
Food Bank of the Rockies, Inc.

**Consolidated Financial Report
with Supplemental Information
June 30, 2021**

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Independent Auditor's Report

To the Board of Directors
Food Bank of the Rockies, Inc.

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Food Bank of the Rockies, Inc. and its subsidiary (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021 and 2020 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Food Bank of the Rockies, Inc. and its subsidiary as of June 30, 2021 and 2020 and the changes in their net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Food Bank of the Rockies, Inc.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2021 on our consideration of Food Bank of the Rockies, Inc. and its subsidiary's internal control over financial reporting and on our tests of their 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 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 Food Bank of the Rockies, Inc. and its subsidiary's internal control over financial reporting and compliance.

Plante & Moran, PLLC

December 30, 2021

Food Bank of the Rockies, Inc.

Consolidated Statement of Financial Position

June 30, 2021 and 2020

	2021	2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 2,774,052	\$ 7,864,167
Restricted cash and cash equivalents	50,153	36,779
Receivables:		
Agency support fees - Net of allowance of \$15,500	220,992	284,116
Pledges receivable	153,314	418,331
Contract receivables	702,223	460,035
Other accounts receivable	87,744	39,164
Total receivables	1,164,273	1,201,646
Donated inventory	1,861,037	3,309,243
Commodities inventory	2,877,911	3,193,197
Purchased inventory	1,729,131	1,573,130
Investments	10,086,535	13,942,604
Prepaid expenses and other current assets	709,151	940,048
Total current assets	21,252,243	32,060,814
Board-designated Investments for Long-term Purposes	30,000,000	-
Property and Equipment - Net	14,953,311	13,263,277
Endowment Assets - Life insurance policy	21,183	16,813
Endowment Assets - Investments	4,346,706	3,508,091
Total noncurrent assets	49,321,200	16,788,181
Total assets	\$ 70,573,443	\$ 48,848,995
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,750,139	\$ 1,658,506
Accrued liabilities and other:		
Accrued compensation	1,181,588	811,288
Other accrued liabilities	308,412	63,305
Deferred revenue	285,000	79,300
Current portion of capital lease obligations	-	1,160
Current portion of long-term debt	29,507	1,502,764
Total current liabilities	3,554,646	4,116,323
Long-term Debt - Net of current portion	1,790,937	1,822,054
Total liabilities	5,345,583	5,938,377
Net Assets		
Without donor restrictions	55,539,481	32,268,409
With donor restrictions	9,688,379	10,642,209
Total net assets	65,227,860	42,910,618
Total liabilities and net assets	\$ 70,573,443	\$ 48,848,995

Food Bank of the Rockies, Inc.

Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2021 and 2020

	2021			2020		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Purchased food	\$ 4,299,093	\$ -	\$ 4,299,093	\$ 3,163,942	\$ -	\$ 3,163,942
Agency support fees	20,846	-	20,846	660,952	-	660,952
Promotions	800,491	-	800,491	872,593	-	872,593
Contributions	36,117,238	8,081,500	44,198,738	23,874,907	5,682,614	29,557,521
Donated materials and services	260,970	-	260,970	299,720	-	299,720
Government grants and contracts	6,813,919	-	6,813,919	4,025,145	-	4,025,145
Special event revenue	322,226	-	322,226	639,803	-	639,803
Net investment return and miscellaneous	755,453	842,985	1,598,438	261,571	388,082	649,653
(Loss) gain on sale of fixed assets	(89,054)	-	(89,054)	31,499	-	31,499
Food contributions	-	84,750,094	84,750,094	-	84,551,424	84,551,424
Commodities contributions	-	22,407,820	22,407,820	-	19,636,281	19,636,281
Net assets released from restrictions - Satisfaction of other restrictions	8,114,823	(8,114,823)	-	4,801,399	(4,801,399)	-
Net assets released from restrictions - Food distributions	108,921,406	(108,921,406)	-	104,427,767	(104,427,767)	-
Total revenue, gains, and other support	166,337,411	(953,830)	165,383,581	143,059,298	1,029,235	144,088,533
Expenses and Losses						
Program services:						
Agency Distribution	69,284,781	-	69,284,781	36,952,338	-	36,952,338
Food for Kids	3,876,032	-	3,876,032	3,734,880	-	3,734,880
Mobile Pantry	3,098,978	-	3,098,978	5,622,783	-	5,622,783
Grocery Rescue	20,700,483	-	20,700,483	41,373,557	-	41,373,557
TEFAP	18,867,716	-	18,867,716	14,080,832	-	14,080,832
CSFP	3,095,573	-	3,095,573	3,061,962	-	3,061,962
Wyoming	17,819,159	-	17,819,159	18,164,373	-	18,164,373
Total program services	136,742,722	-	136,742,722	122,990,725	-	122,990,725
Support services:						
Administration and general	3,180,881	-	3,180,881	1,914,581	-	1,914,581
Fundraising	3,142,736	-	3,142,736	2,573,607	-	2,573,607
Total support services	6,323,617	-	6,323,617	4,488,188	-	4,488,188
Total expenses and losses	143,066,339	-	143,066,339	127,478,913	-	127,478,913
Increase (Decrease) in Net Assets	23,271,072	(953,830)	22,317,242	15,580,385	1,029,235	16,609,620
Net Assets - Beginning of year	32,268,409	10,642,209	42,910,618	16,688,024	9,612,974	26,300,998
Net Assets - End of year	\$ 55,539,481	\$ 9,688,379	\$ 65,227,860	\$ 32,268,409	\$ 10,642,209	\$ 42,910,618

Food Bank of the Rockies, Inc.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2021

	Program Services						Support Services		Total	
	Colorado Agency Distribution	Colorado Food for Kids	Colorado Mobile Pantry	Colorado Grocery Rescue	Colorado TEFAP	Colorado CSFP	Wyoming	Administration and General		Fundraising
Salary and fringes	\$ 3,342,181	\$ 750,529	\$ 274,978	\$ 556,419	\$ 704,180	\$ 631,920	\$ 1,285,744	\$ 1,814,690	\$ 1,135,132	\$ 10,495,773
Contributed food distributed	53,472,219	838,556	2,217,475	19,909,975	-	-	9,760,075	-	-	86,198,300
Commodities food distributed	-	-	-	-	16,850,777	1,885,400	3,986,929	-	-	22,723,106
Purchased food distributed	7,076,906	4,418	434,464	-	-	35,611	897,029	-	-	8,448,428
Distribution costs	1,520,981	29,370	65,127	95,878	79,321	63,755	351,788	-	-	2,206,220
Occupancy	842,956	53,170	13,404	17,738	192,872	191,886	283,664	65,271	19,163	1,680,124
Professional and contract services	1,414,310	145,737	13,903	20,264	200,679	53,341	150,253	1,070,036	299,750	3,368,273
Cost of prepared meals and snacks	-	1,881,564	-	-	-	-	129,367	-	-	2,010,931
Special events expense	-	-	-	-	-	-	-	-	145,368	145,368
Direct mail	-	-	-	-	-	-	-	-	1,119,303	1,119,303
Other operating	1,006,393	67,492	28,317	43,355	725,408	140,679	667,473	185,389	412,802	3,277,308
Depreciation	608,835	105,196	51,310	56,854	114,479	92,981	306,837	45,495	11,218	1,393,205
Total functional expenses	\$ 69,284,781	\$ 3,876,032	\$ 3,098,978	\$ 20,700,483	\$ 18,867,716	\$ 3,095,573	\$ 17,819,159	\$ 3,180,881	\$ 3,142,736	\$ 143,066,339

Food Bank of the Rockies, Inc.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

	Program Services						Support Services		Total	
	Colorado Agency Distribution	Colorado Food for Kids	Colorado Mobile Pantry	Colorado Grocery Rescue	Colorado TEFAP	Colorado CSFP	Wyoming	Administration and General		Fundraising
Salary and fringes	\$ 2,935,406	\$ 665,561	\$ 206,459	\$ 423,302	\$ 598,878	\$ 625,573	\$ 781,635	\$ 1,224,545	\$ 935,419	\$ 8,396,778
Contributed food distributed	26,684,390	1,258,509	5,105,181	40,704,756	-	-	12,083,009	-	-	85,835,845
Commodities food distributed	-	-	-	-	12,825,923	1,951,947	3,814,052	-	-	18,591,922
Purchased food distributed	3,806,362	8,748	188,793	-	8,502	-	403,540	-	-	4,415,945
Distribution costs	967,128	23,327	40,092	104,228	114,900	65,211	324,506	481	1,611	1,641,484
Occupancy	700,085	46,050	12,059	15,884	183,255	179,598	142,638	34,452	8,020	1,322,041
Professional and contract services	653,243	54,713	8,235	12,241	106,727	50,723	61,141	458,396	208,671	1,614,090
Cost of prepared meals and snacks	26,830	1,509,910	927	-	78	227	71,093	-	-	1,609,065
Special events expense	-	-	-	-	-	-	-	-	207,509	207,509
Direct mail	-	-	-	-	-	-	-	-	845,301	845,301
Other operating	715,274	68,970	19,675	29,825	128,295	86,809	256,576	156,635	355,141	1,817,200
Depreciation	463,620	99,092	41,362	83,321	114,274	101,874	226,183	40,072	11,935	1,181,733
Total functional expenses	\$ 36,952,338	\$ 3,734,880	\$ 5,622,783	\$ 41,373,557	\$ 14,080,832	\$ 3,061,962	\$ 18,164,373	\$ 1,914,581	\$ 2,573,607	\$ 127,478,913

Consolidated Statement of Cash Flows

Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows from Operating Activities		
Increase in net assets	\$ 22,317,242	\$ 16,609,620
Adjustments to reconcile increase in net assets to net cash from operating activities:		
Depreciation expense	1,393,205	1,181,733
Loss (gain) on disposal of property and equipment	89,054	(31,499)
Forgiveness of PPP loan	(1,473,900)	-
Gain on investments	(819,137)	(216,350)
Contributed food and commodities distributed	108,921,406	104,427,767
Contributed food and commodities	(107,157,914)	(104,187,705)
Endowment contributions	(21,851)	(242,328)
Change in value of life insurance policy	(4,370)	1,519
Changes in operating assets and liabilities that provided (used) cash:		
Receivables	37,373	(451,557)
Purchased inventory	(156,001)	(890,274)
Prepaid expenses and other assets	230,897	(678,571)
Accounts payable and accrued liabilities	707,040	1,276,001
Deferred revenue	205,700	(21,826)
	24,268,744	16,776,530
Net cash, cash equivalents, and restricted cash provided by operating activities		
Cash Flows from Investing Activities		
Purchase of property and equipment	(3,198,743)	(1,883,201)
Proceeds from the sale of property and equipment	26,450	55,000
Purchases of investments	(58,854,409)	(18,920,755)
Proceeds from sales and maturities of investments	32,691,000	10,770,000
	(29,335,702)	(9,978,956)
Net cash, cash equivalents, and restricted cash used in investing activities		
Cash Flows from Financing Activities		
Proceeds from PPP loan	-	1,473,900
Payments on long-term debt	(30,474)	(1,342,930)
Payments on capital leases	(1,160)	(13,571)
Endowment contributions	21,851	242,328
	(9,783)	359,727
Net cash, cash equivalents, and restricted cash (used in) provided by financing activities		
Net (Decrease) Increase in Cash, Cash Equivalents, and Restricted Cash	(5,076,741)	7,157,301
Cash, Cash Equivalents, and Restricted Cash - Beginning of year	7,900,946	743,645
Cash, Cash Equivalents, and Restricted Cash - End of year	\$ 2,824,205	\$ 7,900,946
Statement of Financial Position Classification of Cash, Cash Equivalents, and Restricted Cash		
Cash and cash equivalents	\$ 2,774,052	\$ 7,864,167
Restricted cash and cash equivalents	50,153	36,779
	\$ 2,824,205	\$ 7,900,946
Total cash, cash equivalents, and restricted cash		
Supplemental Cash Flow Information - Cash paid for interest	\$ 59,399	\$ 107,293

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 1 - Nature of Business

Food Bank of the Rockies, Inc. (FBR) is a Colorado nonprofit corporation organized to solicit, collect, and distribute food to those in need of assistance directly and through nonprofit member agencies. FBR is a member of Feeding America. Its service area includes 30 counties in northern Colorado and the entire state of Wyoming.

FBR contracted with the State of Colorado during fiscal years 2021 and 2020 for administration of four United States Department of Agriculture (USDA) programs for northern Colorado: The Emergency Food Assistance Program (TEFAP), the Commodity Supplemental Food Program (CSFP), the Child and Adult Care Food Program (CACFP), and the Summer Food Service Program (SFSP). During fiscal years 2021 and 2020, FBR contracted with the State of Wyoming for administration of TEFAP and CSFP.

TEFAP provides for the distribution of nutritious food to low-income residents upon self-declaration of need. FBR distributes TEFAP commodities to 138 eligible recipient agencies (ERA) throughout northern Colorado (41 of these ERAs are FBR mobile pantry sites conducting the distributions) and to 36 ERAs in Wyoming.

CSFP works to improve the health of low-income older adults over 60 years of age by supplementing their diets with nutritious USDA commodity foods. Those eligible must meet income guidelines established by the State of Colorado (which is 130 percent of the Federal Poverty Income Guidelines), establish local residency requirements, and be able to provide identification issued by a state or federal agency. FBR is allocated to serve up to 6,740 CSFP recipients monthly at 151 ERA sites throughout the 30-county service area. In Wyoming, FBR serves up to 213 CSFP recipients monthly at 5 ERA sites in 3 counties.

Both CACFP and SFSP are administered by the programs department providing meals for low-income children to 200 sites. Food for Kids programs provide meals to children at risk of hunger at locations offering recreation, tutoring, and mentoring programs. Also, through CACFP, the After-School Snacks Program supplies snacks to sites providing after-school tutoring to low-income students. Although not a federal program, FBR's Totes of Hope™ program is designed to meet the needs of children experiencing food insecurity at times when other resources are not available, such as weekends and school vacations. Children in the Totes of Hope™ program discreetly receive a bag filled with food each Friday to take home for the weekend. FBR distributes 4,700 totes per week in Colorado and 1,335 totes per week in Wyoming.

Food Bank of the Rockies Endowment Fund (FBREF) is a Colorado nonprofit corporation organized for the sole purpose of holding, operating, and managing an endowment fund to support FBR.

Note 2 - Significant Accounting Policies

Principles of Consolidation

The consolidated financial statements include the accounts of FBR and its controlled subsidiary, FBREF (collectively, the "Organization"). All material intercompany accounts and transactions have been eliminated in consolidation.

Note 2 - Significant Accounting Policies (Continued)

Upcoming Accounting Pronouncements

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of activities and changes in net assets. Currently, leases are classified as either capital or operating, with only capital leases recognized on the statement of financial position. The reporting of lease-related expenses in the statements of activities and changes in net assets and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending June 30, 2023 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The Organization is still evaluating which method it will apply. The new lease standard is expected to have an insignificant effect on the Organization's financial statements as a result of the Organization's operating leases, as disclosed in Note 10, that will be reported on the consolidated statement of financial position at adoption. Upon adoption, the Organization will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the changes in net assets are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. The ASU provides for additional disclosures to support clearer financial information about important noncash contributions that charities and other not-for-profit organizations receive, known as gifts in kind (GIKs). Contributed nonfinancial assets will be reported by category within the consolidated financial statements, and there will be additional disclosures included for each category, including whether the nonfinancial assets were monetized or used during the reporting period, the policy for monetizing nonfinancial contributions, and a description of the fair value techniques used to arrive at a fair value measurement. The new guidance will be effective for the Organization's year ending June 30, 2022 and will be applied using the retrospective method.

Classification of Net Assets

Net assets of the Organization are classified based on the presence or absence of donor-imposed restrictions.

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions or for which the donor-imposed restrictions have expired or been fulfilled. Net assets in this category may be expended for any purpose in performing the primary objectives of the Organization.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, where the donor has stipulated the funds be maintained in perpetuity.

Earnings, gains, and losses on donor-restricted net assets are classified as net assets without donor restrictions unless specifically restricted by the donor or by applicable state law.

Cash Equivalents

The Organization considers all investments with an original maturity of three months or less when purchased to be cash equivalents, excluding short-term investments held within the investment portfolio. The Organization maintains cash balances in excess of the FDIC's insurance limit of \$250,000.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 2 - Significant Accounting Policies (Continued)

Restricted Cash

Restricted cash consists of a debt service reserve fund.

Agency Support Fees Receivable

Balances represent agency support fees that have not yet been collected. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on the specific circumstances of the agencies. As of June 30, 2021 and 2020, the Organization reserved an allowance for doubtful accounts of \$15,500.

Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at their net realizable value, and those that are expected to be collected in future years are recorded at the present value of estimated future cash flows. As of June 30, 2021 and 2020, there were \$153,314 and \$418,331, respectively, in pledges receivable outstanding. The Organization expects that all promises to give are fully collectible; accordingly, there was no allowance for uncollectible pledges receivable. No discount has been recorded related to pledges receivable, as all outstanding amounts are expected to be collected within one year.

Contracts Receivable

Balances represent amounts due from the State of Colorado and the State of Wyoming for contracted services based on contracted prices. The Organization provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on the specific circumstances. Management considers all contracts receivable collectible, and, therefore, an allowance for doubtful accounts has not been recorded at June 30, 2021 and 2020.

Investments

The Organization reports investments in equity securities with readily determinable fair values and all investments in debt securities at their fair values, with unrealized gains and losses included in the consolidated statement of activities and changes in net assets.

Food Inventory

Donated food inventory is valued at an average of the national wholesale prices determined by Feeding America. Purchased food inventory is valued at the cost of products purchased, determined by the first-in, first-out method. Donated commodities inventory received from the USDA is valued based on prices provided by the USDA.

Property and Equipment

Property and equipment with unit costs of \$5,000 or more are capitalized at cost if purchased and at fair value if contributed. Depreciation of property and equipment is computed on the straight-line method based upon the estimated useful lives of the assets, which range from 1 to 37 years.

Note 2 - Significant Accounting Policies (Continued)

Long-lived Assets

The Organization reviews the recoverability of long-lived assets, including buildings and equipment, when events or changes in circumstances occur that indicate the carrying value of the asset may not be recoverable. The assessment of possible impairment is based on the ability to recover the carrying value of the asset from the expected future cash flows (undiscounted and without interest charges) of the related operations. If these cash flows are less than the carrying value of such asset, an impairment loss is recognized for the difference between estimated fair value and carrying value. The measurement of impairment requires management to make estimates of these cash flows related to long-lived assets, as well as other fair value determinations.

As of June 30, 2021 and 2020, no impairment was required to be recognized.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions 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 the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

The Organization reports gifts of property and equipment as contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports the expiration of donor restrictions when the assets are placed in service.

Donated Services

A number of volunteers have donated time to the Organization. During the years ended June 30, 2021 and 2020, volunteers from the community donated approximately 85,600 and 118,600 hours, respectively, which were valued based on the industry standards at approximately \$2,550,000 and \$3,497,000, respectively, to assist the Organization in achieving the goals of its programs; however, no value for these services has been recorded in the accompanying consolidated financial statements, as specialized skills were not required.

Deferred Revenue

Registration fees and other receipts for special events relating to future years are deferred and recognized as revenue in the applicable future period when the related services are provided.

Food and Commodities Contributions

The Organization receives donated food and commodities from local area merchants, the USDA, and Feeding America.

During the year ended June 30, 2021, FBR received and distributed approximately 47,300,000 and 48,200,000 pounds, respectively, of donated usable food. During the year ended June 30, 2020, FBR received and distributed approximately 48,600,000 and 49,500,000 pounds, respectively, of donated usable food. As of June 30, 2021 and 2020, donated food inventory consisted of approximately 1,000,000 pounds at an average value of \$1.79 per pound and approximately 1,900,000 pounds at an average value of \$1.74 per pound, respectively. The contribution value is determined by Feeding America.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 2 - Significant Accounting Policies (Continued)

During the years ended June 30, 2021 and 2020, the Organization received approximately 49,100,000 and 22,800,000 pounds, respectively, of commodities and distributed approximately 48,900,000 and 22,400,000 pounds, respectively, of commodities. The contribution value is determined by the USDA.

FBR purchases high-protein foods and produce to supplement contributed food. As of June 30, 2021 and 2020, purchased food inventory was \$1,729,131 and \$1,573,130, respectively.

Agency Support Fee Revenue

For the year ended June 30, 2020, agencies in Colorado supported the Organization with a maximum fee of \$0.14 per donated pound on selected categories of donated products to partially offset the handling and redistribution costs incurred by the Organization. For the year ended June 30, 2020, agencies in Wyoming supported the Organization with a maximum fee of \$0.19 per donated pound. Fees during 2020 were based on the types of product distributed. The average support fee per donated pound was approximately \$0.01 for the year ended June 30, 2020, with approximately 49,500,000 donated pounds distributed for the year then ended. The Organization distributed approximately 42,800,000 pounds of donated food at no fee in the year ended June 30, 2021. During the year ended June 30, 2021, all fees were waived in response to the COVID-19 pandemic.

Functional Allocation of Expenses

Costs of providing the program and support services have been reported on a functional basis in the consolidated statement of activities and changes in net assets. Salary-related costs are allocated based on the percentage of time spent by individuals working on multiple programs. Other shared costs are allocated between the various program and support services based on the percentage of total square footage utilized. Although the methods of allocation used are considered appropriate, other methods could be used that would produce different amounts.

Income Taxes

The Organization is a not-for-profit corporation and is exempt from tax under the provisions of Internal Revenue Code Section 501(c)(3).

Use of Estimates

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

Impacts of the COVID-19 Pandemic

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus a pandemic. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide. In response, many countries have implemented measures to combat the outbreak that have impacted global business operations.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 2 - Significant Accounting Policies (Continued)

As of the date of issuance of these consolidated financial statements, the Organization's activities have been significantly impacted by the pandemic, and the Organization continues to monitor the situation. Impacts of the pandemic disrupted the livelihood and economic stability of individuals and families in the communities served by the Organization, resulting in increased community need for the support the Organization provides. Thankfully, this increased need was widely recognized by the community and by the supporters of the Organization and resulted in increased contributions and government grants and contracts to provide additional food commodities and funding, resulting in a significant budgetary operating surplus for fiscal years 2020 and 2021. Demand for food distribution has also risen since the start of the pandemic and has been accompanied by changes to organizational procedures for the safety of employees, volunteers, and the community at large.

Management expects this rapid increase in funding to be short lived, while the increased expenses necessary to meet the community's needs will be long lasting through the duration of the pandemic. Management has addressed this difference in timing by increasing assets, especially cash and cash equivalents, to be available to meet the increased demand subsequent to the consolidated statement of financial position date and the issuance of these financial statements and throughout the remainder of the pandemic.

Management has reviewed the fair value of the investment portfolio for indications of significant declines subsequent to the consolidated statement of financial position date and has determined that, at this time, no impairments to the portfolio assets are necessary. Due to continued uncertainty surrounding the effects of the pandemic on financial and capital markets, management's judgment regarding this could change in the future.

In addition, because of the direct and indirect impacts of the continuing pandemic, the Organization's activities, functional expenses, cash flows, and financial condition could be negatively impacted in the future, but the extent of the impact cannot be reasonably estimated at this time. The Organization has budgeted in the 2022 fiscal year for additional operating expenses of approximately \$8,200,000 related to meeting the increased community need that may persist because of the pandemic.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including December 30, 2021, which is the date the financial statements were available to be issued.

Subsequent to June 30, 2021, the Organization entered into a series of financing agreements as part of a New Markets Tax Credit (NMTC) transaction to support the construction of the Western Slope facility. On November 23, 2021, an NMTC investor made a \$3,738,150 equity investment into FBR-WS Investment Fund, LLC (the "Investment Fund") in exchange for NMTC to be generated from the project over a seven-year compliance period. Simultaneously, FBREF made a \$9,761,850 leveraged loan to the Investment Fund at 1.00 percent interest, which matures on December 31, 2046. The Investment Fund used those funds to make Qualified Equity Investments into a pair of community development entities (CDEs). The CDEs loaned to FBR substantially all of the proceeds of the investments from the Investment Fund, net of fees, in the aggregate amount of approximately \$13,185,000 (the "QLICI Loans"). FBR executed and delivered to the CDEs loan agreements, promissory notes, and various security documents in connection with the QLICI Loans. The QLICI Loans accrue interest at a rate of 1.142 percent, and each matures on December 31, 2051.

The New Markets Tax Credits have a seven-year compliance period that will expire in the fiscal year ending June 30, 2029, at which time the NMTC investor may execute a put option; and, if not, FBREF may exercise a call option. If either the put or call option is exercised, FBREF will purchase the third-party NMTC investor's equity interest in the Investment Fund, and the Investment Fund will acquire the notes payable from FBR to the CDEs; the assets of the Investment Fund will settle into FBREF, and the NMTC financing will be considered settled. FBREF may require FBR to continue to fund the notes now directly between them or may forgive those obligations at that time.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 2 - Significant Accounting Policies (Continued)

The NMTC program was established by Congress in 2000 to attract investment capital to low-income communities by permitting investors to receive tax credit incentives in exchange for making equity investments in certified CDEs. Under this program, certain commercial banks and other investors are able to subsidize eligible projects that meet the NMTC program requirements. After CDE fees and transaction costs, the NMTC transaction generated approximately \$2.4 million of additional funds for the Organization.

Note 3 - Liquidity and Availability of Resources

The following reflects the Organization's current financial assets as of June 30, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statement of financial position date:

	2021	2020
Cash and cash equivalents	\$ 2,774,052	\$ 7,864,167
Receivables	1,164,273	1,201,646
Investments	10,086,535	13,942,604
Current financial assets - At year end	14,024,860	23,008,417
Less those unavailable for general expenditures within one year due to donor-imposed restrictions:		
Restricted by donor with time restrictions	-	208,038
Restricted by donor with purpose restrictions	1,284,766	1,110,051
Financial assets available to meet cash needs for general expenditures within one year	\$ 12,740,094	\$ 21,690,328

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Organization invests cash in excess of daily requirements in various short-term investments, including certificates of deposit and short-term treasury instruments.

The Organization has a line of credit with available borrowings of \$1,500,000.

The Organization also realizes there could be unanticipated liquidity needs.

Note 4 - Fair Value Measurements

Accounting standards require certain assets and liabilities be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the inputs and valuation techniques used to measure fair value.

The following tables present information about the Organization's assets measured at fair value on a recurring basis at June 30, 2021 and 2020 and the valuation techniques used by the Organization to determine those fair values.

Fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Organization has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets and other inputs, such as interest rates and yield curves, that are observable at commonly quoted intervals.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 4 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. These Level 3 fair value measurements are based primarily on management's own estimates using pricing models, discounted cash flow methodologies, or similar techniques taking into account the characteristics of the asset.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

Assets Measured at Fair Value on a Recurring Basis at June 30, 2021				
Quoted Prices in				
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2021
Investments:				
Corporate bonds	\$ -	\$ 1,320,433	\$ -	\$ 1,320,433
Municipal bonds	-	141,665	-	141,665
U.S. Treasurys	-	37,144,324	-	37,144,324
Marketable CDs	3,014,431	-	-	3,014,431
Money market mutual funds	79,256	-	-	79,256
Equities	2,472,665	-	-	2,472,665
Equity mutual funds	260,467	-	-	260,467
Total investments	\$ 5,826,819	\$ 38,606,422	\$ -	\$ 44,433,241

Assets Measured at Fair Value on a Recurring Basis at June 30, 2020				
Quoted Prices in				
	Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2020
Investments:				
Corporate bonds	\$ -	\$ 1,280,801	\$ -	\$ 1,280,801
Municipal bonds	-	164,314	-	164,314
U.S. Treasurys	-	13,005,691	-	13,005,691
Marketable CDs	1,044,000	-	-	1,044,000
Money market mutual funds	265,302	-	-	265,302
Equities	1,587,050	-	-	1,587,050
Equity mutual funds	103,537	-	-	103,537
Total investments	\$ 2,999,889	\$ 14,450,806	\$ -	\$ 17,450,695

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2021	2020
Buildings	\$ 5,516,512	\$ 5,516,512
Leasehold improvements	7,807,770	7,025,051
Transportation equipment	4,539,837	4,721,553
Furniture and equipment	4,560,112	3,942,766
Land	1,360,830	1,360,830
Construction in progress	1,047,267	108,176
Total cost	24,832,328	22,674,888
Accumulated depreciation	9,879,017	9,411,611
Net property and equipment	<u>\$ 14,953,311</u>	<u>\$ 13,263,277</u>

Note 6 - Line of Credit

Under a line of credit agreement with a bank, the Organization has available borrowings of approximately \$1,500,000 as of June 30, 2021 and 2020. Interest accrues at the greater of *The Wall Street Journal* prime rate or 4.00 percent (effective rate was 4.00 percent at June 30, 2021 and 2020) and matures in May 2023. The line of credit is collateralized by the Denver headquarters building. There was no outstanding balance due on the line of credit at June 30, 2021 or 2020.

Note 7 - Long-term Debt

Long-term debt at June 30 is as follows:

	2021	2020
Note payable to the USDA in monthly installments of \$7,489, including interest at 3.25 percent. The note is collateralized by a building and is due in September 2054. The note also subjects the Organization to certain reserve requirements	\$ 1,820,444	\$ 1,850,918
Paycheck Protection Program loan. These funds bear interest at 1.00 percent, defer principal and interest payments for six months, and contractually mature in April 2022. The loan was forgiven during the year ended June 30, 2021	-	1,473,900
Total	1,820,444	3,324,818
Less current portion	29,507	1,502,764
Long-term portion	<u>\$ 1,790,937</u>	<u>\$ 1,822,054</u>

During the year ended June 30, 2020, the Organization received a Paycheck Protection Program (PPP) loan in the amount of \$1,473,900. The PPP loan program was created under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and is administered by the Small Business Administration (SBA). Under the terms of this program, the loan may be fully or partially forgiven if the loan proceeds are spent on qualifying expenses and staffing level and if salary maintenance requirements are met.

Prior to June 30, 2021, the Organization applied for and received notification of forgiveness of the loan from the SBA. Loan forgiveness in the amount of \$1,473,900 has been included in contributions on the consolidated statement of activities and changes in net assets.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 7 - Long-term Debt (Continued)

The balance of the above debt matures as follows:

<u>Years Ending</u>	<u>Amount</u>
2022	\$ 29,507
2023	32,143
2024	33,204
2025	34,299
2026	35,430
Thereafter	<u>1,655,861</u>
Total	<u>\$ 1,820,444</u>

Note 8 - Net Assets

Net assets without donor restrictions consist of the following as of June 30:

	<u>2021</u>	<u>2020</u>
Board-designated net assets:		
Quasi endowment	\$ 703,223	\$ 703,223
Designated for expected capital and extraordinary operating needs	<u>30,000,000</u>	<u>-</u>
Total board-designated net assets	30,703,223	703,223
Undesignated net assets	<u>24,836,258</u>	<u>31,565,186</u>
Total unrestricted net assets	<u>\$ 55,539,481</u>	<u>\$ 32,268,409</u>

Net assets with donor restrictions as of June 30 are available for the following purposes:

	<u>2021</u>	<u>2020</u>
Subject to:		
Food distribution	\$ 4,738,947	\$ 6,502,439
The passage of time	-	208,038
Meeting various purpose restrictions	1,284,766	1,110,051
Endowment subject to endowment spending policy and appropriation	<u>3,664,666</u>	<u>2,821,681</u>
Total	<u>\$ 9,688,379</u>	<u>\$ 10,642,209</u>

Note 9 - Donor-restricted and Board-designated Endowments

The Organization's endowment includes both donor-restricted endowment funds and funds designated by the board of directors of FBREF to function as endowments. Net assets associated with endowment funds, including funds designated by the board of directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

The Organization is subject to the State Prudent Management of Institutional Funds Act (SPMIFA) and, thus, classifies amounts in its donor-restricted endowment funds as net assets with donor restrictions because those net assets are time restricted until the board of directors of FBREF appropriates such amounts for expenditures. Most of those net assets also are subject to purpose restrictions that must be met before reclassifying those net assets to net assets without donor restrictions. The board of directors of FBREF has interpreted SPMIFA as not requiring the maintenance of purchasing power of the original gift amount contributed to an endowment fund, unless a donor stipulates the contrary. As a result of this interpretation, when reviewing its donor-restricted endowment funds, the Organization considers a fund to be underwater if the fair value of the fund is less than the sum of (a) the original value of initial and subsequent gift amounts donated to the fund and (b) any accumulations to the fund that are required to be maintained in perpetuity in accordance with the direction of the applicable donor gift instrument. The Organization has interpreted SPMIFA to permit spending from underwater funds in accordance with the prudent measures required under the law. Additionally, in accordance with SPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purpose of the Organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the Organization
- The investment policies of the Organization

	Endowment Net Asset Composition by Type of Fund as of June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 703,223	\$ -	\$ 703,223
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	2,134,619	2,134,619
Accumulated investment gains	-	1,530,047	1,530,047
Total donor-restricted endowment funds	-	3,664,666	3,664,666
Total	\$ 703,223	\$ 3,664,666	\$ 4,367,889

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 703,223	\$ 2,821,681	\$ 3,524,904
Investment return:			
Investment return - Net of appreciation	-	816,764	816,764
Change in value of life insurance policy	-	4,370	4,370
Total investment return	-	821,134	821,134
Contributions	-	21,851	21,851
Endowment net assets - End of year	<u>\$ 703,223</u>	<u>\$ 3,664,666</u>	<u>\$ 4,367,889</u>
	Endowment Net Asset Composition by Type of Fund as of June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 703,223	\$ -	\$ 703,223
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	2,112,768	2,112,768
Accumulated investment gains	-	708,913	708,913
Total donor-restricted endowment funds	-	2,821,681	2,821,681
Total	<u>\$ 703,223</u>	<u>\$ 2,821,681</u>	<u>\$ 3,524,904</u>

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 578,223	\$ 2,433,599	\$ 3,011,822
Investment return:			
Investment return - Net of appreciation	-	147,273	147,273
Change in value of life insurance policy	-	(1,519)	(1,519)
Total investment return	-	145,754	145,754
Contributions	-	242,328	242,328
Other changes - Transfer from FBR to FBREF to create board-designated endowment funds	125,000	-	125,000
Endowment net assets - End of year	<u>\$ 703,223</u>	<u>\$ 2,821,681</u>	<u>\$ 3,524,904</u>

Endowment asset composition was as follows:

	2021	2020
Life insurance policy	\$ 21,183	\$ 16,813
Investments	4,346,706	3,508,091
Total	<u>\$ 4,367,889</u>	<u>\$ 3,524,904</u>

Return Objectives and Risk Parameters

The Organization has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to support future activities while seeking the proper balance of preservation of capital. Endowment assets include those assets of donor-restricted funds that the Organization must hold in perpetuity or for a donor-specified period(s), as well as board-designated funds. Under this policy, as approved by the board of directors of FBREF, the endowment assets are invested in a manner that seeks a total annual return approach of the endowment and appropriate capital market measures, such as securities indices, while assuming a moderate level of investment risk. The Organization expects its endowment funds to provide an average rate of return of approximately 6.5 percent to 8.5 percent over the long term. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on optimal allocation of stocks and bonds, in which investment returns are achieved through bonds to satisfy current income requirements and control volatility, common stock to generate capital, and income growth to preserve and enhance the endowment. The Organization targets a diversified asset allocation that places a greater emphasis on fixed-income investments to achieve its long-term return objectives within prudent risk constraints. The board of directors of FBREF is responsible for selecting the asset mix and managers for the endowment. The asset allocation target ranges are as follows:

Equities	40 - 60 percent
Fixed income (including cash reserves)	40 - 60 percent
Cash reserves	As required

Notes to Consolidated Financial Statements

June 30, 2021 and 2020

Note 9 - Donor-restricted and Board-designated Endowments (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy

Distributions from the endowment fund will benefit the Organization and other approved organizations, as determined by the board of directors of FBREF. For the years ended June 30, 2021 and 2020, distributions available to the Organization were reinvested in the endowment fund.

Note 10 - Operating Leases

The Organization is obligated under noncancelable operating leases for a facility and vehicles, which expire on dates between May 2021 and May 2028. The leases require the Organization to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was \$600,000 and \$176,000 for the years ended June 30, 2021 and 2020, respectively.

Future minimum annual commitments under these operating leases are as follows:

Years Ending June 30	Amount
2022	\$ 419,520
2023	417,970
2024	389,335
2025	250,310
2026	88,285
Thereafter	70,800
Total	<u>\$ 1,636,220</u>

Note 11 - Contingencies

Government Contracts

The Organization receives certain reimbursements from contracts with various governmental agencies. The disbursement of funds received under these contracts generally requires compliance with the terms and conditions specified in the contracts and is subject to audit by the contracting agencies. However, management believes that the amount of changes to these contracts that may be disallowed from any such audits would not have a significant impact on the consolidated financial statements; accordingly, no provision has been made in the consolidated financial statements for any liability that may result.

Note 12 - Retirement Plans

The Organization sponsors a 401(k) plan for substantially all employees. Under the retirement plan, employees who work at least 1,000 hours per year are eligible to participate, at which time the Organization will match 100 percent of the first 3 percent of the employee's contributions and 50 percent of the next 3 percent of the employee's contributions. Contributions to the plan totaled \$235,523 and \$169,534 in fiscal years 2021 and 2020, respectively.

Note 13 - Direct Mailing

Direct mail produced the following results for the years ended June 30:

	<u>2021</u>	<u>2020</u>
Direct mail contributions	\$ 4,917,396	\$ 2,264,118
Direct mail expense	<u>(1,119,303)</u>	<u>(845,301)</u>
Total	<u>\$ 3,798,093</u>	<u>\$ 1,418,817</u>

Supplemental Information

Independent Auditor's Report on Supplemental Information

To the Board of Directors
Food Bank of the Rockies, Inc.

We have audited the consolidated financial statements of Food Bank of the Rockies, Inc. and its subsidiary as of and for the years ended June 30, 2021 and 2020 and have issued our report thereon dated December 30, 2021, which contained an unmodified opinion on those consolidated financial statements. Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedule of Wyoming revenue and expense activities is presented for the purpose of additional analysis and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated 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 consolidated financial statements as a whole.

Plante & Moran, PLLC

December 30, 2021

Food Bank of the Rockies, Inc.

Schedule of Wyoming Revenue and Expense Activities

Years Ended June 30, 2021 and 2020

	2021	2020
Revenue		
Agency support fee	\$ 23,267	\$ 138,356
Purchased food	427,368	310,525
Food contributions	9,760,075	12,083,009
Commodities contributions	3,987,699	3,814,052
Contributions	2,252,810	1,715,799
Government contract	1,673,400	315,883
Other income	334,521	106,486
Net assets released from restrictions	219,034	70,236
Total revenue	18,678,174	18,554,346
Expenses		
Salaries and fringes	1,285,744	781,635
Contributed food distributed	9,760,075	12,083,009
Commodities food distributed	3,986,929	3,814,052
Purchased food distributed	897,029	403,540
Distribution costs	351,788	324,506
Other expenses	1,537,594	757,631
Total program expenses	17,819,159	18,164,373
Fundraising and administration expense	788,603	378,576
Total expenses	18,607,762	18,542,949
Excess of revenue over expenses	<u>\$ 70,412</u>	<u>\$ 11,397</u>

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*

Independent Auditor's Report

To Management and the Board of Directors
Food Bank of the Rockies, Inc.

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 consolidated financial statements of Food Bank of the Rockies, Inc. and its subsidiary (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated December 30, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's consolidated 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 the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated 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*.

To Management and the Board of Directors
Food Bank of the Rockies, Inc.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

December 30, 2021