

**COMMUNITY FOOD BANK OF  
CENTRAL ALABAMA  
(A NONPROFIT ORGANIZATION)  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

Community Food Bank of Central Alabama  
Table of Contents  
December 31, 2020 and 2019

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	Page
<b>INDEPENDENT AUDITOR'S REPORT</b>	1-2
<b>FINANCIAL STATEMENTS</b>	
Statements of Financial Position	3
Statements of Activities	4-5
Statements of Functional Expenses	6-7
Statements of Cash Flows	8
Notes to Financial Statements	9-16
<b>SUPPLEMENTARY INFORMATION</b>	
Schedule of Expenditures of Federal Awards	17
Notes to Schedule of Expenditures of Federal Awards	18
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>	19-20
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	21-22
Schedule of Findings and Questioned Costs	23
Status of Prior Year Findings and Questioned Costs	24

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Community Food Bank of Central Alabama  
Birmingham, Alabama

We have audited the accompanying financial statements of Community Food Bank of Central Alabama (a nonprofit organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Community Food Bank of Central Alabama as of December 31, 2020 and 2019, 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.

## **Other Matters**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2021, on our consideration of the Community Food Bank of Central Alabama'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 Community Food Bank of Central Alabama'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 Community Food Bank of Central Alabama's internal control over financial reporting and compliance.



Haynes Downard LLP  
Birmingham, Alabama

September 17, 2021

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
STATEMENTS OF FINANCIAL POSITION  
DECEMBER 31, 2020 AND 2019**

	<b>2020</b>	<b>2019</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 9,613,673	\$ 2,981,242
Accounts receivable, net	222,330	202,105
Note receivable	121,488	-
Certificates of deposit	847,554	1,315,246
Inventory	3,323,514	2,355,876
Prepaid expenses	15,272	12,293
Total current assets	14,143,831	6,866,762
<b>Other Assets</b>		
Note receivable	-	130,353
Certificates of deposit	483,309	-
Property and equipment, net	3,058,501	1,751,318
<b>Total Assets</b>	<b>\$ 17,685,641</b>	<b>\$ 8,748,433</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 84,698	\$ 4,394
Accrued expenses	14,835	8,136
PPP loan	216,182	-
Refundable advances	946,747	-
Total current liabilities	1,262,462	12,530
Total liabilities	1,262,462	12,530
<b>Net Assets</b>		
Without donor restrictions	13,679,125	8,194,938
With donor restrictions	2,744,054	540,965
Total net assets	16,423,179	8,735,903
<b>Total Liabilities and Net Assets</b>	<b>\$ 17,685,641</b>	<b>\$ 8,748,433</b>

See notes to financial statements.

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and Support</b>			
Contributed food and commodities	\$ 31,885,483	\$ -	\$ 31,885,483
Contributions	1,869,573	3,785,392	5,654,965
Contributions - United Way	342,082	-	342,082
Grants and contracts	4,503,856	-	4,503,856
Program revenue	1,496,625	-	1,496,625
Interest income	45,908	-	45,908
Miscellaneous income	58,728	-	58,728
Releases from restrictions	1,582,303	(1,582,303)	-
	-		
Total revenues and support	41,784,558	2,203,089	43,987,647
<b>Expenses</b>			
Commodity distribution	35,886,486	-	35,886,486
Management and general	233,977	-	233,977
Fundraising	179,908	-	179,908
	-		
Total expenses	36,300,371	-	36,300,371
<b>Net increase in net assets</b>	5,484,187	2,203,089	7,687,276
Net assets, beginning of year	8,194,938	540,965	8,735,903
Net assets, end of year	<u>\$ 13,679,125</u>	<u>\$ 2,744,054</u>	<u>\$ 16,423,179</u>

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenues and Support</b>			
Contributed food and commodities	\$ 21,489,365	\$ -	\$ 21,489,365
Contributions	1,005,586	672,546	1,678,132
Contributions - United Way	353,284	-	353,284
Grants and contracts	977,973	-	977,973
Program revenue	1,587,193	-	1,587,193
Interest income	35,659	-	35,659
Miscellaneous income	29,733	-	29,733
Releases from restrictions	597,349	(597,349)	-
	<hr/>	<hr/>	<hr/>
Total revenues and support	26,076,142	75,197	26,151,339
<b>Expenses</b>			
Commodity distribution	22,997,248	-	22,997,248
Management and general	201,030	-	201,030
Fundraising	176,501	-	176,501
	<hr/>	<hr/>	<hr/>
Total expenses	23,374,779	-	23,374,779
	<hr/>	<hr/>	<hr/>
<b>Net increase in net assets</b>	2,701,363	75,197	2,776,560
Net assets, beginning of year	5,493,575	465,768	5,959,343
	<hr/>	<hr/>	<hr/>
Net assets, end of year	\$ 8,194,938	\$ 540,965	\$ 8,735,903
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**COMMUNITY FOOD BANK OF CENTRAL ALABAMA**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	<b>Commodity Distribution</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Cost of commodities	\$ 33,601,689	\$ -	\$ -	\$ 33,601,689
Conferences, training and meetings	11,145	1,967	-	13,112
Depreciation	235,045	32,052	-	267,097
Direct mail	-	-	99,819	99,819
Dues to national affiliate	3,874	431	-	4,305
Insurance	72,095	8,011	-	80,106
Postage and shipping	36,822	1,550	388	38,760
Membership dues and subscriptions	11,161	1,240	-	12,401
Occupancy	115,724	10,063	-	125,787
Other expenses	32,405	1,352	-	33,757
Professional fees	112,639	19,880	-	132,519
Program partnership	42,273	-	-	42,273
Promotion and advertising	15,722	-	3,931	19,653
Rent and maintenance of equipment	96,673	4,032	-	100,705
Salaries and related	1,052,039	125,449	72,737	1,250,225
Supplies	116,872	8,893	1,271	127,036
Technology	103,266	3,194	-	106,460
Temporary services	156,544	-	-	156,544
Travel and transportation	70,498	15,863	1,762	88,123
<b>Total Expenses</b>	<b>\$ 35,886,486</b>	<b>\$ 233,977</b>	<b>\$ 179,908</b>	<b>\$ 36,300,371</b>

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE YEAR ENDED DECEMBER 31, 2019**

	<u>Commodity Distribution</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Cost of commodities	\$ 21,116,292	\$ -	\$ -	\$ 21,116,292
Conferences, training and meetings	13,193	2,329	-	15,522
Depreciation	163,315	22,270	-	185,585
Direct mail	-	-	101,308	101,308
Dues to national affiliate	15,498	1,722	-	17,220
Insurance	64,841	7,205	-	72,046
Postage and shipping	9,480	399	100	9,979
Membership dues and subscriptions	30,093	3,344	-	33,437
Occupancy	96,565	8,397	-	104,962
Other expenses	14,731	615	-	15,346
Professional fees	27,369	4,830	-	32,199
Program partnership	13,087	-	-	13,087
Promotion and advertising	16,101	-	4,026	20,127
Rent and maintenance of equipment	106,546	4,443	-	110,989
Salaries and related	981,722	117,064	67,874	1,166,660
Supplies	83,286	6,338	906	90,530
Technology	48,250	1,492	-	49,742
Temporary services	105,404	-	-	105,404
Travel and transportation	91,475	20,582	2,287	114,344
<b>Total Expenses</b>	<u>\$ 22,997,248</u>	<u>\$ 201,030</u>	<u>\$ 176,501</u>	<u>\$ 23,374,779</u>

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>Cash Flows from Operating Activities</b>		
Increase in net assets	\$ 7,687,276	\$ 2,776,560
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	267,097	185,585
(Increase) in contributed inventory	(445,321)	(1,036,160)
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	(20,225)	(90,335)
Prepaid expenses	(2,979)	(12,293)
Purchased food inventory	(522,317)	103,226
Accounts payable	80,304	(7,622)
Accrued expenses	6,699	352
Refundable advances	946,747	-
	<u>7,997,281</u>	<u>1,919,313</u>
<b>Cash Flows from Investing Activities</b>		
Purchase of property and equipment	(1,574,280)	(380,514)
Reinvestments of certificates of deposit	(268,937)	(919,999)
Proceeds from certificates of deposit	253,320	-
Proceeds from note receivable	8,865	10,000
Proceeds from paycheck protection program loan	216,182	-
	<u>(1,364,850)</u>	<u>(1,290,513)</u>
<b>Net increase in cash and cash equivalents</b>	6,632,431	628,800
Cash and cash equivalents, beginning of year	<u>2,981,242</u>	<u>2,352,442</u>
Cash and cash equivalents, end of year	<u>\$ 9,613,673</u>	<u>\$ 2,981,242</u>

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Nature of Operations**

The Community Food Bank of Central Alabama ("the Organization") is an Alabama non-profit organization incorporated in December 1982. The Organization operates as a central clearing house for collecting food, which would otherwise be wasted. The Organization sorts, stores and distributes food to qualified organizations, which serve the needy through their programs.

The Organization is a member of Feeding America. It supplies food to over 225 charitable feeding programs and direct food assistance to special populations at risk of food insecurity such as people living in isolated areas, children at risk of hunger during school breaks, and patients facing chronic illness. Its service area includes 12 counties in Central Alabama.

**Basis of Presentation**

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("GAAP").

**Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the statement of financial position date and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

**Classification of Net Assets**

Resources are classified for reporting purposes based on the existence or absence of donor-imposed restrictions. This is accomplished by classification of fund balances into two classes of net assets: without donor restrictions and with donor restrictions. Descriptions of the two net assets categories and the types of transaction affecting each category follow:

*Without Donor Restrictions* – Net assets that are not subject to donor-imposed restrictions. Items that affect this net asset category principally consist of gifts without restrictions, previously restricted gifts whose donor-imposed restrictions were satisfied during the year, investment income, and the expenses associated with the core activities of the Organization.

*With Donor Restrictions* – Net assets subject to donor-imposed restrictions that will be met either by actions of the Organization or the passage of time. This includes gifts for which donor-imposed restrictions have not been met in the year of receipt, and gifts with donor stipulations limiting the use of the donated assets. Expirations of restrictions on net assets with donor restrictions are reported as net assets released from restrictions.

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Cash and Cash Equivalents**

The Organization considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents, unless held for reinvestment as part of the investment portfolio or otherwise encumbered.

**Certificates of Deposit**

Certificates of deposit are recorded at cost, which approximates fair value.

**Accounts 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 December 31, 2020 and 2019, the Organization reserved an allowance for doubtful accounts of \$9,600.

**Purchased Inventory**

Purchased food and commodities inventory is stated at the lower of cost and net realizable value as determined by the first-in, first-out (FIFO) method.

**Contributed Inventory**

Contributed food and commodities inventory consist of items donated to the Organization for distribution, and is categorized by source into the following classifications:

*Government*

Food and commodities received from federal and state government programs are recognized at the value provided by the United States Department of Agriculture (USDA), which reflects the national average minimum value of donated foods in the United States. The value of food and commodities received from USDA programs averaged \$1.47 per pound (Emergency Food Assistance Program) and \$0.82 (Commodity Supplemental Food Program) for the year ended December 31, 2020.

*Private*

Contributed food and commodities from non-government sources are valued at the average national wholesale value per pound, derived from Feeding America annually. Food and commodities received from non-government sources have been valued at \$1.74 and \$1.62 per pound for the years ended December 31, 2020 and 2019, respectively.

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Property and Equipment**

The Organization capitalizes expenditures for property and equipment in excess of \$5,000. Property and equipment are recorded at cost or fair value, if donated, and are depreciated using the straight-line method as follows:

Buildings and improvements	15 - 30 years
Furniture and equipment	3 - 15 years
Vehicles	5 - 7 years

**Impairment of Long-Lived Assets**

The Organization recognizes impairment losses on long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the carrying values. There were no such losses during the years ended December 31, 2020 and 2019.

**Revenue Recognition**

Contributions are recognized upon receipt of an unconditional commitment from the donor and are classified based on the existence or nature of any donor restrictions. Revenue from contributed food and commodities are recognized at the time of the contribution. The related cost of contributed items are recognized at the time of distribution, based on their respective values.

Grant and contract revenue is earned primarily on a reimbursement basis and recognized through expenditures in accordance with the agreements. Amounts received under conditional grant awards are recognized as refundable advances on the statement of financial position until the conditions stipulated by the agreement have been met, entitling the Organization to the award.

Program revenue consist of shared maintenance fees associated with food and commodities shipped to authorized 501(c)(3) nonprofit agencies. These fees are recognized upon shipment and are generally billed at no more than \$0.16 per pound for contributed product.

**Contributed Services**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers also provide services that are not recognized as contributions in the financial statements since the recognition criteria were not met.

**Functional Expenses**

Expenses incurred directly for program services are charged to commodity distribution. Accordingly, certain costs are allocated among the program and supporting services benefited based on the time expended, space utilized, or by another rational basis.

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**Compensated Absences**

Employees are entitled to paid vacations, sick days, and personal days off, depending on job classification, length of services, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. It is the Organization's policy to recognize the cost of compensated absences when actually paid.

**Income Taxes**

The Organization is a tax-exempt entity under Section 501(c)(3) of the Internal Revenue Code (the "Code"). In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(c). The Organization's information returns are subject to examination, generally for three years after the filing date.

**Reclassifications**

Certain items in the prior year presentation have been reclassified to conform to the current year presentation.

**Evaluation of Subsequent Events**

The Organization has evaluated subsequent events through September 17, 2021, which is the date the financial statements were available to be issued.

**NOTE 2. CONCENTRATIONS AND RISKS**

The Organization has deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits. Uninsured amounts were approximately \$12,380,000 and \$1,765,000 for the years ended December 31, 2020 and 2019, respectively.

The Organization receives a substantial portion of its revenue from government programs. Reductions in government funding would negatively impact the Organization.

**NOTE 3. NOTE RECEIVABLE**

The Organization holds a note receivable from Mother's Milk Bank of Alabama. Under the terms of the note, no specific payments are required. However, the terms specify an interest rate of 1%, with all outstanding and accrued interest due at December 31, 2021. The balance on the note as of December 31, 2020 and 2019 was \$121,488 and \$130,353, respectively.

**NOTE 4. CERTIFICATES OF DEPOSIT**

Certificates of deposit have interest rates ranging from 0.05% to 1.75%. Maturities range from December, 2021 through January, 2023.

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 5. INVENTORY**

Inventory consist of the following as of and for the years ended December 31, 2020:

<b>Dollar Value</b>	<b>Contributed</b>	<b>Purchased</b>	<b>Total</b>
Beginning of year	\$ 2,319,185	\$ 36,691	\$ 2,355,876
Receipts / purchases	31,885,483	2,683,844	34,569,327
Distributions	<u>(31,546,833)</u>	<u>(2,054,856)</u>	<u>(33,601,689)</u>
End of year	<u>\$ 2,657,835</u>	<u>\$ 665,679</u>	<u>\$ 3,323,514</u>

<b>Pounds</b>	<b>Contributed</b>	<b>Purchased</b>	<b>Total</b>
Beginning of year	2,115,168	69,203	2,184,371
Receipts / purchases	19,911,296	4,087,915	23,999,211
Distributions	<u>(20,145,341)</u>	<u>(3,148,945)</u>	<u>(23,294,286)</u>
End of year	<u>1,881,123</u>	<u>1,008,173</u>	<u>2,889,296</u>

Inventory consist of the following as of and for the years ended December 31, 2019:

<b>Dollar Value</b>	<b>Contributed</b>	<b>Purchased</b>	<b>Total</b>
Beginning of year	\$ 1,394,457	\$ 28,485	\$ 1,422,942
Receipts / purchases	21,489,365	559,861	22,049,226
Distributions	<u>(20,564,637)</u>	<u>(551,655)</u>	<u>(21,116,292)</u>
End of year	<u>\$ 2,319,185</u>	<u>\$ 36,691</u>	<u>\$ 2,355,876</u>

<b>Pounds</b>	<b>Contributed</b>	<b>Purchased</b>	<b>Total</b>
Beginning of year	392,158	336,558	728,716
Receipts / purchases	17,405,240	621,152	18,026,392
Distributions	<u>(15,682,230)</u>	<u>(888,507)</u>	<u>(16,570,737)</u>
End of year	<u>2,115,168</u>	<u>69,203</u>	<u>2,184,371</u>

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 6. PROPERTY AND EQUIPMENT**

Property and equipment consist of the following as of December 31:

	<u>2020</u>	<u>2019</u>
Land	\$ 350,749	\$ 350,749
Building and improvements	2,291,326	1,057,163
Office equipment and furniture	178,226	117,526
Warehouse equipment and furniture	975,970	859,057
Vehicles	<u>1,210,325</u>	<u>1,047,821</u>
Total property and equipment	5,006,596	3,432,316
Less: accumulated depreciation	<u>(1,948,095)</u>	<u>(1,680,998)</u>
Property and equipment, net	<u>\$ 3,058,501</u>	<u>\$ 1,751,318</u>

**NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS**

Net assets without donor restrictions are available for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
Operating	\$ 12,180,252	\$ 5,678,938
Board Designated - Equipment replacement reserves	1,800,000	1,800,000
Board Designated - Emergency fund reserves	<u>716,000</u>	<u>716,000</u>
Net assets without donor restrictions	<u>\$ 14,696,252</u>	<u>\$ 8,194,938</u>

**NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions are available for the following purposes at December 31:

	<u>2020</u>	<u>2019</u>
Distribution programs	\$ 2,744,054	\$ -
Future periods	-	363,343
Equipment purchases	<u>-</u>	<u>177,622</u>
Net assets with donor restrictions	<u>\$ 2,744,054</u>	<u>\$ 540,965</u>

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS - CONTINUED**

Net assets were released from donor restrictions during the years ended December 31, in satisfaction of the following purposes:

	<u>2020</u>	<u>2019</u>
Distribution programs	\$ 1,041,338	\$ -
Future periods	363,343	417,024
Equipment purchased	<u>177,622</u>	<u>180,325</u>
Net assets released from restrictions	<u>\$ 1,582,303</u>	<u>\$ 597,349</u>

**NOTE 9. RETIREMENT PLAN**

The Organization has a defined contribution retirement plan under Code Section 401(k). Under this plan, the Organization contributes, as a percent of salary, to the accounts of all employees who are at least twenty-one years old, have one year's service, and work at least 1,000 hours per year. The Plan has a five-year graded vesting schedule. Retirement expense amounted to \$25,191 and \$16,883 for the years ended December 31, 2020 and 2019, respectively, and is included in salaries and related in the accompanying statements of functional expenses.

**NOTE 10. LIQUIDITY AND AVAILABILITY**

Financial assets as of the statement of financial position date, reduced by amounts that are not available for general use due to contractual or donor-imposed restrictions within one year of the statement of financial position date are as follows:

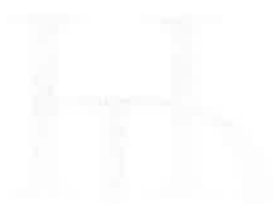
	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 9,613,673	\$ 2,981,242
Accounts receivable	222,330	202,105
Notes receivable	121,488	-
Certificates of deposit	<u>1,076,354</u>	<u>1,315,246</u>
Total financial assets	11,033,845	4,498,593
Less: net assets with donor restrictions	<u>(2,744,054)</u>	<u>(540,965)</u>
Financial assets available within one year without donor restrictions	<u>\$ 8,289,791</u>	<u>\$ 3,957,628</u>

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2020 AND 2019**

**NOTE 10. PAYCHECK PROTECTION PROGRAM LOAN**

During 2020, the Organization obtained a loan in the amount of \$216,182 under the Paycheck Protection Program ("PPP"), provided by the Coronavirus Aid, Relief, and Economic Security Act ("CARES Act"). Under the terms of the PPP, the use of proceeds for qualifying expenses and the meeting of certain requirements provide that the borrower be eligible for forgiveness of the loan. Management has determined that these criteria require the Organization to recognize the amount advanced as a debt obligation until legally released, in accordance with accounting guidance under ASC 470, *Liabilities: Extinguishments of Liabilities*. The Organization received notification of forgiveness on July 26, 2021.

## SUPPLEMENTARY INFORMATION



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

<b>Federal Grantor / Program Title</b>	<b>Pass-through Grantor</b>	<b>CFDA Number</b>	<b>Award Identifying Number</b>	<b>Food Commodities Provided to Subrecipients</b>	<b>Federal Expenditures</b>
<b>U.S. Department of Agriculture</b>					
<i>Food Distribution Cluster:</i>					
Commodity Supplemental Food Program					
Administrative costs	Alabama State Department of Education	10.565	VC000106112	\$ -	\$ 106,844
Food commodities	Alabama State Department of Education	10.565	VC000106112	375,325	375,325
Emergency Food Assistance Program					
Administrative costs	Alabama State Department of Education	10.568	VC000106112	-	357,096
Food commodities	Alabama State Department of Education	10.569	VC000106112	18,170,919	18,170,919
Coronavirus Aid, Relief, and Economic Security Act	Alabama State Department of Education	10.568	VC000106112	-	183,338
Families First Coronavirus Response Act	Alabama State Department of Education	10.568	VC000106112	-	43,923
<i>Total Food Distribution Cluster</i>				<u>18,546,244</u>	<u>19,237,445</u>
Trade Mitigation Program - Administrative Costs	Alabama State Department of Education	10.178	VC000106112	-	247,111
Total U.S. Department of Agriculture				<u>18,546,244</u>	<u>19,484,556</u>
<b>U.S. Department of Health and Human Services</b>					
Temporary Assistance For Needy Families	Alabama Food Bank Association	93.558	N/A	197,274	318,106
Total U.S. Department of Health and Human Services				<u>197,274</u>	<u>318,106</u>
<b>U.S. Department of Homeland Security</b>					
Emergency Food and Shelter National Board Program	United Way	97.024	Phase CARES (000601-003)	-	30,876
Emergency Food and Shelter National Board Program	United Way	97.024	Phase 36 (000601-003)	-	16,129
Emergency Food and Shelter National Board Program	United Way	97.024	Phase 37 (000601-003)	-	20,784
Total U.S. Department of Homeland Security				<u>-</u>	<u>67,789</u>
<b>U.S. Department of Treasury</b>					
Coronavirus Relief Fund	Jefferson County	21.019	EEM061	789,781	1,147,829
Coronavirus Relief Fund	Alabama Food Bank Association	21.019	N/A	1,237,949	1,439,500
Total U.S. Department of Treasury				<u>2,027,730</u>	<u>2,587,329</u>
<b>Total Expenditures of Federal Awards</b>				<u>\$ 20,771,248</u>	<u>\$ 22,457,780</u>

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes all federal award activity for Community Food Bank of Central Alabama (the "Organization") under programs of the federal government for the year ended December 31, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, functional expenses or cash flows of the Organization.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**NOTE 3. INDIRECT COST RATE**

The Organization has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

**NOTE 4. FOOD AND COMMODITIES**

Nonmonetary assistance in the form of food and commodities are reported in the Schedule at the fair market value, as determined by USDA pricing. During the year ended December 31, 2020, EFAP and CSFP product prices averaged \$1.47 and \$0.82 per pound, respectively.

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

To the Board of Directors  
Community Food Bank of Central Alabama  
Birmingham, Alabama

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States the financial statements of the Community Food Bank of Central Alabama (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 September 17, 2021.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Community Food Bank of Central Alabama's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Community Food Bank of Central Alabama's internal control. Accordingly, we do not express an opinion on the effectiveness of the Community Food Bank of Central Alabama'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 the Community Food Bank of Central Alabama's 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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.



Haynes Downard LLP  
Birmingham, Alabama

September 17, 2021

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

To the Board of Directors  
Community Food Bank of Central Alabama  
Birmingham, Alabama

**Report on Compliance for Each Major Program**

We have audited the Community Food Bank of Central Alabama's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Community Food Bank of Central Alabama's major federal programs for the year ended December 31, 2020. The Community Food Bank of Central Alabama's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Community Food Bank of Central Alabama's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost 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 Community Food Bank of Central Alabama'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 each major federal program. However, our audit does not provide a legal determination of the Community Food Bank of Central Alabama's compliance.

**Opinion on Each Major Federal Program**

In our opinion, the Community Food Bank of Central Alabama complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

## Report on Internal Control over Compliance

Management of the Community Food Bank of Central Alabama 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 Community Food Bank of Central Alabama's internal control over compliance with the types of requirements that could have a direct and material effect on each of the major federal programs to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Food Bank of Central Alabama'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Haynes Downard LLP  
Birmingham, Alabama

September 17, 2021

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS  
DECEMBER 31, 2020**

**SUMMARY OF AUDIT RESULTS**

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Community Food Bank of Central Alabama.
2. No material weaknesses in internal control over financial reporting were identified.
3. No instances of noncompliance material to the financial statements of Community Food Bank of Central Alabama which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies or material weakness in internal control over major federal award programs in the Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on each Major Program and on the Internal Control over Compliance in Accordance with Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance)*.
5. The auditor's report on compliance with requirements applicable to each of the major federal programs expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with The Uniform Guidance.
7. The programs tested as major federal programs includes the following:

<b>Program Title</b>	<b>CFDA Numbers</b>
Food Distribution Cluster	10.565 10.568 10.569
Coronavirus Relief Fund	21.019

8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. Community Food Bank of Central Alabama did not qualify as a low-risk auditee.

**FINDINGS – MAJOR FEDERAL AWARD PROGRAM AUDIT**

None.

**FINDINGS – FINANCIAL STATEMENTS AUDIT**

None.

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA  
STATUS OF PRIOR YEAR FINDINGS  
DECEMBER 31, 2020**

**SUMMARY OF AUDIT RESULTS**

**FINDING 2019-001** Schedule of Expenditures of Federal Awards Preparation

Criteria:

Internal controls should be designed to capture the information needed for a correct presentation of the schedule of expenditures of federal awards.

Condition:

The Organization records USDA receipts to one general ledger account. This makes it difficult for the Organization to capture information required to be reported under various CFDA numbers on the schedule of expenditures of federal awards.

Questioned Costs:

None.

Effect:

Federal awards in the amount of \$194,683 received under the Trade Mitigation Program (CFDA number 10.178) were presented as amounts received under the Emergency Food Assistance Program (CFDA number 10.568), resulting in an inaccurate presentation of the schedule of expenditures of federal awards.

Repeat Finding:

This is not a repeat finding.

Corrective Action Taken:

Federal awards received by the Organization are assigned unique general ledger accounts to accurately track federal allocations and expenditures. The Executive Director reviews the financial report prepared by the business department to ensure completeness and accuracy in reporting receipt and uses of federal awards. The finding has been corrected during the current year.