

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
(A NONPROFIT ORGANIZATION)
FINANCIAL STATEMENTS
DECEMBER 31, 2021**



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Community Food Bank of Central Alabama (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Community Food Bank of Central Alabama as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Food Bank of Central Alabama's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Food Bank of Central Alabama's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Food Bank of Central Alabama's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Report on Supplementary Information

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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.



Report on Summarized Comparative Information

We have previously audited Community Food Bank of Central Alabama's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated September 17, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2022, on our consideration of 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 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 Community Food Bank of Central Alabama's internal control over financial reporting and compliance.



Haynes Downard LLP
Birmingham, Alabama

November 10, 2022



COMMUNITY FOOD BANK OF CENTRAL ALABAMA
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS AS OF DECEMBER 31, 2020)

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 11,258,304	\$ 9,613,673
Certificates of deposit	1,336,693	1,330,863
Accounts receivable, net	167,385	222,330
Inventory	3,550,945	3,323,514
Note receivable	110,250	121,488
Prepaid expenses	190,261	15,272
Property and equipment, net	3,038,817	3,058,501
Total Assets	\$ 19,652,655	\$ 17,685,641
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 219,323	\$ 84,698
Accrued expenses	56,320	14,835
Deferred revenue	94,100	-
PPP loan	-	216,182
Refundable advances	-	946,747
Total liabilities	369,743	1,262,462
Net Assets		
Without donor restrictions	18,777,800	13,679,125
With donor restrictions	505,112	2,744,054
Total net assets	19,282,912	16,423,179
Total Liabilities and Net Assets	\$ 19,652,655	\$ 17,685,641

See notes to financial statements.



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	2021			2020 Total
	Without Donor Restrictions	With Donor Restrictions	Total	
Revenues and Support				
Contributed food and commodities	\$ 25,516,432	\$ -	\$ 25,516,432	\$ 31,885,483
Contributions	2,216,907	1,326,284	3,543,191	5,654,965
Contributions - United Way	311,264	-	311,264	342,082
Grants and contracts	2,928,373	-	2,928,373	4,503,856
Program revenue	1,470,078	-	1,470,078	1,496,625
Interest income	19,389	-	19,389	45,908
Miscellaneous income	44,290	-	44,290	58,728
Gain on extinguishment of PPP loan debt	216,182	-	216,182	-
Gain on sale of assets	22,826	-	22,826	-
Releases from restrictions	3,565,226	(3,565,226)	-	-
Total revenues and support	36,310,967	(2,238,942)	34,072,025	43,987,647
Expenses				
Commodity distribution	30,542,623	-	30,542,623	35,886,486
Management and general	362,209	-	362,209	233,977
Fundraising	307,460	-	307,460	179,908
Total expenses	31,212,292	-	31,212,292	36,300,371
Net Change in Net Assets	5,098,675	(2,238,942)	2,859,733	7,687,276
Net assets, beginning of year	13,679,125	2,744,054	16,423,179	8,735,903
Net assets, end of year	<u>\$ 18,777,800</u>	<u>\$ 505,112</u>	<u>\$ 19,282,912</u>	<u>\$ 16,423,179</u>



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	2021			2020 Total
	Commodity Distribution	Management and General	Fundraising	
Cost of commodities	\$ 27,381,175	\$ -	\$ -	\$ 27,381,175
Salaries and related	1,674,475	199,671	115,771	1,989,917
Depreciation	324,551	44,257	-	368,808
Travel and transportation	214,991	48,375	5,375	268,741
Direct mail	-	-	173,673	173,673
Supplies	152,149	11,577	1,654	165,380
Occupancy	149,166	12,971	-	162,137
Professional fees	132,133	23,320	-	155,453
Technology	83,078	2,570	-	85,648
Temporary services	80,120	-	-	80,120
Rental and maintenance	72,185	3,010	-	75,195
Insurance	66,303	7,367	-	73,670
Promotion and advertising	42,689	-	10,673	53,362
Other expenses	50,347	2,100	-	52,447
Program partnership	46,789	-	-	46,789
Postage and shipping	29,796	1,254	314	31,364
Conferences and training	15,190	2,682	-	17,872
Dues and subscriptions	15,863	1,763	-	17,626
Dues to national affiliate	11,623	1,292	-	12,915
Total Expenses	\$ 30,542,623	\$ 362,209	\$ 307,460	\$ 31,212,292
				\$ 36,300,371

See notes to financial statements.



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2020)**

	2021	2020
Cash Flows from Operating Activities		
Change in net assets	\$ 2,859,733	\$ 7,687,276
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	368,808	267,097
(Increase) in contributed inventory	(560,745)	(445,321)
Gain on extinguishment of PPP loan debt	(216,182)	-
Changes in assets and liabilities that provided (used) cash:		
Accounts receivable	54,945	(20,225)
Prepaid expenses	(174,989)	(2,979)
Purchased food inventory	333,314	(522,317)
Accounts payable	134,625	80,304
Accrued expenses	41,485	6,699
Refundable advances	(946,747)	946,747
Deferred revenue	94,100	-
	1,988,347	7,997,281
Cash Flows from Investing Activities		
Purchase of property and equipment	(349,124)	(1,574,280)
Reinvestments of certificates of deposit	(5,830)	(268,937)
Principal payments received on notes receivable	11,238	8,865
Proceeds from redemption of certificates of deposit	-	253,320
Proceeds from PPP loan	-	216,182
	(343,716)	(1,364,850)
Net Change in Cash and Cash Equivalents	1,644,631	6,632,431
Cash and cash equivalents, beginning of year	9,613,673	2,981,242
Cash and cash equivalents, end of year	\$ 11,258,304	\$ 9,613,673
Supplemental Disclosure of Cash Flow Information		
Gain on extinguishment of PPP loan debt	\$ 216,182	\$ -



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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, 2021**

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 plus accrued interest, 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. The Organization reserved an allowance for doubtful accounts in the amount of \$9,600 as of December 31, 2021.

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 \$1.73 per pound (Emergency Food Assistance Program) and \$1.09 (Commodity Supplemental Food Program) for the year ended December 31, 2021.

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 \$1.79 per pound for the year ended December 31, 2021.



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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 year ended December 31, 2021.

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, 2021**

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 exempt from federal income tax under provisions of Section 501(c)(3) of the Internal Revenue Code and similar state provisions. The Organization had no uncertain tax positions that qualify for recognition or disclosure as of December 31, 2021. The Organization's information returns are subject to examination, generally for three years after the filing date.

Summarized Comparative Information

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the financial statements as of and for the year ended December 31, 2020, from which the information was derived.

Evaluation of Subsequent Events

The Organization evaluates events occurring subsequent to the statement of financial position date to determine if recognition in the financial statements or disclosure is appropriate. Subsequent events have been evaluated through November 10, 2022, 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 \$11,290,000 as of December 31, 2021.

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, 2027. The balance on the note was \$110,250 as of December 31, 2021.



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4. CERTIFICATES OF DEPOSIT

Certificates of deposit have interest rates ranging from 0.03% to 0.75%. Maturity dates range from August 2022 through May 2023.

NOTE 5. INVENTORY

Inventories consist of the following as of and for the year ended December 31, 2021:

Dollar Value	Contributed	Purchased	Total
Beginning of year	\$ 2,657,835	\$ 665,679	\$ 3,323,514
Receipts / purchases	24,167,067	2,092,174	26,259,241
Distributions	<u>(23,535,769)</u>	<u>(2,496,041)</u>	<u>(26,031,810)</u>
End of year	<u>\$ 3,289,133</u>	<u>\$ 261,812</u>	<u>\$ 3,550,945</u>
Pounds	Contributed	Purchased	Total
Beginning of year	1,881,123	1,008,173	2,889,296
Receipts / purchases	14,468,710	3,393,915	17,862,625
Distributions	<u>(14,314,404)</u>	<u>(3,964,667)</u>	<u>(18,279,071)</u>
End of year	<u>2,035,429</u>	<u>437,421</u>	<u>2,472,850</u>

NOTE 6. PROPERTY AND EQUIPMENT

Property and equipment consist of the following as of December 31, 2021:

Land	\$ 350,749
Building and improvements	2,481,579
Office equipment and furniture	218,338
Warehouse equipment and furniture	954,109
Vehicles	<u>1,159,056</u>
Total property and equipment	5,163,831
Less: accumulated depreciation	<u>(2,125,014)</u>
Property and equipment, net	<u>\$ 3,038,817</u>



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 7. NET ASSETS WITHOUT DONOR RESTRICTIONS

Net assets without donor restrictions are available for the following purposes at December 31, 2021:

Operating	\$ 16,261,800
Board Designated - Equipment replacement reserves	1,800,000
Board Designated - Emergency fund reserves	<u>716,000</u>
Net assets without donor restrictions	<u><u>\$ 18,777,800</u></u>

NOTE 8. NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at December 31, 2021:

Distribution programs	<u>\$ 505,112</u>
Net assets with donor restrictions	<u><u>\$ 505,112</u></u>

Net assets were released from donor restrictions in satisfaction of the following purposes during the year ended December 31, 2021:

Distribution programs	<u>\$ 3,565,226</u>
Net assets released from restrictions	<u><u>\$ 3,565,226</u></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 under the plan totaled \$56,394 for the year ended December 31, 2021, and is included in salaries and related in the accompanying statements of functional expenses.



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

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:

Cash and cash equivalents	\$ 11,258,304
Accounts receivable, net	167,385
Certificates of deposit	1,336,693
Notes receivable	<u>110,250</u>
 Total financial assets at year end	 12,872,632
 Less those unavailable:	
Certificates of deposit, non-current	(339,281)
Notes receivable, non-current	(110,250)
Net assets with donor restrictions	<u>(505,112)</u>
 Financial assets available at year end	 <u><u>\$ 11,917,989</u></u>

NOTE 11. PAYCHECK PROTECTION PROGRAM LOAN

During 2020, the Organization received a loan under the Paycheck Protection Program ("PPP") in the amount of \$216,182. Under the terms of the PPP, a recipient is eligible for full forgiveness of repayment provided the loan proceeds are used for qualifying expenses and certain other requirements have been met. During 2021, the Organization received notification of forgiveness of the loan and recognized a gain on extinguishment of debt in the amount of \$216,182 for the year ended December 31, 2021.



SUPPLEMENTARY INFORMATION



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

Federal Grantor / Program Title	Pass-through Grantor	CFDA Number	Award Identifying Number	Food Commodities Provided to Subrecipients	Federal Expenditures
U.S. Department of Agriculture					
<i>Food Distribution Cluster:</i>					
Commodity Supplemental Food Program					
Administrative costs	Alabama State Department of Education	10.565	N/A	\$ -	\$ 97,960
Food commodities	Alabama State Department of Education	10.565	N/A	308,535	308,535
Emergency Food Assistance Program					
Administrative costs	Alabama State Department of Education	10.568	N/A	-	682,537
Food commodities	Alabama State Department of Education	10.569	N/A	6,315,280	6,315,280
Farm to Food Bank	Alabama State Department of Education	10.569	X210663	88,256	88,256
Coronavirus Aid, Relief, and Economic Security Act	Alabama State Department of Education	10.569	N/A	642,454	642,454
Families First Coronavirus Response Act	Alabama State Department of Education	10.569	N/A	1,487,729	1,487,729
COSUP - food commodities	Alabama State Department of Education	10.569	N/A	1,349,365	1,349,365
<i>Total Food Distribution Cluster</i>				<u>10,191,619</u>	<u>10,972,116</u>
Trade Mitigation Program - Administrative Costs	Alabama State Department of Education	10.178	N/A	-	65,317
Total U.S. Department of Agriculture				<u>10,191,619</u>	<u>11,037,433</u>
U.S. Department of Health and Human Services					
Temporary Assistance For Needy Families	Alabama Food Bank Association	93.558	N/A	526,022	548,666
Total U.S. Department of Health and Human Services				<u>526,022</u>	<u>548,666</u>
Total Expenditures of Federal Awards				<u>\$ 10,717,641</u>	<u>\$ 11,586,099</u>

See notes to schedule of expenditures of federal awards.

**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

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, 2021. 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, 2021, EFAP and CSFP product prices averaged \$1.73 and \$1.09 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 Community Food Bank of Central Alabama (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 10, 2022.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Food Bank of Central Alabama’s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Food Bank of Central Alabama’s internal control. Accordingly, we do not express an opinion on the effectiveness of 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. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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



Community Food Bank of Central Alabama’s Response to Findings

Government Auditing Standards requires the auditor perform limited procedures on Community Food Bank of Central Alabama’s response to findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Community Food Bank of Central Alabama’s response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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

November 10, 2022



**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

Opinion on Each Major Federal Program

We have audited Community Food Bank of Central Alabama's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Community Food Bank of Central Alabama's major federal programs for the year ended December 31, 2021. 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.

In our opinion, 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, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Food Bank of Central Alabama's federal programs.



Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Food Bank of Central Alabama's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Food Bank of Central Alabama's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community Food Bank of Central Alabama's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Food Bank of Central Alabama's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Food Bank of Central Alabama's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2021-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Community Food Bank of Central Alabama's response to the noncompliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Community Food Bank of Central Alabama's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.



Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Haynes Downard LLP

Haynes Downard LLP
Birmingham, Alabama

November 10, 2022



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified:	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No
Significant deficiency(ies) identified that not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Noncompliance material to financial statements noted?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Federal Awards

Type of auditor's report issued on compliance for major programs:	Unmodified
Internal control over major programs:	
Material weakness(es) identified?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Significant deficiency(ies) identified that are not considered to be material weaknesses?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> None reported
Any audit findings disclosed that are required to be reported in accordance with the 2 CFR 200.516(a)?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No

Identification of major program:

Name of Federal Program or Cluster	CFDA Number
Food Distribution Cluster	10.565 – 10.569

Dollar threshold used to distinguish between type A and type B programs:	\$ 750,000
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Auditee qualified as a low-risk auditee?	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
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**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021**

SECTION II - FINANCIAL STATEMENT AUDIT FINDINGS

MATERIAL WEAKNESS

2021-001: Internal Control over Financial Reporting

Criteria:

The Organization is required to establish and maintain a system of internal controls sufficient to provide reasonable assurance that financial statements are prepared in accordance with generally accepted accounting principles.

Condition:

During our audit, we identified the accounting records did not reflect the physical receipt and distribution of donated food and commodities. The Organization's year-end closing process did not detect discrepancies regarding the quantity and value of these items.

Cause:

The Organization did not have a control system in place to ensure that the accounting records were accurately prepared and reconciled to the shipping and receiving documents.

Effect:

Significant adjusting entries were proposed to correct revenue from donated food and commodities and the expense for cost of food and commodities distributed during the year. Additionally, these errors resulted in an inaccurate presentation of the schedule of expenditures of federal awards.

Recommendation:

The Organization should implement a procedure to ensure that inventory receipts and distributions are accurately recorded and appropriately valued in its accounting system.

View of Responsible Officials:

See Management's Corrective Action Plan.



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
DECEMBER 31, 2021**

SECTION III - MAJOR FEDERAL AWARD PROGRAMS AUDIT FINDINGS AND QUESTIONED COSTS

2021-002: Timely Financial Reporting

Federal Program:

Food Distribution Cluster – CFDA 10.565, 10.568, 10.569

Criteria:

The Uniform Guidance Part 200.512(a)(1) states: “The audit must be completed and the data collection form described in paragraph (b) of this section and reporting package described in paragraph (c) of this section shall be submitted within the earlier of 30 calendar days after receipt of the auditor’s report, or nine months after the end of the audit period.”

Condition:

The Organization did not submit its 2021 single audit reporting package and data collection form in a timely manner.

Cause:

Documentation related to inventory records was not readily available to facilitate the timely completion of the audit.

Effect:

The Organization is late with required filings.

Questioned Costs:

None.

Recommendation:

The Organization should verify the accuracy and completeness of the related documents during the financial closing process.

View of Responsible Officials:

See Management’s Corrective Action Plan.



**COMMUNITY FOOD BANK OF CENTRAL ALABAMA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2021**

SECTION I – FINANCIAL STATEMENT AUDIT FINDINGS

None reported.

SECTION II – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None reported.



CORRECTIVE ACTION PLAN

November 10, 2022

Name and Address of Independent Public Accounting Firm:

Haynes Downard LLP
3161 Cahaba Heights Road, Suite 203
Birmingham, Alabama

Community Food Bank of Central Alabama has evaluated the findings from the schedule of findings and questioned costs, and respectfully submits the following corrective action plan for the year ended December 31, 2021.

FINANCIAL STATEMENT AUDIT FINDINGS

Finding 2021-001 Material Weakness – Internal Control over Financial Reporting

Management agrees with the finding of the auditor's report concerning the failure of internal control regarding the inventory accounting records.

Our current financial accounting and inventory management systems do not allow for the direct transfer of information and require a manual reconciliation that is subject to error. We are evaluating other data management systems that will synchronize these two systems in order to provide reliable information in a timely manner.

Anticipated completion date: January 31, 2023.

Responsible Official: Nicole Williams, Executive Director (205) 942-8129

MAJOR FEDERAL AWARD PROGRAMS AUDIT FINDINGS

Finding 2021-002 Timely Financial Reporting

Management agrees with the finding of the auditor's report concerning the failure to timely submit our 2021 single audit reporting package and data collection form in a timely manner.

We have suffered significant changes in upper management, resulting in the need to revise our previous roles and responsibilities as it relates to finalizing our financial accounting records. The finance department has added an Associate Director of Finance to oversee this process and to provide additional oversight and redundancy to ensure timeliness.

Anticipated completion date: January 31, 2023.

Responsible Official: Nicole Williams, Executive Director (205) 942-8129