \$1.5 to 1.6 million.

NOTE 21 – COVID-19 FINANCIAL STATEMENT IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's participants, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

HIGH PLAINS FOOD BANK
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 Year Ended December 31, 2021

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass- Through Number	Federal Disbursements Expenditures
U.S. Department of Agriculture			
Passed through Texas Health and Human Services Commission			
Food Distribution Cluster			
Emergency Food Assistance Program (Administrative Costs)	10.568	1887048	266,377
Emergency Food Assistance Program (Food Commodities)	10.569	1887048	3,529,939
Commodity Supplemental Food Program	10.565	1887048	159,020
Total Food Distribution Cluster			<u>3,955,336</u>
SNAP Cluster			
Supplemental Nutrition Assistance Program Education	10.551	529-16-0067-00001	113,362
Nutrition Assistance Program	10.561	529-16-0002-00002	113,980
Total SNAP Cluster			<u>227,342</u>
Other Programs			
Child and Adult Care Food Program	10.558	TX188-0032	40,517
Total Other Programs			<u>40,517</u>
			<u>\$ 4,223,195</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of High Plains Food Bank under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation 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 High Plains Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of High Plains Food Bank.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At December 31, 2021 the organization had food commodities totaling \$498,157

NOTE C - INDIRECT COST RATE

High Plains Food Bank has elected not to use the 10% de-minimus indirect cost rate as allowed under the Uniform Guidance.

HIGH PLAINS FOOD BANK
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 Year Ended December 31, 2021

State Grantor/Pass-through Grantor/ Program or Cluster Title	Number	State Expenditures
Texas Division of Emergency Management		
Other Programs		
COVID-19 Emergency Protective Measures	20-0003 COVID-19 (DR 4485) PW 7 Contract C2020-1699	\$ 750,000
Total Other Programs		<u>\$ 750,000</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of State awards (the Schedule) includes the State grant activity of High Plains Food Bank under programs of the Texas government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of *State of Texas Single Audit Circular*. Because the Schedule presents only a selected portion of the operations of High Plains Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of High Plains Food Bank.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the *State of Texas Single Audit Circular*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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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*

To the Board of Directors of
High Plains Food Bank

I 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 High Plains Food Bank (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated October 7, 2022.

Report on Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered High Plains Food Bank'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 my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of High Plains Food Bank's internal control. Accordingly, I do not express an opinion on the effectiveness of High Plains Food Bank'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether High Plains Food Bank's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2021-001.

High Plains Food Bank's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the High Plains Food Bank's response to the findings identified in my audit and described in the accompanying schedule of findings and questioned costs. High Plains Food Bank's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, I express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of my 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.

Victor B. Glenn

Amarillo, Texas
October 7, 2022

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
High Plains Food Bank

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

I have audited High Plains Food Bank's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of High Plains Food Bank's major federal programs for the year ended December 31, 2021. High Plains Food Bank's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion, High Plains Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2021.

Basis for Opinion on Each Major Federal Program

I conducted my 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); and the audit requirements of the *State of Texas Single Audit Circular*. My responsibilities under those standards the Uniform Guidance, and the *State of Texas Single Audit Circular* are further described in the Auditor's Responsibilities for the Audit of Compliance section of my report.

I am required to be independent of High Plains Food Bank and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major federal program. My audit does not provide a legal determination of High Plains Food Bank's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to High Plains Food Bank's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on High Plains

Food Bank's compliance based on my audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about High Plains Food Bank's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding High Plains Food Bank's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.
- Obtain an understanding of High Plains Food Bank's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 High Plains Food Bank's internal control over compliance. Accordingly, no such opinion is expressed.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that I identified during the audit.

Other Matters

The results of my auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2021-001. My opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on High Plains Food Bank's response to the noncompliance findings identified in my audit described in the accompanying schedule of findings and questioned costs. High Plains Food Bank's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control over Compliance

My consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, as discussed below, I did identify certain deficiencies in internal control over compliance that I consider to be a significant deficiency.

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 a 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. I consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

My audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Victor B. Glenn

Amarillo, Texas
October 7, 2022

HIGH PLAINS FOOD BANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of High Plains Food Bank were prepared in accordance with GAAP.
2. No significant deficiencies disclosed during the audit of the financial statements are reported. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of High Plains Food Bank were disclosed during the audit.
4. One significant deficiency in internal control over major federal award programs was disclosed during the audit and reported. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award program for High Plains Food Bank expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The programs tested as Federal major programs included: Food Distribution Cluster; CFDA 10.565, 10.568 and 10.569. The program tested as State major program was COVID-19 Public Health Emergency.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. High Plains Food Bank was determined to be a low-risk auditee.

B. FINDINGS-FINANCIAL STATEMENTS AUDIT

None reported

C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

U.S. DEPARTMENT OF AGRICULTURE

2021-001. Food Distribution Cluster – Emergency Food Assistance Program (Food Commodities), CFDA 10.569; Commodity Supplemental Food Program, CFDA 10.565.

Criteria: Eligible organizations that receive Federal Award commodities from the High Plains Food Bank must serve predominately needy persons, have tax-exempt status and are distributed the commodities in accordance with the requirements of 7 CFR 251.5.

Condition: Agencies receiving Federal Award commodities are not being monitored in a timely manner consistent the Organization's policies and procedures. It was observed that agency files were in some instances incomplete and not current.

Effect: Agencies may no longer be considered and eligible organization and this may not be determined in a timely manner. As a result, these agencies would have continued to receive benefits from the Federal Award.

Recommendation: Agencies should be reviewed and monitored in a timely manner and observations and inquiries properly documented.

View of Responsible Officials and Planned Corrective Action:

“Agency files and monitoring schedules will be reviewed regularly between both of our agency relations coordinators. A turnover in some program staff during Covid response caused us to shift workload duties to program and agency relations staff. The shift resulted in a cumulation of additional duties on existing staff. In 2021, our more restrictive Covid protocols were still in place regarding visitations and traveling. In addition, many of our partner agencies also had the same Covid protocols and this also effected their hours of operation. A monitoring schedule will be revised and this schedule will be reviewed by Andrea Johnson, Assistant Director and Zack Wilson, Executive Director on a bi-monthly basis. In addition, when an agency partners with HPFB and signs the agency agreement form, an agency file is created and the agency is considered active. When agency moves to inactive status, they are no longer considered to be a partner of HPFB and thus do not receive food distributions or monitors. HPFB will create a written procedure that if an agency moves from inactive back to active, a monitoring review will be scheduled. HPFB also operates mobile distributions and senior food bank distributions. These sites fall under HPFB's 501 c3 status and the qualification of individuals is done on-site. Even though the distribution sites are operated by HPFB, they are still considered agency partner/distribution sites. HPFB will create a file to document this type of distribution site.”

HIGH PLAINS FOOD BANK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2020

No prior year findings