

FOOD BANK OF SIOUXLAND, INC.

SEPTEMBER 30, 2020

I N D E X

	<u>Page</u>
Financial Highlights	2
Independent Auditors' Report	3- 4
Basic Financial Statements:	
Statement of Financial Position.....	5
Statement of Activities	6
Statement of Cash Flows.....	7- 8
Statement of Functional Expenses.....	9
Notes to Financial Statements	10-16
Supplementary Information:	
Schedule of Activities with Budget Comparison	17-18
Schedule of Expenditures of Federal Awards	19
Notes to Schedule of Expenditures of Federal Awards.....	20
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	21-22
Independent Auditor's Report on Compliance for Each Major Federal Program And Report on Internal Control Over Compliance Required by the Uniform Guidance.....	23-24
Schedule of Findings and Questioned Costs	25-26

FOOD BANK OF SIOUXLAND, INC.
FINANCIAL HIGHLIGHTS

September 30,	2020	2019	2018	2017	2016
Operating Activities:					
Revenues and Other Support	\$ 6,517,062	\$ 4,308,458	\$ 4,578,759	\$ 4,857,455	\$ 4,348,253
Expenses	<u>5,565,196</u>	<u>4,007,380</u>	<u>4,499,064</u>	<u>4,649,286</u>	<u>4,397,922</u>
Change in Net Assets from Operating Activities	951,866	301,078	79,695	208,169	(49,669)
Nonoperating Activities:					
Investment Gains (Losses)	2,596	4	1,401	3,268	1,117
Capital Donation In Kind	0	19,353			
Gain (Loss) on Sale of Assets				(5,384)	1,641
Interest Expense	(336)	(431)	(27)	(230)	(464)
Net Rental Income	<u>10,407</u>	<u>680</u>	<u>1,683</u>	<u>155</u>	<u>2,564</u>
Change in Net Assets from Nonoperating Activities	12,667	19,606	3,057	(2,191)	4,858
Change in Net Assets	964,533	320,684	82,752	(45,055)	(3,482)
Distributable Items:					
Received	4,161,580	3,041,520	3,173,252	3,624,259	3,307,972
Distributed	<u>4,096,050</u>	<u>2,742,734</u>	<u>3,250,971</u>	<u>3,467,859</u>	<u>3,366,167</u>
Cash Provided by Operating Activities	952,622	60,194	199,963	120,619	57,127
Net Investment in Property and Equipment	732,919	751,842	777,525	536,401	586,081
Depreciation	61,307	57,363	49,927	52,172	64,830
Purchase of Property and Equipment	42,384	12,327	311,181	22,566	29,920
Notes Payable	10,800	14,400	18,000	1,335	4,360
Net Assets:					
Without Donor Restrictions	2,552,619	1,617,912	1,245,684	990,808	953,503
With Donor Restrictions	<u>211,390</u>	<u>181,564</u>	<u>233,108</u>	<u>405,232</u>	<u>237,009</u>
	2,764,009	1,799,476	1,478,792	1,396,040	1,190,512

INDEPENDENT AUDITOR'S REPORT

Nichols, Rise & Company, L.L.P.

Certified Public Accountants and Consultants

Board of Directors
Food Bank of Siouxland, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Food Bank of Siouxland, Inc., which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, cash flows, and functional expenses 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 of 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 Food Bank of Siouxland, Inc. as of September 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.

S. B. Bieber, CPA
C. D. Merry,
CPA, ABV
R. W. Grenko, CPA
L. M. Shoemaker,
CPA, CMA
L. K. Meyer, CPA
B. J. Kooniker, CPA
D. L. Brown, CPA

E. C. Nichols, CPA
(1916-2003)
C. L. Rise, CPA
(1921-2003)
W. F. Sibley, CPA
D. L. Lacey, CPA

L. J. Tuttle, CPA
S. R. Goodwin, CPA
A. E. Hill, CPA
S. M. Todd, CPA
L. M. Kubik, CPA
T. S. Christiansen, CPA
D. L. Sands
J. A. Perez
T. R. Boogerd

C. R. Karrer
N.M. Brown

Member of AICPA
Division for
Certified Public
Accounting Firms

Other Matter

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying financial highlights and supplementary information are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards and related notes to schedule of expenditures 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*, 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 our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America, the statement of financial position of Food Bank of Siouxland, Inc. as of September 30, 2016 through 2019, and the related statements of activities, cash flows, and functional expenses for each of the four years ended September 30, 2019 (none of which is presented herein), and we expressed unmodified opinions on those financial statements. Those audits were conducted for purposes of forming an opinion on the financial statements as a whole. The financial highlights for 2016 through 2019 and the 2019 supplementary information are presented for purposes of additional analysis and are 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 2016 through 2019 financial statements. The information has been subjected to the auditing procedures applied in the audit of those 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 financial highlights for 2016 through 2019 and the 2019 supplementary information are fairly stated in all material respects in relation to the basic financial statements from which they have been derived.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated June 8, 2021, on our consideration of the Agency'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 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 Agency'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 Agency's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited Food Bank of Siouxland, Inc.'s financial statements, and our report dated February 13, 2020, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended September 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Nichols, Rise & Company, L.L.P.

Sioux City, Iowa
June 8, 2021

FOOD BANK OF SIOUXLAND, INC.
STATEMENT OF FINANCIAL POSITION

September 30, 2020

With Summarized Financial Information for September 30, 2019

	2020	2019
ASSETS		
Current Assets:		
Cash.....	\$ 1,353,760	\$ 369,308
Receivables.....	51,677	40,064
Prepaid Expense.....	5,771	4,610
Inventory of Distributable Items.....	704,461	638,931
	<u>2,115,669</u>	<u>1,052,913</u>
Construction in Progress	20,130	20,130
Property and Equipment	1,502,210	1,459,826
Less Accumulated Depreciation.....	<u>769,291</u>	<u>707,984</u>
	732,919	751,842
Investments	<u>47,228</u>	<u>41,333</u>
Total Assets	\$ <u>2,915,946</u>	\$ <u>1,866,218</u>
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable.....	\$ 43,348	\$ 33,327
Accrued Expenses.....	16,676	19,015
Payroll Protection Program Loan.....	81,113	
Current Portion of Note Payable.....	<u>3,600</u>	<u>3,600</u>
	144,737	55,942
Note Payable	7,200	10,800
Net Assets:		
Without Donor Restrictions:		
Available for General Operations.....	1,045,490	199,812
Distributable Items.....	704,461	638,931
Investment in Property and Equipment.....	742,249	737,442
Board Designated:		
Building Maintenance.....	10,889	394
Linen Closet.....	2,302	
Investments.....	<u>47,228</u>	<u>41,333</u>
	2,552,619	1,617,912
With Donor Restrictions:		
Purpose Restrictions.....	<u>211,390</u>	<u>181,564</u>
	2,764,009	1,799,476
Total Liabilities and Net Assets	\$ <u>2,915,946</u>	\$ <u>1,866,218</u>

FOOD BANK OF SIOUXLAND, INC.
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

With Summarized Financial Information for the Year Ended September 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total	
			2020	2019
Operating Activities:				
Revenues:				
Shared Maintenance and Client Services.....	\$ 495,928	\$	\$ 495,928	\$ 300,511
Interest and Dividends.....	1,646		1,646	2,229
Miscellaneous.....	3,025		3,025	617
	<u>500,599</u>	<u>0</u>	<u>500,599</u>	<u>303,357</u>
Gains and Other Support:				
Contributions and Grants.....	1,395,752	387,995	1,783,747	837,787
Distributable Items Received:				
USDA Commodities.....	1,220,124		1,220,124	888,843
Food and Other Items.....	2,941,456		2,941,456	2,152,677
Special Events.....	71,136		71,136	125,794
Net Assets Released from Restrictions:				
Satisfaction of Donor Restrictions.....	358,169	(358,169)	0	0
Total Gains and Other Support	<u>5,986,637</u>	<u>29,826</u>	<u>6,016,463</u>	<u>4,005,101</u>
Total Revenues and Other Support	<u>6,487,236</u>	<u>29,826</u>	<u>6,517,062</u>	<u>4,308,458</u>
Expenses:				
Program Services.....	5,278,745		5,278,745	3,745,310
Supporting Services:				
Fundraising.....	230,728		230,728	217,311
General and Administrative.....	55,723		55,723	44,759
Total Expenses	<u>5,565,196</u>	<u>0</u>	<u>5,565,196</u>	<u>4,007,380</u>
Change in Net Assets from Operating Activities.....	922,040	29,826	951,866	301,078
Capital Donation In Kind.....			0	19,353
Investment Gains.....	2,596		2,596	4
Interest Expense.....	(336)		(336)	(431)
Rental Income, Net.....	10,407		10,407	680
Change in Net Assets from Nonoperating Activities....	12,667	0	12,667	19,606
Change in Net Assets.....	934,707	29,826	964,533	320,684
Net Assets, Beginning of Year.....	<u>1,617,912</u>	<u>181,564</u>	<u>1,799,476</u>	<u>1,478,792</u>
Net Assets, End of Year	\$ 2,552,619	\$ 211,390	\$ 2,764,009	\$ 1,799,476

FOOD BANK OF SIOUXLAND, INC.
STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2020
 With Summarized Financial Information for the Year Ended September 30, 2019

	2020	2019
Cash Flows from Operating Activities:		
Cash Provided by Operating Activities:		
Contributions and Grants.....	\$ 1,783,411	\$ 837,356
Shared Maintenance and Client Services.....	484,315	280,839
Fundraising.....	77,361	132,019
Rents.....	14,658	14,658
Interest and Other.....	4,671	2,846
	<u>2,364,416</u>	<u>1,267,718</u>
Cash Disbursed for Operating Activities:		
Cash Paid to Suppliers and Employees.....	<u>1,411,794</u>	<u>1,207,524</u>
Net Cash Provided by Operating Activities.....	952,622	60,194
Cash Flows from Investing Activities:		
Purchase of Property and Equipment.....	(42,384)	(12,327)
Purchase of Investments.....	(4,857)	(1,004)
Sale of Investments.....	<u>1,558</u>	<u>1,536</u>
Net Cash Used by Investing Activities.....	(45,683)	(11,795)
Cash Flows from Financing Activities:		
Proceeds from Payroll Protection Program Loan.....	81,113	
Payments on Note Payable.....	<u>(3,600)</u>	<u>(3,600)</u>
Net Cash Provided (Used) by Investing Activities.....	77,513	(3,600)
Net Increase (Decrease) in Cash.....	984,452	44,799
Cash, Beginning of Year.....	<u>369,308</u>	<u>324,509</u>
Cash, End of Year	\$ <u>1,353,760</u>	\$ <u>369,308</u>

FOOD BANK OF SIOUXLAND, INC.
STATEMENT OF CASH FLOWS (CONTINUED)

For the Year Ended September 30, 2020
 With Summarized Financial Information for the Year Ended September 30, 2019

	2020	2019
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets.....	\$ 964,533	\$ 320,684
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation.....	61,307	57,363
Investment Gains	(2,596)	(4)
Capital Donation In Kind.....	0	(19,353)
Distributable Items Received.....	(4,161,580)	(3,041,520)
Distributions to Other Agencies.....	4,096,050	2,707,313
	<u>957,714</u>	<u>24,483</u>
Changes in Operating Assets and Liabilities:		
Receivable.....	(11,613)	(19,672)
Prepaid Expense.....	(1,161)	838
Inventory.....	0	35,421
Accounts Payable.....	10,021	16,103
Accrued Expense.....	(2,339)	3,021
	<u>(11,613)</u>	<u>(19,672)</u>
Net Cash Provided by Operating Activities	\$ 952,622	\$ 60,194
Non-Cash Transactions:		
Distributable Items Received.....	\$ 4,161,580	\$ 3,041,520
Distributions to Other Agencies.....	4,096,050	2,707,313
Donations of Services and Supplies.....	336	431
Donation of New Roof.....	0	19,353

FOOD BANK OF SIOUXLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2020
 With Summarized Financial Information for the Year Ended September 30, 2019

	Program	Fundraising	General and Admin- istrative	Total	
				2020	2019
Distribution of Food and Other Items:					
USDA Commodities.....	\$ 1,180,285	\$	\$	\$ 1,180,285	\$ 797,368
Food and Other Items.....	2,915,765			2,915,765	1,945,366
	4,096,050	0	0	4,096,050	2,742,734
Shared Maintenance Fees:					
Shared Maintenance Fees.....	586,280			586,280	417,725
Local Transportation and Delivery.....	58,868			58,868	65,409
	645,148	0	0	645,148	483,134
Payroll and Related Expenses:					
Salaries.....	290,632	93,026	37,127	420,785	386,396
Payroll Taxes.....	23,889	7,646	3,052	34,587	31,524
Benefits.....	16,824	5,385	2,149	24,358	16,958
Contract Labor.....	435			435	0
	331,780	106,057	42,328	480,165	434,878
Occupancy.....	35,187			35,187	49,234
Other:					
Professional Fees.....	11,408		11,408	22,816	26,936
Fundraising Services.....		119,693		119,693	110,412
Office Supplies.....	11,160			11,160	6,259
Warehouse Supplies.....	17,509			17,509	17,149
Backpack Program.....	3,409			3,409	4,656
Telephone.....	5,907			5,907	5,247
Postage and Shipping.....	5,859			5,859	3,873
Repairs and Expendable Equipment.....	27,717			27,717	34,958
Conferences, Conventions, and Meetings.....	2,696			2,696	5,489
Membership Dues.....	7,798			7,798	5,754
Insurance.....	15,552	4,978	1,987	22,517	17,041
Miscellaneous.....	258			258	2,263
	109,273	124,671	13,395	247,339	240,037
Depreciation.....	61,307			61,307	57,363
Total Expenses	\$ 5,278,745	\$ 230,728	\$ 55,723	\$ 5,565,196	\$ 4,007,380

NOTES TO FINANCIAL STATEMENTS

ORGANIZATION

Food Bank of Siouxland, Inc. is a nonprofit organization that collects food and other items and redistributes them to agencies throughout Iowa, and Nebraska. Primary sources are Feeding America (formerly known as Second Harvest National Food Bank Network), USDA commodities, and local businesses and individuals. The recipient agencies are required to be charitable organizations which take the donated foods and commodities and redistribute such items to the poor, needy, and hungry.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Net assets, and activities are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

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

Net Assets With Donor Restrictions – Net assets subject to donor or grantor- imposed restrictions that may or will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity.

Revenues

Revenue is measured based on a consideration specified in a contract with recipient charities and is reported at the estimated net realizable amounts for services rendered. The Agency recognizes revenue when it satisfies a performance obligation by transferring control over a product or service to a customer.

The following is a description of principal activities from which the Agency generates its revenue.

Shared Maintenance and Client Services – The Food Bank charges a fee to the recipient charities who receive the food and personal care items. This fee offsets a portion of the handling and redistribution costs incurred by the Food Bank. The service fees charged by the Food Bank during 2020 were 18 cents per pound for the majority of its products. This rate is determined by Feeding America.

Receivables

Receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts, historical trends, and other information. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Investments

Investments are recorded on the statement of financial position at their fair value. The amounts the Food Bank will ultimately realize upon disposition of the investments could differ from the amounts reported in these financial statements. The fair values of investments can fluctuate throughout the year. Dividends and realized and unrealized gains or losses are recognized in the statements of activities.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inventory

The Food Bank maintains an inventory consisting of donated food and other distributable items. The donated products received and distributed by the Food Bank during the year have been valued and recorded in the accompanying financial statements at the estimated weighted average wholesale value per pound (\$1.74 for 2020) as determined by Feeding America (formerly known as Second Harvest National Food Bank Network), a national consortium of regional food banks. The value of USDA commodities has been valued using the estimated cost per pound provided by the USDA.

Property and Equipment

Purchased property and equipment is valued at cost where historical records are available and at estimated historical cost where no historical records exist. Donated property and equipment is valued at estimated fair value at the date of gift. Donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Income Tax

Food Bank of Siouxland, Inc. is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and, consequently, is not subject to income taxes on income received for exempt purposes. During the year ended September 30, 2020, there were no non-exempt activities that would subject the organization to unrelated business income tax. The Food Bank's federal "Return of Organization Exempt from Income Tax" is available to the general public. The annual returns may be subject to examination by the Internal Revenue Service for three years after the due date for filing returns.

Contributions

All contributions are available for unrestricted use unless specifically restricted by the donor. Unconditional promises to give are recorded as received. If the promise is conditional, the contribution or grant is not recognized in the financial statements until the conditions are met.

Grants and other contributions of cash and other assets are reported as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and are reported in the statement of activities as net assets released from restrictions. If a restriction is fulfilled in the same time period in which the contribution is received, the contribution is reported as without donor restrictions.

Donated Materials and Services

The Food Bank receives significant donations of food and other distributable items. Such donations are reported as net assets without donor restrictions. Contributions of non-cash assets are recorded at their fair values in the period received. Contributed property and equipment are recorded as unrestricted unless the donor restricts how or how long the contributed property and equipment must be used.

Donated services that create or enhance non-financial assets or that require specialized skills that would have to be purchased, if not donated, are recorded in the financial statements. A substantial number of volunteers have donated significant amounts of time to the organization's activities. No amounts have been reflected in the financial statements for those services because they do not meet the requirement for recognition.

Functional Allocation of Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the statement of functional expenses. The statement of functional expenses presents the natural classification detail of expenses by function. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Certain categories of expenses are attributed to more than one program or other activity; therefore, expenses require allocation on a reasonable basis that is consistently applied. Expense categories requiring allocation and the method of allocation are as follows:

Based on Management's Estimate of Usage: Salaries, payroll taxes, benefits, professional fees, and insurance.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The financial statements are prepared in conformity with generally accepted accounting principles and, accordingly, include amounts that are based on management's estimates and judgments.

Fair Value Measurements

Generally accepted accounting principles provide a framework for measuring fair value and provide a three-tier fair value hierarchy of pricing inputs used to report assets and liabilities that are adjusted to fair value. Level 1 includes inputs such as quoted prices which are available in active markets for identical assets or liabilities as of the report date. Level 2 includes inputs other than quoted prices in active markets included in Level 1, which are either directly or indirectly observable as of the report date. Level 3 includes unobservable pricing inputs that are not corroborated by market data or other objective sources.

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.....	\$ 1,353,760
Receivables.....	51,677
	<u>1,405,437</u>
Less Restricted for Purchase of Equipment.....	(25,820)
	<u>\$ 1,379,617</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	

As part of the Agency's liquidity management, it has a policy to structure its financial assets to be available for its general expenditures, liabilities, and other obligations as they become due.

RECEIVABLES

Member Agencies.....	\$ 18,108
USDA.....	33,569
	<u>\$ 51,677</u>

INVESTMENTS

Investments in marketable securities are presented in the financial statements at market value. Virtually all fair value measurements are made using Level 1 inputs, which are quoted prices in active markets for identical securities. The composition of investments at September 30 is as follows:

	Costs	Market
Board Designated Investments:		
Pooled investments held by the Siouxland Community Foundation, the income may be used for operations.....	\$ 28,971	\$ 32,041
Mutual Fund.....	5,750	15,187
	<u>\$ 34,721</u>	<u>\$ 47,228</u>

INVESTMENTS (Continued)

Balance, September 30, 2019.....	\$	41,333
Contributions.....		4,074
Distributions.....		(1,558)
Investment Income:		
Interest/Dividends.....	\$	1,160
Realized Gains.....		1,524
Investment Fees.....		(377)
		<u>2,307</u>
Unrealized Gains.....		<u>1,072</u>
Balance, September 30, 2020.....	\$	<u>47,228</u>

FAIR VALUE MEASUREMENTS

Generally accepted accounting principles establish a fair value hierarchy that prioritizes the inputs to valuation techniques as follows:

Level 1 - Inputs are unadjusted quoted prices for identical assets or liabilities in active markets that the Agency has the ability to access.

Level 2 - Inputs include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

In accordance with ASC 820-10, if investments are measured at net asset value (NAV) per share (or its equivalent) they have not been classified in the fair value hierarchy. Investments measured at NAV presented in the fair value table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the statement of financial position. The Agency uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at September 30, 2020.

Pooled Investments - Measured at net asset value (NAV) per share or its equivalent.

Money Market Funds - Valued at the closing price reported by fund sponsor from an actively traded exchange.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Agency believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

FAIR VALUE MEASUREMENTS (Continued)

The following table sets forth by level, within the fair value hierarchy, the Agency's assets at fair value as of September 30, 2020:

	Level 1	Level 2	Level 3	Total
Mutual Funds.....	\$ 15,187	\$	\$	\$ 15,187
Total Assets in the Fair Value Heirarchy	15,187	0	0	15,187
Pooled Investments Measured at NAV.....				32,041
Investments at Fair Value	\$ 15,187	\$ 0	\$ 0	\$ 47,228

PROPERTY AND EQUIPMENT

	Estimated Useful Lives	Cost
Land, Building, and Improvements.....	15-35 years	\$ 1,013,914
Equipment.....	3- 7 years	488,296
		1,502,210
Less Accumulated Depreciation.....		769,291
		\$ 732,919

INVENTORY

	Pounds	Amount
USDA Commodities.....	169,339	\$ 170,252
Food and Other Items.....	374,770	534,209
	544,109	\$ 704,461

NOTE PAYABLE

Secured By	Interest Rate	Due Date	Payments	Balance
Building.....	5.00% *	9-2023	\$ 300	\$ 10,800
Less Current Maturities.....				(3,600)
Long-Term Portion				\$ 7,200

*Interest in currently being waived on this loan.

Current Maturities:

2021.....	\$ 3,600
2022.....	3,600
2023.....	3,600

NET ASSETS

Net assets with donor restrictions are as follows:

	Beginning Balance	2020 Additions	Released from Restrictions	Ending Balance
Subject to Expenditures for Specific Purpose:				
Backpack Program.....	\$ 1,172	\$ 189,822	\$ 123,020	\$ 67,974
Childhood Nutrition.....	67,526	3,030	39,800	30,756
Dairy Product.....	0	10,000	10,000	0
Disaster.....	9,847	138,100	102,426	45,521
Interns.....	0	3,000	3,000	0
Inventory Equipment.....	23,870			23,870
Mobile Pantry.....	44,080	39,043	51,788	31,335
Powered by Protein Program.....	0	5,000		5,000
Purchase for Linen Closet Items.....	961		961	0
Shared Maintenance Fees.....	1,028		17	1,011
Truck and Associated Fees.....	29,031		23,713	5,318
Warehouse Equipment.....	3,250		3,250	0
West High Pantry.....	799		194	605
	<u>\$ 181,564</u>	<u>\$ 387,995</u>	<u>\$ 358,169</u>	<u>\$ 211,390</u>

RENTAL OPERATIONS

The Food Bank rents out part of its warehouse on a short-term basis.

Rental income for the year consists of the following:

Rental Income.....	\$ 21,600
Expenses:	
Salaries.....	9,282
Payroll Taxes.....	763
Employee Benefits.....	537
Utilities.....	1,578
Taxes and Licenses.....	(1,546)
Repairs and Maintenance.....	286
Insurance.....	293
Total Operating Expense	<u>11,193</u>
Net Rental Income	<u>\$ 10,407</u>

SUMMARIZED FINANCIAL INFORMATION FOR 2019

The financial statements include certain prior year summarized financial information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Agency's financial statements for the year ended September 30, 2019, from which the summarized information was derived.

COVID-19

The Agency's operations have been affected by the recent and ongoing outbreak of the coronavirus disease 2019 (COVID-19). Since the Agency is essential in assisting recipient charities to provide support to individuals negatively affected by the economic problems related to pandemic, more funding and products have been available. It is unknown how long this assistance will be available.

Future disruption that may be caused by the outbreak is uncertain and it could result in a material adverse impact on the Company's financial position, operations, and cash flows. Possible effects may include, but are not limited to, disruption to the Company's customers and revenue, absenteeism in the Agency's labor workforce, unavailability of products and supplies used in operations, and a decline in value of assets held by the Agency.

The Agency received an SBA 7a "Paycheck Protection Program" loan under the Cares Act in the amount of \$81,113 which was spent on forgivable payroll and other costs and was forgiven in January 2021.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through June 8, 2021, the date the statements are available to be issued.

FOOD BANK OF SIOUXLAND, INC.
SCHEDULE OF ACTIVITIES WITH BUDGET COMPARISON

For the Year Ended September 30, 2020
 With Summarized Financial Information for the Year Ended September 30, 2019

	Budget*		Actual	
	2021	2020	2020	2019
Operating Activities:				
Revenues and Other Support:				
Contributions and Grants.....	\$ 1,466,000	\$ 1,005,107	\$ 1,783,411	\$ 837,356
Shared Maintenance and Client Service Fees....	347,580	262,374	495,928	300,511
Interest and Dividends.....		2,000	1,646	2,229
Fundraising.....		133,000	71,136	125,794
Miscellaneous.....	1,200		3,025	617
Total Revenues and Other Support	1,814,780	1,402,481	2,355,146	1,266,507
Expenses:				
Distribution of Food and Other Items.....			0	35,421
Shared Maintenance Fees.....	834,984	436,000	586,280	417,725
Local Transportation and Delivery.....	62,400	67,500	58,868	65,409
Agency Grants.....	0			
Salaries.....	425,048	427,795	420,785	386,396
Payroll Taxes.....	32,380	32,726	34,587	31,524
Employee Benefits.....	33,600	22,400	24,358	16,958
Contract Labor.....	1,800	600	435	0
Occupancy.....	31,800	52,550	35,187	49,234
Professional Fees.....	13,200	26,000	22,816	26,936
Fundraising Expenses.....	180,000	118,000	119,693	110,412
Office Supplies.....	16,440	6,800	11,160	6,259
Warehouse Supplies.....	0	18,000	17,509	17,149
Backpack Program.....	600	4,600	3,409	4,656
Telephone.....	5,100	6,120	5,907	5,247
Postage and Shipping.....	0	4,200	5,859	3,873
Repairs and Expendable Equipment.....	44,580	35,500	27,717	34,958
Conferences, Conventions, and Meetings.....	28,000	10,100	2,696	5,489
Membership Dues.....	9,600	8,000	7,798	5,754
Insurance.....	22,320	18,500	22,517	17,041
Miscellaneous.....	2,532	700	258	2,263
Total Expenses	1,744,384	1,296,091	1,407,839	1,242,704
Change in Net Assets from Operating Activities.....	70,396	106,390	947,307	23,803
Rental Activities:				
Rental Income.....	16,800	21,892	21,600	14,658
Salary and Related Expenses.....			(10,582)	(7,528)
Real Estate Taxes.....		(4,000)	1,546	(1,700)
Repairs and Other Expenses.....			(2,157)	(4,750)
Change in Net Assets from Rental Activities.....	16,800	17,892	10,407	680

FOOD BANK OF SIOUXLAND, INC.
SCHEDULE OF ACTIVITIES WITH BUDGET COMPARISON (CONTINUED)

For the Year Ended September 30, 2020
 With Summarized Financial Information for the Year Ended September 30, 2019

	Budget*		Actual	
	2021	2020	2020	2019
Other Activities:				
Non-Cash:				
Non-Cash Contributions Other Than				
Distributable Items.....	\$	\$	\$ 336	\$ 19,784
In-Kind Expenses.....			(336)	(431)
Investment Gains.....			2,596	4
Change in Inventory of Distributable Items.....			65,530	334,207
Depreciation.....		(40,000)	(61,307)	(57,363)
Change in Net Assets from Other Activities.....	<u>0</u>	<u>(40,000)</u>	<u>6,819</u>	<u>296,201</u>
Change in Net Assets	<u>\$ 87,196</u>	<u>\$ 84,282</u>	<u>\$ 964,533</u>	<u>\$ 320,684</u>

Year Ended September 30, 2020

*key to pass-through entity identification

- 1 - Iowa Department of Human Services
2 - Nebraska Department of Health and Human Services

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes all federal grant activity of Food Bank of Siouxland, Inc. under programs of the federal government for the year ended September 30, 2020. The information in this schedule 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 Food Bank of Siouxland, Inc. it is not intended to and does not present the financial position, changes in net assets, or cash flows of Food Bank of Siouxland, Inc.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Program expenditures included in the accompanying schedule are presented on the accrual basis of accounting.

INDIRECT COST RATE

The agency has elected to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

***Nichols, Rise &
Company, L.L.P.***

Certified Public Accountants and Consultants

To the Board of Directors
Food Bank of Siouxland, Inc.
Sioux City, Iowa

We have audited, 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, the financial statements of Food Bank of Siouxland, Inc., which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Food Bank of Siouxland, Inc.'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 Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

S. B. Bieber, CPA
C. D. Merry,
CPA, ABV
R. W. Grenko, CPA
L. M. Shoemaker,
CPA, CMA
L. K. Meyer, CPA
B. J. Kooiker, CPA
D. L. Brown, CPA

E. C. Nichols, CPA
(1916-2003)
C. L. Rise, CPA
(1921-2003)
W. F. Sibley, CPA
D. L. Lacey, CPA

L. J. Tuttle, CPA
S. R. Goodwin, CPA
A. E. Hill, CPA
S. M. Todd, CPA
L. M. Kubik, CPA
T. S. Christiansen, CPA
D. L. Sands
J. A. Perez
T. R. Boogerd

C. R. Karrer
N.M. Brown

Member of AICPA
Division for
Certified Public
Accounting Firms

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Food Bank of Siouxland, Inc.'s financial statements are free of 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 Agency'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 Agency's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Nichols, Rise & Company, L.L.P.

Sioux City, Iowa

June 8, 2021

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

**Nichols, Rise &
Company, L.L.P.**

Certified Public Accountants and Consultants

To the Board of Directors
Food Bank of Siouxland, Inc.
Sioux City, Iowa

S. B. Bieber, CPA
C. D. Merry,
CPA, ABV
R. W. Grenko, CPA
L. M. Shoemaker,
CPA, CMA
L. K. Meyer, CPA
B. J. Kooiker, CPA
D. L. Brown, CPA

E. C. Nichols, CPA
(1916-2003)
C. L. Rise, CPA
(1921-2003)
W. F. Sibley, CPA
D. L. Lacey, CPA

L. J. Tuttle, CPA
S. R. Goodwin, CPA
A. E. Hill, CPA
S. M. Todd, CPA
L. M. Kubik, CPA
T. S. Christiansen, CPA
D. L. Sands
J. A. Perez
T. R. Boogerd

C. R. Karrer
N.M. Brown

Member of AICPA
Division for
Certified Public
Accounting Firms

Report on Compliance for Each Major Federal Program

We have audited Food Bank of Siouxland, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020. Food Bank of Siouxland, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings, questioned costs, and recommendations.

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 each of Food Bank of Siouxland, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost of 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 Food Bank of Siouxland, Inc.' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Food Bank of Siouxland, Inc.' compliance.

Opinion on Each Major Federal Program

In our opinion, Food Bank of Siouxland, Inc. 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 September 30, 2020.

Report on Internal Control Over Compliance

Management of Food Bank of Siouxland, Inc. 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 Food Bank of Siouxland, Inc.' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Food Bank of Siouxland, Inc.' 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 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 the 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses

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 our testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Nichols, Rise & Company, L.L.P.

Sioux City, Iowa

June 8, 2021

FOOD BANK OF SIOUXLAND, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended September 30, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weaknesses? ☐ yes ☒ none reported

Noncompliance material to financial statements noted? ☐ yes ☒ no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ 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 section 2 CFR Section 200.516(a)? ☐ yes ☒ no

Identification of major programs:

CFDA Number

Name of Federal Program

10.178

The Emergency Food Assistance
Program: Trade Mitigation

10.568

The Emergency Food Assistance
Program (Administrative Costs)

10.569

The Emergency Food Assistance
Program (Commodities)

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no

FOOD BANK OF SIOUXLAND, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year Ended September 30, 2020

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters reported.

SECTION III - MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

No matters reported.