

**NORTHWEST  
ARKANSAS  
FOOD BANK**



**Financial Statements  
December 31, 2021 and 2020**

**(With Independent Auditor's Report Thereon)**

# Northwest Arkansas Food Bank

## TABLE OF CONTENTS

	<u>Page</u>
<b>INDEPENDENT AUDITOR’S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	5
Statements of Activities	6
Statements of Functional Expenses	8
Statements of Cash Flows	10
Notes to Financial Statements	11
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule for Network Activity Reporting (Unaudited)	19
State Required Supplementary Data (Unaudited)	20
<b>SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</b>	21
<b>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></b>	23
<b>INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR THE MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE</b>	25
<b>SCHEDULE OF FINDINGS AND QUESTIONED COSTS</b>	27
<b>SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS</b>	29



## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
**Northwest Arkansas Food Bank**  
Bethel Heights, Arkansas

### **Report on the Audit of the Financial Statements**

#### ***Opinion***

We have audited the financial statements of **Northwest Arkansas Food Bank** (the Organization), which comprise the statements of financial position as of December 31, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as of December 31, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### ***Responsibility 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

***Auditor's Responsibilities for the Audit of 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 assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization'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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization'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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), 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 Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

**Northwest Arkansas Food Bank**

Bethel Heights, Arkansas

The schedule for network activity reporting and state required supplementary data have not been subjected to the auditing procedures in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 23, 2022 on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Landmark PLC". The word "Landmark" is written in a cursive style, and "PLC" is written in a simpler, blocky font.

Rogers, Arkansas  
August 23, 2022

## **Financial Statements**

# NORTHWEST ARKANSAS FOOD BANK

## Statements of Financial Position December 31, 2021 and 2020

	2021	2020
<b>ASSETS</b>		
Cash and cash equivalents	\$ 5,038,692	\$ 4,373,586
Certificates of deposit	1,006,173	752,175
Accounts receivable	152,175	214,321
Unconditional promises to give	95,459	-
Prepaid expenses and other assets	17,294	15,618
Inventories	899,135	1,152,893
Property and equipment, net	2,658,904	1,349,755
<b>TOTAL ASSETS</b>	<b>\$ 9,867,832</b>	<b>\$ 7,858,348</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Liabilities</b>		
Accounts payable	\$ 122,305	\$ 209,492
Accrued expenses	52,601	28,226
<b>Total Liabilities</b>	<b>174,906</b>	<b>237,718</b>
<b>Net Assets</b>		
Without donor restrictions		
Undesignated	3,694,190	2,790,591
Designated	5,544,865	4,625,761
With donor restrictions	453,871	204,278
<b>Total Net Assets</b>	<b>9,692,926</b>	<b>7,620,630</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 9,867,832</b>	<b>\$ 7,858,348</b>

See accompanying notes to the financial statements.

# NORTHWEST ARKANSAS FOOD BANK

## Statement of Activities Year ended December 31, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Donated product	\$ 15,832,532	\$ -	\$ 15,832,532
Shared maintenance fees	1,938,397	-	1,938,397
Grants	1,758,356	358,412	2,116,768
Contributions	4,469,168	95,459	4,564,627
Other income	50,503	-	50,503
Net assets released from restrictions:			
Satisfaction of purpose restriction	204,278	(204,278)	-
<b>Total Revenue and Support</b>	<b>24,253,234</b>	<b>249,593</b>	<b>24,502,827</b>
<b>EXPENSES</b>			
Program services			
Warehouse	21,166,239	-	21,166,239
Support services			
General and administrative	552,006	-	552,006
Fundraising and development	712,286	-	712,286
<b>Total Expenses</b>	<b>22,430,531</b>	<b>-</b>	<b>22,430,531</b>
<b>CHANGE IN NET ASSETS</b>	1,822,703	249,593	2,072,296
<b>NET ASSETS, BEGINNING OF YEAR</b>	7,416,352	204,278	7,620,630
<b>NET ASSETS, END OF YEAR</b>	<b>\$ 9,239,055</b>	<b>\$ 453,871</b>	<b>\$ 9,692,926</b>

See accompanying notes to the financial statements.



# NORTHWEST ARKANSAS FOOD BANK

## Statement of Activities Year ended December 31, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND SUPPORT</b>			
Donated product	\$ 18,500,351	\$ -	\$ 18,500,351
Shared maintenance fees	1,937,628	-	1,937,628
Grants	1,800,220	204,278	2,004,498
Contributions	4,186,951	-	4,186,951
Other income	44,248	-	44,248
Net assets released from restrictions:			
Satisfaction of purpose restriction	520,003	(520,003)	-
Satisfaction of time restriction	46,250	(46,250)	-
<b>Total Revenue and Support</b>	27,035,651	(361,975)	26,673,676
<b>EXPENSES</b>			
Program services			
Warehouse	21,780,809	-	21,780,809
Support services			
General and administrative	590,602	-	590,602
Fundraising and development	865,400	-	865,400
<b>Total Expenses</b>	23,236,811	-	23,236,811
<b>CHANGE IN NET ASSETS</b>	3,798,840	(361,975)	3,436,865
<b>NET ASSETS, BEGINNING OF YEAR</b>	3,617,512	566,253	4,183,765
<b>NET ASSETS, END OF YEAR</b>	\$ 7,416,352	\$ 204,278	\$ 7,620,630

See accompanying notes to the financial statements.

# NORTHWEST ARKANSAS FOOD BANK

## Statement of Functional Expenses Year ended December 31, 2021

	Program Services	Support Services		Total
	Warehouse	General and Administrative	Fundraising and Development	
Advertising costs	\$ 14,146	\$ 14,145	\$ 66,014	\$ 94,305
Auto and truck expense	26,870	5,758	5,758	38,386
Depreciation	249,587	-	-	249,587
Donations	112,130	-	-	112,130
Dues and subscriptions	43,764	9,378	9,378	62,520
Food product	18,517,267	-	-	18,517,267
Fundraising	50,344	50,343	234,938	335,625
Insurance	-	60,616	-	60,616
Labor costs	1,556,177	333,466	333,467	2,223,109
Office expense	2,890	2,890	13,488	19,268
Other expenses	5,740	26,788	5,740	38,268
Professional fees	49,106	10,523	10,523	70,152
Rent expense	-	5,118	-	5,118
Repairs and maintenance	93,825	20,105	20,105	134,035
Training and conferences	3,966	850	850	5,666
Travel	12,909	2,767	2,766	18,443
Utilities and telephone	43,208	9,259	9,259	61,726
Warehouse expense	384,310	-	-	384,310
	<u>\$ 21,166,239</u>	<u>\$ 552,006</u>	<u>\$ 712,286</u>	<u>\$ 22,430,531</u>

See accompanying notes to the financial statements.

# NORTHWEST ARKANSAS FOOD BANK

## Statement of Functional Expenses Year ended December 31, 2020

	Program Services	Support Services		Total
	Warehouse	General and Administrative	Fundraising and Development	
Advertising costs	\$ 1,782	\$ 3,003	\$ 148,777	\$ 153,562
Auto and truck expense	15,544	2,642	7,451	25,637
Depreciation	176,963	-	-	176,963
Dues and subscriptions	25,013	20,318	12,355	57,686
Food product	20,306,405	-	-	20,306,405
Fundraising	31,193	510	144,207	175,910
Insurance	-	44,327	-	44,327
Labor costs	984,536	388,650	445,780	1,818,966
Office expense	77	5,780	10,799	16,656
Other expenses	12,128	10,981	30,664	53,773
Professional fees	63,072	29,207	47,603	139,882
Rent expense	92	7,275	-	7,367
Repairs and maintenance	82,545	15,801	12,882	111,228
Training and conferences	21,925	880	1,779	24,584
Travel	11,830	5,534	2,673	20,037
Utilities and telephone	6,563	55,694	430	62,687
Warehouse expense	41,141	-	-	41,141
	<u>\$ 21,780,809</u>	<u>\$ 590,602</u>	<u>\$ 865,400</u>	<u>\$ 23,236,811</u>

See accompanying notes to the financial statements.

# NORTHWEST ARKANSAS FOOD BANK

## Statements of Cash Flows Years ended December 31, 2021 and 2020

	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ 2,072,296	\$ 3,436,865
Adjustments to reconcile change in net assets to net cash from operating activities:		
Depreciation	249,587	176,963
Donated product received	(15,832,532)	(18,500,351)
Donated product distributed	16,070,042	18,351,220
Loss on disposal of property and equipment	30,535	1,418
Change in:		
Accounts receivable	62,146	(81,297)
Unconditional promises to give	(95,459)	46,250
Prepaid expenses and other assets	(1,676)	(15,618)
Inventories	16,248	(125,990)
Accounts payable	(87,187)	90,156
Accrued expenses	24,375	(42,212)
<b>Net Cash From Operating Activities</b>	2,508,375	3,337,404
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Capital expenditures	(1,589,271)	(567,121)
Proceeds from sale of property and equipment	-	5,500
Net change in certificates of deposit	(253,998)	25,091
<b>Net Cash (Used For) Investing Activities</b>	(1,843,269)	(536,530)
<b>NET CHANGE IN CASH AND CASH EQUIVALENTS</b>	665,106	2,800,874
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	4,373,586	1,572,712
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	\$ 5,038,692	\$ 4,373,586

See accompanying notes to the financial statements.

# NORTHWEST ARKANSAS FOOD BANK

## Notes to Financial Statements December 31, 2021 and 2020

### **NOTE 1: NATURE OF ACTIVITIES**

Northwest Arkansas Food Bank (the Organization), is a private, not-for-profit organization providing services for the collection and distribution of food items to other qualifying charitable organizations in the Northwest Arkansas area.

### **NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### ***Basis of Accounting***

The Organization's policy is to prepare its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Revenues are recognized in the period in which they are earned. Expenses are recognized in the period in which they are incurred.

#### ***Basis of Presentation***

The financial statement presentation follows the requirements of the Financial Accounting Standards Board (FASB) Codification Topic *Not-for-Profit Entities*. Under this Topic, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

#### ***Cash and Cash Equivalents***

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

#### ***Accounts Receivable***

Accounts receivable consist of amounts due from the various nonprofit agencies for food purchased during the year. For the years ended December 31, 2021 and 2020, accounts receivable are deemed fully collectible; therefore, no allowance for doubtful accounts is considered necessary. If accounts become uncollectible, they will be charged to operations when that determination is made. Determination of uncollectibility is made by management based on knowledge of individual accounts and consideration of such factors as current economic conditions. Accounts are generally uncollateralized. Past-due status is based on contractual terms. Past-due accounts are not charged interest.

#### ***Unconditional Promises to Give***

Contributions are recognized when the donor makes an unconditional promise to give monies or other non-cash items to the Organization. The Organization uses the allowance method to determine the collectability of its unconditional promises to give. Management has determined that promises to give at December 31, 2021 and 2020 are fully collectible; therefore, no allowance for uncollectible accounts is considered necessary. At December 31, 2021 and 2020, all promises to give are expected to be collected within one year.

# NORTHWEST ARKANSAS FOOD BANK

## Notes to Financial Statements December 31, 2021 and 2020

### ***Inventories***

Inventory consists of food and other items on hand that are valued at an average donated per pound value as determined by Feeding America. During the years ended December 31, 2021 and 2020, the Organization received 7,599,831 and 6,419,144 pounds of donated product, respectively, valued at \$1.67 per pound based on information provided by Feeding America. At December 31, 2021 and 2020, 231,486 and 218,838 pounds were in inventory, respectively.

The Organization is part of the United States Department of Agriculture (USDA) commodities program. Under this program, the Organization distributes food to designated food pantries on behalf of USDA. During the years ended December 31, 2021 and 2020, the Organization received 2,995,982 and 7,351,900 pounds of commodities from USDA, respectively. The products were valued at \$1.05 and \$1.06 per pound, respectively, based on information provided by the USDA commodities program. At December 31, 2021 and 2020, 109,312 and 245,439 pounds were in inventory, respectively.

Inventory that is purchased is valued at cost. The Organization evaluates perishable products on a continuing basis for spoilage, and immediately records the loss of inventory when spoilage occurs. No provision for estimated spoilage of inventory has been made, as management believes all inventory will be sold prior to any spoilage.

### ***Property and Equipment***

Property and equipment are recorded at cost or at fair market value at date of donation. Depreciation is computed on the straight-line method over the estimated useful lives of the assets, which range from three to forty years.

### ***Long-Lived Assets***

FASB Codification Topic *Property, Plant and Equipment*, Section *Subsequent Measurement* requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The application of this Codification Topic has not materially affected the Organization's financial position or results of operations.

### ***Net Assets and Contributions Revenue***

Net assets with donor restrictions consist of assets whose use is limited by donor-imposed, time and/or purpose restrictions.

The Organization recognizes contributions received and made, including pledges receivable, as revenue in the period received or made. Contributions received are reported as either revenues without donor restrictions or revenues with donor restrictions. Contributions with donor restrictions that are used for the purpose specified by the donor in the same year as the contribution is received are recognized as revenues with donor restrictions and are reclassified as net assets released from restrictions in the same year. Promises to contribute that stipulate conditions to be met before the contribution is made are not recorded until the conditions are met.

# NORTHWEST ARKANSAS FOOD BANK

## Notes to Financial Statements December 31, 2021 and 2020

Gifts of land, buildings, and equipment are presented as support and revenue without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Gifts of financial assets, such as donated stock, are converted nearly immediately into cash without limitation or restrictions on sale.

Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services which increase non-financial assets such as property or inventory, as well as services contributed by individuals with specialized skill which would have otherwise been purchased, are reported as unrestricted support. Other contributed services that enhance the Organization's programs, but are not so essential that they would otherwise be purchased, are not recorded as support.

### ***Revenue Recognition***

Cost-reimbursable federal and state contracts and grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the Statements of Financial Position. The Organization recognizes contributions when cash, an unconditional promise to give, donated product, or a notification of a beneficial interest is received. Shared maintenance fees are recognized when the performance obligation of providing the product is satisfied.

### ***Shared Maintenance Fees***

During the years ended December 31, 2021 and 2020, some of the food and grocery products distributed by the Organization to its member agencies are assessed a shared maintenance fee of up to \$0.18 per pound to assist in on-going operating costs of the Organization. In April of 2020, the fee was reduced to \$0.09 per pound due to the COVID-19 pandemic, and remained unchanged through December 31, 2021.

### ***Advertising Costs***

The Organization expenses advertising costs as they are incurred.

### ***Functional Allocation of Expenses***

The Organization allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on the amount of time expended.

### ***Income Taxes and Uncertain Tax Positions***

The Organization qualifies as an organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and a similar state statute and is not subject to tax at the entity level for federal and state income tax purposes. The Organization has also been classified as an entity that is not a private foundation within the meaning of Section 509(a).

# NORTHWEST ARKANSAS FOOD BANK

## Notes to Financial Statements December 31, 2021 and 2020

The Organization accounts for uncertain tax positions in accordance with the provisions of FASB Codification Topic *Income Taxes*. FASB Codification Topic *Income Taxes* clarifies the accounting for uncertainty in income taxes and requires the Organization to recognize in their financial statements the impact of a tax position taken or expected to be taken in a tax return, if that position is more likely than not to be sustained under audit, based on the technical merits of the position. Management has assessed the tax positions of the Organization and determined that no positions exist that require adjustment or disclosure under the provisions of FASB Codification Topic *Income Taxes*. The Organization files informational "Return of Organization Exempt from Income Tax" in the U.S. federal jurisdiction.

### ***Use of Estimates***

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

### ***Reclassification***

Certain amounts presented in prior year financial statements have been reclassified to conform with the presentation in the current year financial statements.

### ***Recent Accounting Pronouncements***

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases*. The ASU requires all leases with lease terms more than 12 months to be capitalized as a right-of-use asset and lease liability on the Statements of Financial Position at the date of the lease commencement. All leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the Statements of Activities. This ASU will be effective for the Organization for the year ended December 31, 2022. The Organization is currently in the process of evaluating the impact, if any, of adoption of this ASU on their financial statements.

In September 2020, the FASB issued ASU No. 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU will increase transparency of contributed nonfinancial assets as well as the amount of those contributions used in a not-for-profit's programs and other activities. This ASU will be effective for the Organization for the year ended December 31, 2022. The Organization does not expect this ASU to have a material impact on its financial statements.

### **NOTE 3: CONCENTRATIONS OF RISK**

The Organization uses financial institutions in which it maintains cash, which at times may exceed the FDIC insured limit of \$250,000. The Organization has not experienced any losses in such accounts and management believes it is not exposed to any significant risk on cash and cash equivalents. At December 31, 2021 and 2020, the Organization had no uninsured or uncollateralized cash and cash equivalents.

During the years ended December 31, 2021 and 2020, one unrelated organization provided 15% and 20% of the Organization's contributions and grants, respectively.



# NORTHWEST ARKANSAS FOOD BANK

## Notes to Financial Statements December 31, 2021 and 2020

### **NOTE 4: PROPERTY AND EQUIPMENT**

Major classifications of property and equipment are summarized below:

	<b>2021</b>	<b>2020</b>
Property and equipment subject to depreciation:		
Buildings and improvements	\$ 1,551,028	\$ 862,621
Construction in progress	186,424	19,463
Equipment	381,514	403,417
Land improvements	110,360	107,834
Office furniture and equipment	219,358	183,226
Vehicles	1,081,447	942,831
	3,530,131	2,519,392
Accumulated depreciation	(1,428,884)	(1,207,453)
Land	557,657	37,816
	\$ 2,658,904	\$ 1,349,755

### **NOTE 5: DESIGNATED NET ASSETS**

At December 31, 2021 and 2020, the Organization's Board of Directors has chosen to designate net assets without donor restrictions for the purpose of food purchases of \$5,544,865 and \$4,625,761, respectively.

### **NOTE 6: NET ASSETS WITH DONOR RESTRICTIONS**

At December 31, 2021 and 2020, net assets with donor restrictions consisted of the following:

	<b>2021</b>	<b>2020</b>
<b>Purpose restrictions:</b>		
Data Collection	\$ 87,189	\$ -
Equipment	-	2,548
Salaries and benefits	140,000	10,000
Training	-	3,081
Various food programs	131,223	188,649
<b>Time restrictions</b>	95,459	-
	\$ 453,871	\$ 204,278

# NORTHWEST ARKANSAS FOOD BANK

## Notes to Financial Statements December 31, 2021 and 2020

### **NOTE 7: NONCASH INVESTING AND FINANCING ACTIVITIES**

The Organization had capital expenditures for equipment and other capital items during the years ended December 31, 2021 and 2020 as follows:

	2021	2020
Purchase price	\$ 1,589,271	\$ 579,967
Accounts payable	-	(12,846)
Cash paid	\$ 1,589,271	\$ 567,121

### **NOTE 8: RETIREMENT PLAN**

The Organization adopted a Simple IRA plan effective January 1, 2012. Employees who have been employed at the Organization for sixty days are eligible to participate. The Plan allows employees to contribute, through payroll deductions, to a retirement account and to direct those contributions among certain investment options. For the years ended December 31, 2021 and 2020, the Organization matched contributions equal to 100% of elective deferrals up to 2% of compensation, which totaled \$33,979 and \$29,518 respectively, included in "Labor costs" on the Statements of Functional Expenses.

### **NOTE 9: LIQUIDITY AND AVAILABILITY OF RESOURCES**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the Statements of Financial Position, comprise the following:

	2021	2020
Cash and cash equivalents	\$ 5,038,692	\$ 4,373,586
Certificates of deposit	1,006,173	752,175
Accounts receivable	152,175	214,321
Unconditional promises to give	95,459	-
Total financial assets available within one year	6,292,499	5,340,082
Less amounts restricted by donors with purpose restrictions	358,412	204,278
Less amounts restricted by donors with time restrictions	95,459	-
Less amounts designated by the board for food purchases	5,544,865	4,625,761
Financial assets available to meet cash needs for general expenditures within one year	\$ 293,763	\$ 510,043

# **NORTHWEST ARKANSAS FOOD BANK**

## **Notes to Financial Statements December 31, 2021 and 2020**

As part of the Organization's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. The Organization manages its liquidity and reserves following three guiding principles: operating with a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

### ***NOTE 10: COMMITMENTS***

The Organization entered into a two-year contract with a private consulting firm in April 2021 for capital campaign fundraising leadership including general consultation and other project specific services. The contract expires March 31, 2023. Expenses incurred for the year ended December 31, 2021, totaled approximately \$86,000 for the capital campaign consulting contract.

### ***NOTE 11: RISKS AND UNCERTAINTIES***

The COVID-19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID-19 on the Organization and financial results will depend on future developments, including the duration and spread of the outbreak and the related impact on consumer confidence and spending, all of which are highly uncertain.

### ***NOTE 12: SUBSEQUENT EVENTS***

Management has evaluated subsequent events through August 23, 2022, the date that the financial statements were available to be issued.

## **Supplementary Information**

# NORTHWEST ARKANSAS FOOD BANK

## Schedule for Network Activity Reporting (Unaudited) Year ended December 31, 2021

	Cash	Donated or Gifts in Kind	Total
<b>Public Sources of Revenue</b>			
(1) Shared maintenance	\$ 1,938,397	\$ -	\$ 1,938,397
(6) Value of donated food	-	15,832,532	15,832,532
(8) TEFAP administration	52,754	-	52,754
(15) Other state, local government funds (including grants)	2,053,808	-	2,053,808
(18) Loss on disposal of assets	(30,535)	-	(30,535)
<b>Total public sources of revenue</b>	<b>\$ 4,014,424</b>	<b>\$ 15,832,532</b>	<b>\$ 19,846,956</b>
<b>Operating Expenses</b>			
(1) Wages and benefits	\$ 2,196,957	\$ -	\$ 2,196,957
(2) Staff support expenses	31,819	-	31,819
(3) Professional services	70,152	-	70,152
(4) Technology	58,148	-	58,148
(5) Product purchases	2,260,943	-	2,260,943
(6) Value of donated food distributed	-	14,096,525	14,096,525
(7) Value of USDA food distributed	-	1,973,517	1,973,517
(8) Grants and donations to other organizations	160,338	-	160,338
(9) Occupancy	196,503	-	196,503
(12) Supplies expense	10,200	-	10,200
(13) Direct marketing	144,868	-	144,868
(14) Event expense	56,689	-	56,689
(15) Advertising expense	94,305	-	94,305
(16) Printing and postage	9,069	-	9,069
(18) Insurance expense	60,616	-	60,616
(20) Bank fees	32,756	-	32,756
(21) Fees/dues/publications	62,520	-	62,520
(22) Depreciation	249,587	-	249,587
(23) All other expenses	478,737	186,282	665,019
<b>Total operating expenses</b>	<b>\$ 6,174,207</b>	<b>\$ 16,256,324</b>	<b>\$ 22,430,531</b>

See Independent Auditor's Report.

# **NORTHWEST ARKANSAS FOOD BANK**

**State Required Supplementary Data (Unaudited)  
Year ended December 31, 2021**

## **Supplementary Data Sheet**

Northwest Arkansas Food Bank  
1378 June Self Drive  
Springdale, AR 72764

TIN #: 71-068030

Phone #: 479-872-8774

President/CEO: Kent Eikenberry

Contact Person: Kent Eikenberry

Audit fee: available upon request

See Independent Auditor's Report.

# NORTHWEST ARKANSAS FOOD BANK

## Schedule of Expenditures of Federal Awards Year ended December 31, 2021

Grantor/Pass-through Grantor/ Program Title	Assistance Listing Number	Revenues	Expenditures
<b>Federal Awards</b>			
U.S. Department of Agriculture			
Passed through the Arkansas Department of Human Services			
DCO - TEFAP Trade Mitigation Food Distribution Cluster	10.178	\$ 142,614	\$ 142,614
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568	451,782	451,782
Emergency Food Assistance Program (Administrative Costs)	10.568	52,754	52,754
Emergency Food Program (Family First Coronavirus Response Act)	10.568	45,002	45,002
Emergency Food Assistance Program (Food Commodities)	10.569	1,403,507	1,403,507
Total Food Distribution Cluster		<u>1,953,045</u>	<u>1,953,045</u>
Total U.S. Department of Agriculture		<u>2,095,659</u>	<u>2,095,659</u>
U.S. Department of Housing and Urban Development			
Passed through the City of Springdale			
CDBG - Entitlement Grants Cluster			
Community Development Block Grant	14.218	139,283	139,283
Total U.S. Department of Housing and Urban Development		<u>139,283</u>	<u>139,283</u>
<b>TOTAL FEDERAL AWARDS</b>		<u>\$ 2,234,942</u>	<u>\$ 2,234,942</u>

See Independent Auditor's Report.

# **NORTHWEST ARKANSAS FOOD BANK**

## **Notes to Schedule of Expenditures of Federal Awards Year ended December 31, 2021**

### ***NOTE 1: BASIS OF PRESENTATION***

The significant accounting policies used in preparing the Schedule of Expenditures of Federal Awards (the Schedule) are described in Note 2 to the accompanying financial statements. Revenue from Federal Awards detailed above is included in Donated product, Shared maintenance fees, and Grants in the Statements of Activities. The Organization has elected not to use the 10-percent de minimus indirect cost rate allowed under the Uniform Guidance.

### ***NOTE 2: NONCASH ASSISTANCE***

Noncash assistance recorded in the Schedule consists of food commodities donated by the USDA (The Emergency Food Assistance Program ALN #10.569) and passed through the Arkansas Department of Human Services to the Organization. The donated food commodities are valued at the estimated fair value of \$1.05 per pound (as valued by Feeding America). The Organization's accounting policy for donated inventories is more fully described in Note 2 of the financial statements and follows accounting principles generally accepted in the United States of America.

During the year ended December 31, 2021, the Organization also received donated food commodities under the Coronavirus Food Assistance Program (CFAP) ALN 10.130. These donated food commodities are also valued at the estimated fair value of \$1.05 per pound shown above. The value of the CFAP food commodities distributed, totaled \$1,167,298 for the year ended December 31, 2021, are not reported on the Schedule because these funds are not subject to the reporting requirements contained in the Uniform Guidance.





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

Board of Directors  
**Northwest Arkansas Food Bank**  
Bethel Heights, Arkansas

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 **Northwest Arkansas Food Bank** (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated August 23, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements we considered **Northwest Arkansas Food Bank's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we do not express an opinion on the effectiveness of the entity's internal control.

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

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether **Northwest Arkansas Food Bank'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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Northwest Arkansas Food Bank**  
Bethel Heights, Arkansas

**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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Landmark PLC". The word "Landmark" is written in a cursive style, and "PLC" is written in a more upright, blocky style.

Rogers, Arkansas  
August 23, 2022



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

Board of Directors  
**Northwest Arkansas Food Bank**  
Bethel Heights, Arkansas

**Report on Compliance for the Major Federal Program**

We have audited **Northwest Arkansas Food Bank's** (a not-for-profit organization) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2021. The Organization's major federal program is identified in the summary of independent auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for the **Northwest Arkansas Food Bank's** major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

**Opinion on the Major Federal Program**

In our opinion, **Northwest Arkansas Food Bank** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

### **Report on Internal Control Over Compliance**

Management of **Northwest Arkansas Food Bank** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above.

In planning and performing our audit of compliance, we considered the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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

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

### **Purpose of this Report**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Landmark PLC". The signature is written in a cursive, flowing style.

Rogers, Arkansas  
August 23, 2022



# **NORTHWEST ARKANSAS FOOD BANK**

## **Schedule of Findings and Questioned Costs Year ended December 31, 2021**

### **II. FINDINGS RELATING TO THE FINANCIAL STATEMENT AUDIT AS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GENERALLY ACCEPTED *GOVERNMENT AUDITING STANDARDS***

There were no audit findings for the year ended December 31, 2021.

### **III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

There were no audit findings for the year ended December 31, 2021.

# **NORTHWEST ARKANSAS FOOD BANK**

## **Summary Schedule of Prior Year Audit Findings Year ended December 31, 2021**

### **IV. Prior Year Findings and Questioned Costs**

There were no prior year audit findings for the year ended December 31, 2020.