

**HIGH PLAINS FOOD BANK  
FINANCIAL STATEMENTS  
(Single Audit)  
Years Ended December 31, 2018 and 2017**

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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
High Plains Food Bank

**Report on the Financial Statements**

I have audited the accompanying financial statements of High Plains Food Bank (a nonprofit organization), which comprise the statements of financial position as of December 31, 2018 and 2017, 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***

My responsibility is to express an opinion on these financial statements based on my audits. I conducted my 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 I 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

***Opinion***

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of High Plains Food Bank as of December 31, 2018 and 2017, 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***

### ***Other Information***

My 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 my 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*, I have also issued my report dated September 26, 2019, on my consideration of High Plains Food Bank's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my 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 High Plains Food Bank'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 High Plains Food Bank's internal control over financial reporting and compliance.

### ***Emphasis-of-Matter***

As discussed in Note 10 to the financial statements, the Organization has adopted Financial Accounting Standards Board Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*.

*Victor B. Glenn*

Amarillo, Texas  
September 26, 2019

**HIGH PLAINS FOOD BANK**  
**STATEMENTS OF FINANCIAL POSITION**  
December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 187,634	\$ 344,494
Cash restricted for long-term purposes	207,429	207,429
Accounts receivable	151,992	141,399
Food inventory	3,249,420	2,519,927
Prepaid insurance	15,147	31,024
Investments	123,860	152,465
Investments held for endowment purposes	292,760	300,000
Property and equipment (net)	<u>3,620,566</u>	<u>3,779,579</u>
 Total assets	 <u>\$ 7,848,808</u>	 <u>\$ 7,476,317</u>
 <b>LIABILITIES</b>		
Accounts payable	\$ 207,467	\$ 137,015
Accrued liabilities	7,275	33,112
Line of credit	<u>100,000</u>	<u>100,244</u>
 Total liabilities	 314,742	 270,371
 <b>NET ASSETS</b>		
Without donor restrictions		
Unrestricted	<u>6,838,589</u>	<u>6,503,351</u>
With donor restrictions		
Perpetual in nature	300,000	300,000
Purpose restrictions	402,717	402,595
Underwater endowments	<u>(7,240)</u>	<u>-</u>
	<u>695,477</u>	<u>702,595</u>
 Total net assets	 <u>7,534,066</u>	 <u>7,205,946</u>
 Total liabilities and net assets	 <u>\$ 7,848,808</u>	 <u>\$ 7,476,317</u>

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK  
STATEMENTS OF ACTIVITIES  
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS</b>		
<b>Support</b>		
Food contributions	\$ 12,829,824	\$ 13,246,816
Cash contributions	1,246,781	1,302,530
Grants	236,717	24,672
Other non-cash contributions	<u>243,020</u>	<u>265,202</u>
Total unrestricted support	14,556,342	14,839,220
<b>Revenue</b>		
Purchased product sales	93,731	52,997
Cost of purchased product	<u>(89,934)</u>	<u>(86,504)</u>
	3,797	(33,507)
Share maintenance fees	416,884	459,386
Third-party reimbursement	741,977	592,251
Special events	145,028	90,171
Interest and investment income	25,490	24,688
Net gain (loss) on investments	(24,190)	35,815
Other	<u>75,385</u>	<u>103,766</u>
Total unrestricted revenue	1,384,371	1,272,570
Net assets released from restrictions	<u>1,260,728</u>	<u>1,517,409</u>
Total revenue and support without donor restrictions	17,201,441	17,629,199
<b>Expenses</b>		
Program services		
Food distribution	15,154,292	15,474,630
Kid's Café	964,465	976,858
Management and general	246,850	249,557
Cost of benefits to donors	28,142	28,129
Fund-raising	<u>479,696</u>	<u>509,386</u>
Total expenses	<u>16,873,445</u>	<u>17,238,560</u>
Increase in net assets without donor restrictions	327,996	390,639

See accompanying notes and accountant's report

**HIGH PLAINS FOOD BANK**  
**STATEMENTS OF ACTIVITIES**  
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS</b>		
Food contributions-USDA	935,452	796,932
Grants and contributions	325,400	875,688
Net assets released from restrictions	<u>(1,260,728)</u>	<u>(1,517,409)</u>
Increase in net assets with donor restrictions	<u>124</u>	<u>155,211</u>
Increase in net assets	328,120	545,850
Net assets at beginning of year	<u>7,205,946</u>	<u>6,660,096</u>
Net assets at end of year	<u>\$ 7,534,066</u>	<u>\$ 7,205,946</u>

See accompanying notes and accountant's report

**HIGH PLAINS FOOD BANK**  
**STATEMENTS OF CASH FLOWS**  
Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Cash Flows From Operating Activities</b>		
Cash received from contributors and grants	\$ 1,808,898	\$ 1,937,306
Cash received from service recipients	1,385,115	1,226,176
Investment income	27,402	24,706
Other	75,385	103,766
Cash paid to employees and suppliers	<u>(3,443,211)</u>	<u>(3,499,802)</u>
Net cash used by operating activities	(146,411)	(207,848)
<b>Cash Flows From Investing Activities</b>		
Payments for property and equipment	(21,860)	(6,930)
Purchase of long-term investments	(318,331)	(321,861)
Sale of property and equipment	-	140
Sale of short-term investments	29,986	75,838
Sale of long-term investment	300,000	300,000
Contributions restricted to property acquisition	-	207,429
Net cash provided (used) by investing activities	<u>(10,205)</u>	<u>254,616</u>
<b>Cash Flows From Financing Activities</b>		
Proceeds on short-term debt	-	100,244
Payments on short-term debt	(244)	-
Collections of contributions restricted for long-term purposes	-	(207,429)
Net cash used by financing activities	<u>(244)</u>	<u>(107,185)</u>
Net decrease in cash	(156,860)	(60,417)
Beginning cash	<u>344,494</u>	<u>404,911</u>
Ending cash	<u>\$ 187,634</u>	<u>\$ 344,494</u>

See accompanying notes and accountant's report



HIGH PLAINS FOOD BANK  
 STATEMENTS OF CASH FLOWS  
 Years ended December 31, 2018 and 2017

	<u>2018</u>	<u>2017</u>
<b>Reconciliation of Changes in Net Assets to Net Cash Used</b>		
<b>by Operating Activities</b>		
Increase in net assets	\$ 328,120	\$ 545,850
Adjustments to reconcile change in net assets to net cash		
Depreciation	180,873	193,270
Unrealized (gain)/loss on investments	24,190	(35,815)
(Increase) decrease in operating assets		
Accounts receivable	(10,593)	(26,766)
Promises to give	-	-
Food inventory	(729,493)	(733,634)
Prepaid expenses	15,877	(10,447)
Increase (decrease) in operating liabilities		
Accounts payable	70,452	62,608
Accrued liabilities	(25,837)	4,515
Contributions restricted for LT purposes	-	(207,429)
	<u>\$ (146,411)</u>	<u>\$ (207,848)</u>
<b>Net cash used by operating activities</b>	<b><u>\$ (146,411)</u></b>	<b><u>\$ (207,848)</u></b>

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2018

	Program Costs						Benefit to Donors	Fund-Raising	Total
	Food Distribution	Kid's Café	Total Program	Management & General					
Salaries	\$ 965,133	\$ 373,224	\$ 1,338,357	\$ 148,232	\$ -	\$ -	\$ 121,364	\$ 1,607,953	
Payroll taxes	73,774	29,040	102,814	11,105	-	-	9,326	123,245	
Employee benefits	115,808	54,649	170,457	19,419	-	-	11,728	201,604	
	1,154,715	456,913	1,611,628	178,756	-	-	142,418	1,932,802	
Food distribution	13,155,447	281,213	13,436,660	254	-	-	1,494	13,438,408	
Cost of goods sold	89,934	-	89,934	-	-	-	-	89,934	
Professional fees	10,846	1,004	11,850	43,950	-	-	-	55,800	
Conferences and training	7,231	-	7,231	9,083	-	-	2,250	18,564	
Occupancy	95,863	27,245	123,108	1,736	-	-	796	125,640	
Dues and subscriptions	13,539	80	13,619	4,195	-	-	3,654	21,468	
Insurance	93,088	28,641	121,729	3,937	-	-	3,478	129,144	
Postage	6,895	-	6,895	14	-	-	2,616	9,525	
Supplies and food	172,751	29,005	201,756	611	4,521	-	1,006	207,894	
Printing	-	-	-	-	-	-	127,867	127,867	
Telephone	7,332	1,764	9,096	126	-	-	225	9,447	
Vehicle and delivery	211,738	15,915	227,653	93	-	-	799	228,545	
Equipment repair and maintenance	41,831	2,954	44,785	1,979	-	-	42	46,806	
Contract labor	7,800	2,600	10,400	-	-	-	-	10,400	
Other	39,661	40,796	80,457	86	23,621	-	192,102	296,266	
Agency support	33,997	-	33,997	-	-	-	-	33,997	
Depreciation and amortization	101,558	76,335	177,893	2,030	-	-	949	180,872	
Total expenses	15,244,226	964,465	16,208,691	246,850	28,142	-	479,696	16,963,379	
Less expenses netted with revenue on the statement of activities	89,934	-	89,934	-	-	-	-	89,934	
Total expenses reported by function	\$ 15,154,292	\$ 964,465	\$ 16,118,757	\$ 246,850	\$ 28,142	\$ -	\$ 479,696	\$ 16,873,445	

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK  
STATEMENT OF FUNCTIONAL EXPENSES  
Year Ended December 31, 2017

	Program Costs					Total	Management & General	Benefit to Donors	Fund- Raising	Total
	Food Distribution	Kid's Café	Total Program	Management & General	Benefit to Donors					
Salaries	\$ 909,551	\$ 408,200	\$ 1,317,751	\$ 145,700	\$ -	\$ 1,611,607			\$ 148,156	\$ 1,611,607
Payroll taxes	70,390	32,256	102,646	11,115	-	125,161			11,400	125,161
Employee benefits	104,662	47,698	152,360	17,451	-	184,437			14,626	184,437
	1,084,603	488,154	1,572,757	174,266	-	1,921,205			174,182	1,921,205
Food distribution	13,462,909	297,007	13,759,916	780	-	13,761,878			1,182	13,761,878
Cost of goods sold	86,504	-	86,504	-	-	86,504			-	86,504
Professional fees	11,700	330	12,030	50,304	-	62,484			150	62,484
Conferences and training	6,448	-	6,448	9,837	-	19,046			2,761	19,046
Occupancy	114,553	32,166	146,719	1,715	-	149,226			792	149,226
Dues and subscriptions	21,456	387	21,843	4,372	-	32,571			6,356	32,571
Insurance	82,900	26,733	109,633	3,268	-	115,734			2,833	115,734
Postage	10,337	-	10,337	37	-	13,936			3,562	13,936
Supplies and food	188,729	29,676	218,405	1,377	6,574	227,203			847	227,203
Printing	-	-	-	-	-	90,169			90,169	90,169
Telephone	6,482	2,400	8,882	124	-	9,068			62	9,068
Vehicle and delivery	189,994	14,144	204,138	157	-	204,665			370	204,665
Equipment repair and maintenance	56,771	4,824	61,595	1,191	-	62,819			33	62,819
Contract labor	7,800	2,600	10,400	-	-	10,400			-	10,400
Other	84,201	4,960	89,161	44	21,555	335,847			225,087	335,847
Agency support	29,040	-	29,040	-	-	29,040			-	29,040
Depreciation and amortization	116,707	73,477	190,184	2,085	-	193,269			1,000	193,269
Total expenses	15,561,134	976,858	16,537,992	249,557	28,129	17,325,064			509,386	17,325,064
Less expenses netted with revenue on the statement of activities	86,504	-	86,504	-	-	86,504			-	86,504
Total expenses reported by function	\$ 15,474,630	\$ 976,858	\$ 16,451,488	\$ 249,557	\$ 28,129	\$ 17,238,560			\$ 509,386	\$ 17,238,560

See accompanying notes and accountant's report

# HIGH PLAINS FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Nature of Activities

High Plains Food Bank (Food Bank) is a Texas non-profit corporation chartered on September 27, 1982 to serve the Texas Panhandle area. Its purpose is to collect, store and preserve surplus food and to distribute the food among the indigent and needy and among charitable organizations, agencies and governmental units for use by the indigent and needy. Under the Kids Café program, the Food Bank supplies the food, funds, and food preparation to feed needy children. The Food Bank's support comes primarily from public and governmental contributions and grants, and from shared maintenance fees paid by recipient agencies.

#### Basis of Accounting

The financial statements of the Food Bank have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

#### Reclassifications

Certain accounts in the prior-year financial statements have been reclassified for comparative purposes to conform to the presentation in the current-year financial statements.

#### Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, the Food Bank considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

#### Food Inventories

The inventory of publicly donated food items is valued at \$1.68 and \$1.73 per pound at December 31, 2018 and 2017 respectively, as recommended by the Feeding America Organization. Inventories of purchased food items are stated at the lower of cost or market, using the first-in, first-out method. USDA donated food items are valued at the USDA stated value, using the first-in, first-out method.

#### Donated property and equipment

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Food Bank reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Food Bank reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

# HIGH PLAINS FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### Donated food, materials, and services

Significant food items are donated to the Food Bank by various individuals and organizations. A food item donated by the public for which the donor has not placed a value on the food donated is recorded at the Feeding America Organization recommended per pound rate which averaged \$1.71 and \$1.70 a pound for 2018 and 2017, respectively. Food items donated under a contract agreement with the Texas Department of Human Services for USDA commodities are recorded at their stated value for the food item. Any non-food donated materials and services are recorded at fair market value at date of donation.

### Net Assets

Net assets, revenues, gains and losses are classified based on the existence or absence of donor or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows;

*Net Assets Without Donor Restrictions* – Net assets available for use in general operations and not subject to donor or grantor restrictions.

*Net Assets With Donor Restrictions* – Net assets subject to donor or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

### Estimates

The preparation of financial statements in conformity with generally accepted accounting principles includes the use of estimates that affect the financial statements. Accordingly, actual results could differ from those estimates.

### Revenue Recognition

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when conditions are substantially met. Contributions, grants and bequests are recognized as net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource as restricted has been fulfilled, or both.

# HIGH PLAINS FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### Functional Allocation of Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Directly identifiable expenses are charged to the program and supporting services of management and general, and fundraising. Expenses related to more than one function are charged to programs and supporting services on the basis of time and expense studies. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The expenses that are allocated include occupancy, depreciation, salaries, payroll taxes, insurance, and office expenses.

### Property and Equipment

Property and equipment are carried at cost, or if donated, at the approximate fair value at date of donation. Depreciation on property and equipment was calculated using the straight-line method. All acquisitions of property and equipment in excess of \$1,000 and repairs and improvements in excess of \$1,000 are capitalized if the estimated life expectancy is greater than two years.

### Concentration of Contributions

The Food Bank receives approximately 9% to 12% of food and 21% to 25% of its budgeted revenue under the United States Department of Agriculture food commodity program.

### Concentration of Credit Risk Arising From Cash Deposits in Excess of Insured Limits

The Food Bank maintains its cash balances at several financial institutions located in the Texas Panhandle. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000. At December 31, 2018, the Food Bank's unsecured cash balances totaled \$50,076. The Board of Directors believes that the Food Bank has no significant risk of loss on these accounts due to the failure of the institution.

### NOTE 2 - ACCOUNTS RECEIVABLE

Accounts receivable are stated at unpaid balances. It is the Food Bank's policy to charge off uncollectible accounts receivable when management determines the receivable will not be collected. Accounts receivable are considered to be fully collectible and consist of the following:

	<u>2018</u>	<u>2017</u>
Accounts receivable - fees	\$ 31,021	\$ 33,170
Cost reimbursement receivable	120,971	106,317
Accrued interest	-	1,912
	<u>\$ 151,992</u>	<u>\$ 141,399</u>

# HIGH PLAINS FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### NOTE 3 – DISCLOSURE ON LIQUIDITY AND AVAILABILITY

The following reflects the Food Bank's financial assets as of the statement of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions with one year of the balance sheet date.

• Financial assets, at year end	\$ 945,992
• Less those unavailable for general expenditures within one year,	
○ Contractual or donor-imposed restrictions	
▪ Restricted by donor with time or purpose restriction	(300,000)
○ Board designations	
▪ Amounts set aside for expansion	(207,429)
• Financial assets available to meet cash needs for general expenditures within one year:	<u>\$ 438,563</u>

As part of the Food Bank's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. In addition, the Food Bank invests cash in excess of daily requirements in short-term investments.

### NOTE 4 - FEDERAL INCOME TAX

No provision is made for federal income tax as the Food Bank is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code.

### NOTE 5 - FOOD INVENTORY

Food inventory as of December 31, 2018 and 2017 consist of the following:

	<u>2018</u>	<u>2017</u>
Donated food	\$ 3,122,631	\$ 2,469,062
Purchased food program	449	4,036
USDA commodities	126,340	46,829
	<u>\$ 3,249,420</u>	<u>\$ 2,519,927</u>

# HIGH PLAINS FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### NOTE 6 - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2018	2017
Land	\$ 211,045	\$ 211,045
Building and improvements	4,907,013	4,907,013
Warehouse equipment	598,476	598,476
Office furniture and equipment	239,102	233,578
Vehicles	552,282	535,946
Software	14,584	14,584
	6,522,502	6,500,642
Accumulated depreciation	(2,901,936)	(2,721,063)
	\$ 3,620,566	\$ 3,779,579

For building and facility expansion in 2000 and 2001, the Food Bank had obtained partial funding from the City of Amarillo. The new facility is subject to a lien and encumbrance to the City of Amarillo, in the initial amount of \$270,000, to be amortized over a period of 20 years from October 1, 1999. Should the Food Bank cease to occupy or use the structure for which the funds were given, the Food Bank is required to repay the unamortized balance to the City of Amarillo. As of December 31, 2018 the unamortized balance was approximately \$11,250.

### NOTE 7 - INVESTMENTS

Investments are reported on the basis of quoted market prices and consist of equity securities, bonds and certificate of deposits as follows:

	2018	2017
Cash	\$ 107	\$ 78
Equity mutual funds	216,619	252,387
Certificates of deposit	200,851	200,000
	\$ 417,577	\$ 452,465

Investment returns were \$17,504 and \$14,600 and net realized/unrealized gains (losses) were (\$24,242) and \$35,815 for 2018 and 2017 respectively.

### NOTE 8 - TAX-DEFERRED ANNUITY PLAN

The Food Bank has a tax-deferred annuity plan qualified under Section 403(b) of the Internal Revenue Code. The plan is voluntary and covers full-time employees of the Food Bank. The Food Bank matches participant contributions up to five percent of the individual compensation. Food Bank contributions to the plan were \$15,728 and \$19,134 in 2018 and 2017 respectively.



# HIGH PLAINS FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### NOTE 9 – NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes and periods as of December 31:

	2018	2017
Subject to expenditure for specific purpose:		
USDA Commodities	\$ 126,340	\$ 46,828
Rural Service	28,520	60,675
Kid's Café	-	16,800
Purchased Food	-	48,553
Community Garden	20,885	5,885
Agency Relations	-	1,925
Acquisition of Property	207,429	207,429
Miscellaneous Program	19,543	14,500
	\$ 402,717	\$ 402,595
Subject to the Food Bank's spending policy and appropriation;		
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	300,000	300,000
Underwater endowments	(7,240)	-
	292,760	300,000
Total endowments	\$ 695,477	\$ 702,595

### NOTE 10 - DONATED MATERIALS AND SERVICES

Non-food donated materials were \$2,200 and \$6,313 in 2018 and 2017 respectively and were included in revenue and expenses. Only those services that meet the criteria for recognition are included in revenue and expenses. Volunteer services for 2018 and 2017 with an estimated value of \$513,808 and \$589,480 respectively, were not recognized in the financial statements because they did not meet the criteria for recognition. Donated services recognized in the financial statements are as follows:

	2018	2017
Professional	\$ 2,200	\$ 5,913
Other	-	400
	\$ 2,200	\$ 6,313

### NOTE 11 - ADVERTISING

The Food Bank uses advertising to promote its programs. The costs of advertising are expensed as incurred.

# HIGH PLAINS FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### NOTE 12 - AMARILLO AREA FOUNDATION, INC. AGREEMENT

In 1992, the Food Bank entered in to an agreement with the Amarillo Area Foundation, Inc. (Foundation), a community charitable organization. Under this agreement, the Food Bank transferred the Mr. and Mrs. Tom Boyer Endowment, the Katherine Wilson Endowment, and the Harrington Endowment to the Foundation. The income of the endowments will from time to time be distributed for one or more exempt purposes within the Amarillo Area with the primary consideration given to the Food Bank. The endowments are a component fund of the Foundation and therefore the Foundation has the absolute right to make the final decision as to any and all distributions from these endowments. Distributions to the Food Bank were \$7,522 and \$7,647 for 2018 and 2017, respectively. The market values of the endowment funds at December 31 are as follows:

	2018	2017
Boyer Endowment	\$ 21,245	\$ 23,963
Wilson Endowment	23,400	26,375
Harrington Endowment	115,677	130,003
	<u>\$ 160,322</u>	<u>\$ 180,341</u>

### NOTE 13 – ENDOWMENT FUNDS

The Food Bank's endowment consists of four funds which includes donor-restricted funds, and the funds described in Note 11. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Food Bank has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Food Bank classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Food Bank in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Food Bank considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the fund(s), (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Food Bank, and (7) the Food Bank's investment policies.

# HIGH PLAINS FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

*Investment Return Objectives, Risk Parameters and Strategies.* The Food Bank has adopted investment and spending policies, approved by the Board of Directors, for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment funds while also maintaining the purchasing power of those endowment assets over the long-term. Accordingly, the investment process seeks to achieve an after-cost total rate of return, including investment income as well as capital appreciation, which exceeds the annual distribution with acceptable levels of risk. Endowment assets are invested in a well-diversified asset mix and include equity and debt securities with the objective of minimizing risk and volatility while maximizing expected returns. A spending policy had not been finalized as of December 31, 2018.

Endowment Net Asset Composition by Type of Fund as of December 31, 2018 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 453,946	\$ 453,946

Changes in endowment net assets as of December 31, 2018 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 484,794	\$ 484,794
Contributions	-	-	-
Investment returns, net	-	(11,482)	(11,482)
Amounts appropriated for expenditure	-	(19,366)	(19,366)
Endowment net assets, end of year	\$ -	\$ 453,946	\$ 453,946

Endowment Net Asset Composition by Type of Fund as of December 31, 2017 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Donor-restricted endowment funds	\$ -	\$ 484,794	\$ 484,794

# HIGH PLAINS FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

Changes in endowment net assets as of December 31, 2017 are as follows:

	Unrestricted	Temporarily Restricted	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 495,822	\$ 495,822
Contributions	-	-	-
Investment returns, net	-	43,959	43,959
Amounts appropriated for expenditure	-	(54,987)	(54,987)
Endowment net assets, end of year	\$ -	\$ 484,794	\$ 484,794

### NOTE 14 – FAIR VALUE MEASUREMENT

The carrying amount of cash and cash equivalents, certificates of deposit, accounts receivable, and accounts payable approximate their fair value due to the short-term nature of such instruments.

The Food Bank uses the following hierarchical disclosures framework:

Level 1 – Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

Level 2 – Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Measurement based on the Food Bank’s assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date.

The Food Bank uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets and liabilities. When available, the Food Bank measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

HIGH PLAINS FOOD BANK

NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

Fair values of assets measure on a recurring basis at December 31, 2018 and 2017 were as follows:

	2018			
	Fair Value	Level 1	Level 2	Level 3
Equity Mutual Funds	\$ 216,619	\$ 216,619	\$ -	\$ -
	2017			
Equity Mutual Funds	\$ 252,387	\$ 252,387	\$ -	\$ -

**NOTE 15 – LINE OF CREDIT**

The Food Bank has a \$100,000 line of credit dated December 3, 2016 and maturing September 20, 2019 of which \$100,000 was outstanding as of December 31, 2018 and 2017. Interest is payable monthly at 2.4% per annum beginning when money is drawn against the loan. Interest paid of \$245 was accrued in 2018, and none was paid in 2017.

**NOTE 16 – CAPITAL LEASES**

The Food Bank has several operating leases for equipment that expire in the year ended December 31, 2023. Those leases contain a monthly renewal option, and require the Food Bank to pay all executory costs such as taxes, maintenance, and insurance. Rental expenses for those leases consisted of \$32,120 and \$1,242 for the years ended December 31, 2018 and 2017, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2018 are:

2019	\$ 32,120
2020	32,120
2021	32,120
2022	32,120
2023	6,251
	\$ 134,731

**NOTE 17 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through September 26, 2019, which is the date the financial statements were available to be issued.

# HIGH PLAINS FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

December 31, 2018 and 2017

### NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standard Update (ASU) 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The Organization has applied the changes to the period presented. The new standard changes the following aspects of the financial statements:

- Unrestricted net asset class has been renamed Net Assets Without Donor Restrictions
- The temporarily and permanently restricted net asset classes have been combined into a single net asset class called Net Assets with Donor Restrictions
- The financial statements include a disclosure about liquidity and availability of resources.

### NOTE 19 – RECENT ACCOUNTING PRONOUCEMENTS

#### Revenue from Contracts with Customers

In May 2014, the Financial Accounting Standards Board (FASB) issued amended guidance to clarify the principles for recognizing revenue from contracts with customers. The guidance requires an entity to recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which an entity expects to be entitled in exchange for those goods or services. The guidance also requires expanded disclosures relating to the nature, amount, timing, and uncertainty of revenue and cash flows arising from contracts with customers. Additionally, qualitative and quantitative disclosures are required regarding customer contracts, significant judgments and changes in judgments, and assets recognized from the costs to obtain or fulfill a contract. The guidance will initially be applied retrospectively using one or two methods. The standard will be effective for the Organization for the year ending December 31, 2019. Early adoption is permitted. Management is evaluating the impact of the amended revenue recognition guidance on the Organization's financial statements.

#### Clarifying Scope and the Accounting Guidance for Contributions

In June 2018, the FASB issued amended guidance to clarify and improve the scope and the accounting guidance for contributions received and contributions made. This amended guidance distinguishes between contributions and exchange transactions and assists in determining which guidance to apply. For contributions, the guidance in Subtopic 958-605, *Not-for-Profit Entities—Revenue Recognition*, should be followed. For exchange transactions, Topic 606, *Revenue from Contracts with Customers*, should be followed. In addition, once a transaction is deemed to be a contribution, this amended guidance assists in determining whether a contribution is conditional or unconditional, and if unconditional, whether the transaction is donor-restricted for a limited purpose or timing. The guidance should be applied on a modified prospective basis. As a resource recipient, the guidance will be effective for the Organization for the year ending December 31, 2019. As a resource provider, the guidance will be effective for the Organization for the year ending December 31, 2020.

HIGH PLAINS FOOD BANK  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year Ended December 31, 2018

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Number	Federal Disbursements Expenditures
<b>U.S. Department of Agriculture</b>			
Passed through Texas Health and Human Services Commission			
<b>Food Distribution Cluster</b>			
Emergency Food Assistance Program (Administrative Costs)	10.568	1887048	\$ 126,108
Emergency Food Assistance Program (Food Commodities)	10.569	1887048	855,940
Commodity Supplemental Food Program	10.565	1887048	93,818
<b>Total Food Distribution Cluster</b>			<u>1,075,866</u>
<b>Child Nutrition Cluster</b>			
Summer Food Service Program for Children	10.559	TX188-1005	41,161
<b>SNAP Cluster</b>			
Supplemental Nutrition Assistance Program Education	10.551	529-16-0067-00001	100,863
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	529-16-0002-00002	67,489
<b>Total SNAP Cluster</b>			<u>168,352</u>
<b>Other Programs</b>			
Child and Adult Care Food Program	10.558	TX188-0032	302,122
			<u>\$ 1,587,501</u>

**NOTE A - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of High Plains Food Bank under programs of the federal government for the year ended December 31, 2018. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulation Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of High Plains Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of High Plains Food Bank.

**NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and/or OMB Circular A-122, Organizations Cost Principles for Non-profit Organizations, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At December 31, 2018 the organization had food commodities totaling \$126,340.

**NOTE C - INDIRECT COST RATE**

High Plains Food Bank has elected not to use the 10% de-minimus indirect cost rate as allowed under the Uniform Guidance.

See accompanying notes and accountant's report

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**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 of  
High Plans Food Bank

I 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 High Plans Food Bank (a nonprofit organization), which comprise the statement of financial position as of December 31, 2018, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued my report thereon dated September 26, 2019.

**Internal Control over Financial Reporting**

In planning and performing my audit of the financial statements, I considered High Plans Food Bank'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 High Plans Food Bank's internal control. Accordingly, I do not express an opinion on the effectiveness of the High Plans Food Bank's internal control.

My 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, and therefore, material weaknesses or significant deficiencies may exist have not been identified. However, as described in the accompanying schedule of findings and questioned costs I identified certain deficiencies in internal control that I consider to be a material weakness and a significant deficiency.

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. I consider the deficiencies 2018-001, 2018-002 and 2018-003 as described in the accompanying schedule of findings and questioned costs to be material weaknesses.

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.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether High Plans Food Bank's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

*Victor B. Glenn*

Amarillo, Texas  
September 26, 2019

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**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 of  
High Plains Food Bank

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

I have audited High Plains Food Bank'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 High Plains Food Bank's major federal programs for the year ended December 31, 2018. High Plains Food Bank'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***

My responsibility is to express an opinion on compliance for each of High Plains Food Bank's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 High Plains Food Bank's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of High Plains Food Bank's compliance.

***Opinion on Each Major Federal Program***

In my opinion, High Plains Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2018.

**Report on Internal Control Over Compliance**

Management of High Plains Food Bank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered High Plains Food Bank's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program 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, I do not express an opinion on the effectiveness of High Plains Food Bank's internal control over compliance.

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

My 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. I found deficiency 2018-004 as described in the accompanying schedule of findings and questioned costs to be a material weakness.

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.

*Victor B. Glenn*

Amarillo, Texas  
September 26, 2019

HIGH PLAINS FOOD BANK  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2018

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unqualified opinion on whether the financial statements of High Plains Food Bank were prepared in accordance with GAAP.
2. Three significant deficiencies disclosed during the audit of the financial statements are reported. These deficiencies are reported as material weaknesses.
3. No instances of noncompliance material to the financial statements of High Plains Food Bank were disclosed during the audit.
4. There was one deficiency in internal control over major federal award programs that was disclosed during the audit and reported as material weaknesses.
5. The auditor's report on compliance for the major federal award program for High Plains Food Bank expresses an unqualified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs included: Food Distribution Cluster; CFDA 10.565, 10.568 and 10.569.
8. The threshold for distinguishing Types A and B programs was \$750,000.
9. High Plains Food Bank was not determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT

MATERIAL WEAKNESESS

2018-001. Donated Food per Pound Rate

*Criteria:* Donated food is measured and accounted for by an established per pound rate as recommended by the Feeding America Organization.

*Condition:* The per pound rate has been periodically updated by Feeding America but the transactions for recording receipts and disbursements of food did not reflect the revised rates.

*Effect:* The recognition of donated food received and distributed as well as year-end inventory were understated.

*Recommendation:* Procedures should be established to ensure that any rate change is identified and implemented.

*View of Responsible Officials and Planned Corrective Action:* Feeding America changes the donated food per pound rate and then sends the proper correspondence to the Food Banks. The inventory control manager changes the donated food per pound rate in the inventory software and then needs to change it in the inventory spreadsheets that are used to adjust the books. The inventory control manager did not change the donated food per pound rate in the inventory spreadsheets. From this point forward the Director of Finance will double check the inventory software and the inventory spreadsheets to make sure the donated food per pound rate has been updated in both places. This additional process was put in place in November 2018 and has been corrected going forward from that time to present date.

#### 2018-002. Approval of Purchases

*Criteria:* Allowed costs must be adequately documented.

*Condition:* Approvals for payment of vendor invoices are not always being indicated.

*Effect:* There is risk that improper disbursements could be made due to the lack of documentation of proper approval.

*Recommendation:* Invoices and bills should be approved by management prior to entry in the accounting system for payment.

*View of Responsible Officials and Planned Corrective Action:* The following additional process was put in place and adopted in November 2018: approval for purchases or for a service rendered is approved by the department head of each HPFB department with a stamp, signature, or signature initial. The approval for purchase or rendering of service invoice is then approved by the Executive Director before payment is made to vendor for service or purchase with a stamp, signature, or signature initial. This approval is also again double-checked by the Director of Finance after the payable check is signed by the Executive Director. It is important to note that all purchases in 2018 were being approved by department heads and Executive Director prior to the payable check being signed; however, the official signature or stamp on some invoices/statements were missing prior to November 2018. As stated above, this had been corrected and an additional policy put in place and enacted. Approval for purchases or a rendering of a service is signed off by 1) department heads and/or 2) Executive Director for approval with an official stamp, signature or signature initials. Payables and transactions from November 2018 to present day reflect this policy and have with a stamp, signature, or signature initial for approval.

### 2018-003. Credit Card Documentation

*Criteria:* Credit card charges should be properly documented and approved.

*Condition:* Credit card statements did not always have documentation for the underlying charges. Credit card statements were not always approved. The unsupported charges were not material.

*Effect:* Improper charges could have been made.

*Recommendation:* All credit card charges should be properly documented, supported and approved.

*View of Responsible Officials and Planned Corrective Action:* An additional policy has been put into place in which all credit card receipts and transactions are required to be gathered by the 5<sup>th</sup> of each month. The Director of Finance will then reconcile receipts with the credit card statement for Executive Director approval prior to payment. Executive Director will follow up with departments on credit card receipts and documentation directly if receipts are not received by the 5<sup>th</sup> of each month. Credit card receipts will be matched with the credit card statements before payables are created. The Executive Director then reviews and approves each credit card statement for card holders (if applicable) before a payable check is created – this helps ensure that each receipt is matched up to the credit card statement. The Director of Finance then creates the check and the Executive Director then signs the check for payment.

## C. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

### U.S. DEPARTMENT OF AGRICULTURE

#### 2018-004 FOOD DISTRIBUTION CLUSTER; CFDA 10.565, 10.568 AND 10.569.

*Material Weakness.* As discussed at Finding 2018-002, approvals for disbursements were not always documented. Because of the failure to document approval from the proper level of management, unauthorized disbursements may occur.

**HIGH PLAINS FOOD BANK  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
YEAR ENDED DECEMBER 31, 2018**

**U.S. DEPARTMENT OF AGRICULTURE**

**Food Distribution Cluster**

**Emergency Food Assistance Program (Commodities), CFDA 10.569**

**Emergency Food Assistance Program (Administrative Costs), CFDA 10.568**

**Commodity Supplemental Food Program, CFDA 10.565**

**No compliance findings were reported in 2017.**