

FOOD BANK OF SIOUXLAND, INC.

SEPTEMBER 30, 2022

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FOOD BANK OF SIOUXLAND, INC.
FINANCIAL HIGHLIGHTS

September 30,	2022	2021	2020	2019	2018
Operating Activities:					
Revenues and Other Support	\$ 6,886,716	\$ 6,319,933	\$ 6,517,062	\$ 4,308,458	\$ 4,578,759
Expenses	<u>6,329,417</u>	<u>5,966,454</u>	<u>5,565,196</u>	<u>4,007,380</u>	<u>4,499,064</u>
Change in Net Assets from Operating Activities	557,299	353,479	951,866	301,078	79,695
Nonoperating Activities:					
Investment Gains (Losses)	(113,009)	9,612	2,596	4	1,401
PPP Forgiveness	0	81,113			
Capital Donation In Kind	-			19,353	
Interest Expense	-		(336)	(431)	(27)
Net Rental Income	<u>10,826</u>	<u>13,271</u>	<u>10,407</u>	<u>680</u>	<u>1,683</u>
Change in Net Assets from Nonoperating Activities	(102,183)	103,996	12,667	19,606	3,057
Change in Net Assets	455,116	457,475	964,533	320,684	82,752
Distributable Items:					
Received	4,834,894	4,195,312	4,161,580	3,041,520	3,173,252
Distributed	4,367,668	4,278,686	4,096,050	2,742,734	3,250,971
Cash Provided by Operating Activities	59,592	529,595	952,622	60,194	199,963
Net Investment in Property and Equipment	678,325	712,090	732,919	751,842	777,525
Depreciation	59,716	59,996	61,307	57,363	49,927
Purchase of Property and Equipment	25,951	39,167	42,384	12,327	311,181
Notes Payable	-	-	10,800	14,400	18,000
Net Assets:					
Without Donor Restrictions	3,472,753	3,054,166	2,552,619	1,617,912	1,245,684
With Donor Restrictions	<u>203,847</u>	<u>167,318</u>	<u>211,390</u>	<u>181,564</u>	<u>233,108</u>
	3,676,600	3,221,484	2,764,009	1,799,476	1,478,792

INDEPENDENT AUDITOR'S REPORT

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

Certified Public Accountants and Consultants

Board of Directors
Food Bank of Siouxland, Inc.

Opinion

We have audited the accompanying financial statements of Food Bank of Siouxland, Inc., which comprise the statement of financial position as of September 30, 2022, and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements.

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, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Food Bank of Siouxland, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management are required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Bank of Siouxland, Inc.'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 Responsibility for the Financial Statements

Our 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 our opinion. Reasonable assurance is a high level of assurance but is not absolute and therefore is not a guarantee that an audit conducted in accordance with generally accepted 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. Misstatement are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Food Bank of Siouxland, Inc.'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 our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Bank of Siouxland, Inc.'s ability to continue as a going concern for a reasonable period of time.

We are 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 we identified during the audit.

Supplementary Information

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 on pages 2, 18-21, and 27-28, 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, 2018 through 2021, and the related statements of activities, cash flows, and functional expenses for each of the four years ended September 30, 2021 (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 2018 through 2021 and the 2021 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 2018 through 2021 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 2018 through 2021 and the 2021 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 March 6, 2023, 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 July 26, 2022, 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, 2021, 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

March 6, 2023

FOOD BANK OF SIOUXLAND, INC.
STATEMENT OF FINANCIAL POSITION

September 30, 2022
 With Summarized Financial Information for September 30, 2021

	2022	2021
ASSETS		
Current Assets:		
Cash.....	\$ 1,070,875	\$ 1,577,809
Receivables.....	158,211	58,546
Prepaid Expense.....	2,243	6,886
Inventory of Distributable Items.....	1,088,313	621,087
	<u>2,319,642</u>	<u>2,264,328</u>
Construction in Progress.....	20,130	20,130
Property and Equipment.....	1,567,328	1,541,377
Less Accumulated Depreciation.....	889,003	829,287
	<u>678,325</u>	<u>712,090</u>
Investments:		
Certificates of Deposit.....	252,355	251,084
Other Investments.....	487,630	61,335
	<u>739,985</u>	<u>312,419</u>
Total Assets	\$ 3,758,082	\$ 3,308,967
LIABILITIES AND NET ASSETS		
Current Liabilities:		
Accounts Payable.....	\$ 53,147	\$ 68,107
Accrued Expenses.....	28,335	19,376
	<u>81,482</u>	<u>87,483</u>
Net Assets:		
Without Donor Restrictions:		
Available for General Operations.....	1,601,448	1,619,532
Distributable Items.....	1,088,313	621,087
Investment in Property and Equipment.....	698,455	732,220
Board Designated.....	84,537	81,327
	<u>3,472,753</u>	<u>3,054,166</u>
With Donor Restrictions:		
Purpose Restrictions.....	203,847	167,318
	<u>3,676,600</u>	<u>3,221,484</u>
Total Liabilities and Net Assets	\$ 3,758,082	\$ 3,308,967

FOOD BANK OF SIOUXLAND, INC.
STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

With Summarized Financial Information for the Year Ended September 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total	
			2022	2021
Operating Activities:				
Revenues:				
Shared Maintenance and Client Services.....	\$ 285,088	\$	\$ 285,088	\$ 275,860
Interest and Dividends.....	16,240		16,240	4,876
Miscellaneous.....	38,419		38,419	4,208
	<u>339,747</u>	<u>0</u>	<u>339,747</u>	<u>284,944</u>
Gains and Other Support:				
Contributions and Grants.....	1,213,560	405,773	1,619,333	1,767,992
Distributable Items Received:				
USDA Commodities.....	922,927		922,927	1,147,115
Food and Other Items.....	3,911,967		3,911,967	3,048,197
Special Events.....	92,742		92,742	71,685
Net Assets Released from Restrictions:				
Satisfaction of Donor Restrictions.....	369,244	(369,244)	0	0
Total Gains and Other Support	<u>6,510,440</u>	<u>36,529</u>	<u>6,546,969</u>	<u>6,034,989</u>
Total Revenues and Other Support	<u>6,850,187</u>	<u>36,529</u>	<u>6,886,716</u>	<u>6,319,933</u>
Expenses:				
Program Services.....	5,995,507		5,995,507	5,683,626
Supporting Services:				
Fundraising.....	291,885		291,885	243,686
General and Administrative.....	42,025		42,025	39,142
Total Expenses	<u>6,329,417</u>	<u>0</u>	<u>6,329,417</u>	<u>5,966,454</u>
Change in Net Assets from Operating Activities.....	520,770	36,529	557,299	353,479
Investment Gains (Losses).....	(113,009)		(113,009)	9,612
Paycheck Protection Program Loan Forgiveness.....	-		-	81,113
Rental Income, Net.....	10,826		10,826	13,271
Change in Net Assets from Nonoperating Activities...	(102,183)	0	(102,183)	103,996
Change in Net Assets.....	418,587	36,529	455,116	457,475
Net Assets, Beginning of Year.....	<u>3,054,166</u>	<u>167,318</u>	<u>3,221,484</u>	<u>2,764,009</u>
Net Assets, End of Year	\$ <u>3,472,753</u>	\$ <u>203,847</u>	\$ <u>3,676,600</u>	\$ <u>3,221,484</u>

FOOD BANK OF SIOUXLAND, INC.
STATEMENT OF CASH FLOWS

For the Year Ended September 30, 2022
 With Summarized Financial Information for the Year Ended September 30, 2021

	2022	2021
Cash Flows from Operating Activities:		
Cash Provided by Operating Activities:		
Contributions and Grants.....	\$ 1,619,333	\$ 1,767,992
Shared Maintenance and Client Services.....	185,423	268,991
Fundraising.....	92,742	71,685
Rents.....	21,600	21,600
Interest and Other.....	54,659	9,084
	<u>1,973,757</u>	<u>2,139,352</u>
Cash Disbursed for Operating Activities:		
Cash Paid to Suppliers and Employees.....	<u>2,033,349</u>	<u>1,609,757</u>
Net Cash Provided by Operating Activities.....	59,592	529,595
Cash Flows from Investing Activities:		
Purchase of Property and Equipment.....	(25,951)	(39,167)
Purchase of Investments.....	(542,133)	(257,137)
Sale of Investments.....	<u>1,558</u>	<u>1,558</u>
Net Cash Used by Investing Activities.....	(566,526)	(294,746)
Cash Flows from Financing Activities:		
Payments on Note Payable.....	<u>-</u>	<u>(10,800)</u>
Net Increase (Decrease) in Cash.....	(506,934)	224,049
Cash, Beginning of Year.....	<u>1,577,809</u>	<u>1,353,760</u>
Cash, End of Year	\$ <u>1,070,875</u>	\$ <u>1,577,809</u>

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

For the Year Ended September 30, 2022
 With Summarized Financial Information for the Year Ended September 30, 2021

	2022	2021
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets.....	\$ 455,116	\$ 457,475
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation.....	59,716	59,996
Investment Gains (Losses).....	113,009	(9,612)
Paycheck Protection Program Loan Forgiveness.....	-	(81,113)
Distributable Items Received.....	(4,834,894)	(4,195,312)
Distributions to Other Agencies.....	4,367,668	4,278,686
	<u>160,615</u>	<u>510,120</u>
Changes in Operating Assets and Liabilities:		
Receivable.....	(99,665)	(6,869)
Prepaid Expense.....	4,643	(1,115)
Accounts Payable.....	(14,960)	24,759
Accrued Expense.....	8,959	2,700
	<u> </u>	<u> </u>
Net Cash Provided by Operating Activities	\$ <u>59,592</u>	\$ <u>529,595</u>
Non-Cash Transactions:		
Distributable Items Received.....	\$ 4,834,894	\$ 4,195,312
Distributions to Other Agencies.....	4,367,668	4,278,686
Forgiveness of Paycheck Protection Program.....		81,113

FOOD BANK OF SIOUXLAND, INC.
STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended September 30, 2022

With Summarized Financial Information for the Year Ended September 30, 2021

	Program	Fundraising	General and Admin- istrative	Total	
				2022	2021
Distribution of Food and Other Items:					
USDA Commodities.....	\$ 1,066,094	\$	\$	\$ 1,066,094	\$ 1,180,285
Food and Other Items.....	3,301,574			3,301,574	3,098,401
	<u>4,367,668</u>	<u>0</u>	<u>0</u>	<u>4,367,668</u>	<u>4,278,686</u>
Shared Maintenance Fees:					
Shared Maintenance Fees.....	848,418			848,418	719,078
Local Transportation and Delivery.....	68,089			68,089	65,296
	<u>916,507</u>	<u>0</u>	<u>0</u>	<u>916,507</u>	<u>784,374</u>
Payroll and Related Expenses:					
Salaries.....	381,097	95,305	23,720	500,122	411,419
Payroll Taxes.....	28,493	7,125	1,773	37,391	34,006
Benefits.....	18,507	4,629	1,153	24,289	31,208
Contract Labor.....	-			-	292
	<u>428,097</u>	<u>107,059</u>	<u>26,646</u>	<u>561,802</u>	<u>476,925</u>
Occupancy.....	40,021			40,021	39,882
Other:					
Professional Fees.....	14,269		14,270	28,539	26,594
Fundraising Services.....		180,372		180,372	148,990
Office Supplies.....	12,441			12,441	13,666
Warehouse Supplies.....	43,712			43,712	44,274
Backpack Program.....	6,686			6,686	-
Telephone.....	3,595			3,595	4,621
Postage and Shipping.....	5,421			5,421	5,030
Repairs and Expendable Equipment.....	50,690			50,690	44,308
Conferences, Conventions, and Meetings.....	13,570			13,570	3,664
Membership Dues.....	12,355			12,355	8,656
Insurance.....	17,810	4,454	1,109	23,373	22,336
Miscellaneous.....	2,949			2,949	3,452
	<u>183,498</u>	<u>184,826</u>	<u>15,379</u>	<u>383,703</u>	<u>325,591</u>
Depreciation.....	59,716			59,716	59,996
Total Expenses	<u>\$ 5,995,507</u>	<u>\$ 291,885</u>	<u>\$ 42,025</u>	<u>\$ 6,329,417</u>	<u>\$ 5,965,454</u>

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 2022 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 (\$1.92 for 2022) 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, 2022, 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.....	\$ 1,070,875
Receivables.....	<u>158,211</u>
	1,229,086
Less Restricted for Purchase of Equipment.....	<u>(23,870)</u>
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,205,216</u>

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.....	\$ 23,599
Grantors / Contributors.....	<u>134,612</u>
	<u>\$ 158,211</u>

PROPERTY AND EQUIPMENT

	Estimated Useful Lives	Cost
Land, Building, and Improvements.....	15-35 years	\$ 1,029,948
Equipment.....	3- 7 years	<u>537,380</u>
		1,567,328
Less Accumulated Depreciation.....		<u>889,003</u>
		<u>\$ 678,325</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:

	<u>Costs</u>	<u>Market</u>
Equities.....	\$ 206,963	\$ 157,899
Corporate Bonds.....	69,458	63,476
Government Securities.....	99,626	95,965
Mutual Funds.....	93,452	67,276
Commodities.....	19,975	20,145
Cash.....	10,674	10,674
	<u>500,148</u>	<u>415,435</u>
Board Designated Investments:		
Pooled investments held by the Siouxland Community Foundation, the		
income may be used for operations.....		
	48,787	44,219
Equities.....	9,867	8,352
Mutual Fund.....	15,975	19,624
	<u>74,629</u>	<u>72,195</u>
	<u>\$ 574,777</u>	<u>\$ 487,630</u>
Balance, September 30, 2021.....		\$ 61,335
Contributions.....		15,173
Transfers.....		514,575
Distributions.....		(1,727)
Investment Income:		
Interest/Dividends.....	\$ 16,258	
Realized Losses.....	(7,919)	
Investment Fees.....	<u>(4,975)</u>	
		3,364
Unrealized Losses.....		<u>(105,090)</u>
Balance, September 30, 2022		<u>\$ 487,630</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, 2022.

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.

The following table sets forth by level, within the fair value hierarchy, the Agency's assets at fair value as of September 30, 2022:

	Level 1	Level 2	Level 3	Total
Equities.....	\$ 166,251	\$	\$	\$ 166,251
Corporate Bonds.....	63,476			63,476
Government Securities.....	95,965			95,965
Mutual Funds.....	86,900			86,900
Commodities.....	20,145			20,145
Cash.....	10,674			10,674
Total Assets in the Fair Value Hierarchy	443,411	0	0	443,411
Pooled Investments Measured at NAV.....				44,219
Investments at Fair Value	<u>\$ 443,411</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 487,630</u>

INVENTORY

	<u>Pounds</u>	<u>Amount</u>
USDA Commodities.....	29,968	\$ 40,006
Food and Other Items.....	376,503	1,048,307
	<u>406,471</u>	<u>\$ 1,088,313</u>

NET ASSETS

The board of directors has designed the following:

	<u>Beginning Balance</u>	<u>2022 Additions</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Building Maintenance.....	\$ 11,806	\$ 18,789	\$ 25,285	\$ 5,310
Linen Closet.....	3,936	10,680	13,584	1,032
Endowment.....	3,500	9,074	9,574	3,000
Disaster Relief.....	750	3,000	750	3,000
Investments.....	61,335	10,860		72,195
	<u>\$ 81,327</u>	<u>\$ 52,403</u>	<u>\$ 49,193</u>	<u>\$ 84,537</u>

Net assets with donor restrictions are as follows:

	<u>Beginning Balance</u>	<u>2022 Additions</u>	<u>Released from Restrictions</u>	<u>Ending Balance</u>
Subject to Expenditures for Specific Purpose:				
Backpack Program.....	\$ 21,647	\$ 184,134	\$ 205,781	\$ -
Capital Campaign.....		20,000	18,469	1,531
Childhood Nutrition.....	28,984		1,633	27,351
Child Products.....		7,489	4,846	2,643
Disaster.....	30,271		3,041	27,230
Food.....		109,334	62,513	46,821
Interns.....		4,200	4,200	-
Inventory Equipment.....	23,870			23,870
Mobile Pantry.....	42,841	42,918	41,836	43,923
Operations Needs.....		25,000		25,000
Shared Maintenance Fees.....	1,121	1,514	1,514	1,121
Truck and Associated Fees.....	13,259	10,684	23,943	-
Warehouse Equipment.....	968	500	1,468	-
West High Pantry.....	1,105			1,105
	<u>164,066</u>	<u>405,773</u>	<u>369,244</u>	<u>200,595</u>
Endowments:				
Restricted by Donor:				
Principal Required to be Maintained....	3,252			3,252
	<u>\$ 167,318</u>	<u>\$ 405,773</u>	<u>\$ 369,244</u>	<u>\$ 203,847</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.....	\$	23,800
Expenses:		
Salaries.....		5,930
Payroll Taxes.....		443
Employee Benefits.....		288
Utilities.....		(2,310)
Taxes and Licenses.....		6,621
Repairs and Maintenance.....		1,685
Insurance.....		317
Total Operating Expense		<u>12,974</u>
Net Rental Income	\$	<u>10,826</u>

SUMMARIZED FINANCIAL INFORMATION FOR 2021

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, 2021, from which the summarized information was derived.

SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 6, 2023, 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, 2022
 With Summarized Financial Information for the Year Ended September 30, 2021

	Budget*		Actual	
	2023	2022	2022	2021
Operating Activities:				
Revenues and Other Support:				
Contributions and Grants.....	\$ 1,420,882	\$ 1,286,395	\$ 1,619,333	\$ 1,767,992
Shared Maintenance and Client Service Fees...	306,000	294,900	285,088	275,860
Interest and Dividends.....			16,240	4,876
Fundraising.....	0	89,333	92,742	71,685
Miscellaneous.....	1,800	1,050	38,419	4,208
Total Revenues and Other Support	<u>1,728,682</u>	<u>1,671,678</u>	<u>2,051,822</u>	<u>2,124,621</u>
Expenses:				
Shared Maintenance Fees.....	624,000	733,746	848,418	719,078
Local Transportation and Delivery.....	69,000	66,600	68,089	65,296
Salaries.....	512,000	454,262	500,122	411,419
Payroll Taxes.....	41,400	34,420	37,391	34,006
Employee Benefits.....	51,450	51,950	24,289	31,208
Contract Labor.....	300	1,050	-	292
Occupancy.....	40,800	40,500	40,021	39,882
Professional Fees.....	28,800	28,800	28,539	26,594
Fundraising Expenses.....	165,000	141,250	180,372	148,990
Office Supplies.....	13,200	17,100	12,441	13,666
Warehouse Supplies.....	42,500	54,000	43,712	44,274
Backpack Program.....	2,400	1,350	6,686	0
Telephone.....	4,560	5,025	3,595	4,621
Postage and Shipping.....	4,500	7,260	5,421	5,030
Repairs and Expendable Equipment.....	48,000	54,495	50,690	44,308
Conferences, Conventions, and Meetings.....	9,400	8,740	13,570	3,664
Membership Dues.....	10,500	10,350	12,355	8,656
Insurance.....	24,000	23,580	23,373	23,336
Miscellaneous.....	4,200	4,500	2,949	3,452
Total Expenses	<u>1,696,010</u>	<u>1,738,978</u>	<u>1,902,033</u>	<u>1,627,772</u>
Change in Net Assets from Operating Activities.....	32,672	(67,300)	149,789	496,849
Rental Activities:				
Rental Income.....	21,600	21,600	23,800	21,600
Salary and Related Expenses.....			(6,661)	(6,159)
Real Estate Taxes.....	(3,600)	(4,800)	(6,621)	(3,569)
Repairs and Other Expenses.....			308	1,399
Change in Net Assets from Rental Activities.....	18,000	16,800	10,826	13,271

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

For the Year Ended September 30, 2022
 With Summarized Financial Information for the Year Ended September 30, 2021

	Budget*		Actual	
	2023	2022	2022	2021
Other Activities:				
Non-Cash:				
Investment Gains (Losses).....	\$	\$	\$ (113,009)	\$ 9,612
Paycheck Protection Program Loan Forgiven...			0	81,113
Change in Inventory of Distributable Items.....	(54,000)	(286,333)	467,226	(83,374)
Depreciation.....			(59,716)	(59,996)
Change in Net Assets from Other Activities.....	(54,000)	(286,333)	294,501	(52,645)
Change in Net Assets	\$ (3,328)	\$ (336,833)	\$ 455,116	\$ 457,475

FOOD BANK OF SIOUXLAND, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended September 30, 2022

Federal Agency/Program	Assistance Listing Number	Pass Through Entity Identification Number		Total Federal Expenditures
U.S. Department of Agriculture:				
Pass-Through Food Bank of the Heartland:				
The Emergency Food Assistance Program:				
COVID-19 -- Coronavirus Aid, Relief, and Security Act: The Emergency Food Assistance Program (Administrative Cost).....	10.568	1	16-191	146,559
COVID-19 -- Pandemic Emergency Assistance Funds: The Emergency Food Assistance Program (Administrative Cost).....	10.568	1	16-191	130,184
The Emergency Food Assistance Program (Administrative Cost).....	10.568	1	16-191	64,141
Emergency Food Assistance Program (Commodities)....	10.569	1	16-191	939,068
Emergency Food Assistance Program (Commodities)....	10.569	2		127,025
				<u>1,406,977</u>
Total U.S. Department of Agriculture				1,406,977
U.S. Department of Health and Human Services				
COVID-19 -- Temporary Assistance for Needy Families / Pandemic Emergency Assistance Fund.....	93.558	1	16-191	19,390
Total Expenditures of Federal Awards				<u>\$ 1,426,367</u>

*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, 2022. 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, 2022, 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 March 6, 2023.

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.

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*C. R. Karrer
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M. M. Brenner*

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Report on 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
March 6, 2023

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

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Report on Compliance for Each Major Federal Program

Opinion on 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, 2022. 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.

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, 2022.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and Uniform Guidance are further described in the Auditor's Responsibilities for the Audit Compliance section of our report.

We are required to be independent of Food Bank of Siouxland, Inc. and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major program. Our audit does not provide a legal determination of Food Bank of Siouxland, Inc.'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 Food Bank of Siouxland, Inc.'s federal programs.

Auditor's Responsibility for the Audit of Compliance

Our 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 compliance for each of Food Bank of Siouxland, Inc.'s compliance based on our 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 general 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, or the override of internal control. Noncompliance with compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Food Bank of Siouxland, Inc.'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, we:

- Exercise professional judgement 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 Food Bank of Siouxland, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Food Bank of Siouxland, Inc.'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 Food Bank of Siouxland, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

We are 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 we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not design 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 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

March 6, 2023

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

Year Ended September 30, 2022

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:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
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, 2022

SECTION II - FINANCIAL STATEMENT FINDINGS

No matters reported.

SECTION III - MAJOR FEDERAL AWARD PROGRAMS FINDINGS AND QUESTIONED COSTS

No matters reported.