

**HIGH PLAINS FOOD BANK
FINANCIAL STATEMENTS
(Single Audit)
Years Ended December 31, 2020 and 2019**

TABLE OF CONTENTS

	<u>Page No.</u>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statements of Financial Position	3
Statements of Activities	4
Statements of Cash Flows	6
Statements of Functional Expenses	8
Notes to Financial Statements	10
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	21
SCHEDULE OF EXPENDITURES OF STATE AWARDS	23
REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	24
REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	26
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	28
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	29

VICTOR B. GLENN
Certified Public Accountant

2700 S. Western Suite 600
Amarillo, Texas 79109

Member:
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

Phone: (806) 358-8997
Fax: (806) 352-8771
E-Mail: victor@victorglenncpa.com

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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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, 2020 and 2019 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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*, and the accompanying schedule of state awards, as required by the State of Texas *Single Audit Circular*, 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 30, 2021, 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.

Victor B. Glenn

Amarillo, Texas
September 29, 2021

HIGH PLAINS FOOD BANK
STATEMENTS OF FINANCIAL POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 3,012,132	\$ 359,366
Cash restricted for long-term purposes	207,429	207,429
Investments	209,099	158,864
Accounts receivable	432,953	274,109
Promises to give	9,563	11,462
Food inventory	5,803,755	4,765,794
Prepaid insurance	81,034	80,355
Investments held for endowment purposes	300,000	300,000
Property and equipment (net)	<u>3,533,321</u>	<u>3,479,519</u>
 Total assets	 <u>\$ 13,589,286</u>	 <u>\$ 9,636,898</u>
 LIABILITIES		
Accounts payable	\$ 219,138	\$ 158,823
Accrued liabilities	27,428	21,356
Grant advances	8,656	-
Line of credit	<u>390</u>	<u>175,851</u>
 Total liabilities	 255,612	 356,030
 NET ASSETS		
Without donor restrictions		
Unrestricted	<u>11,572,346</u>	<u>8,081,377</u>
With donor restrictions		
Perpetual in nature	300,000	300,000
Purpose restrictions	<u>1,461,328</u>	<u>899,491</u>
	<u>1,761,328</u>	<u>1,199,491</u>
 Total net assets	 <u>13,333,674</u>	 <u>9,280,868</u>
 Total liabilities and net assets	 <u>\$ 13,589,286</u>	 <u>\$ 9,636,898</u>

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
STATEMENTS OF ACTIVITIES
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS		
Revenue, support, and gains		
Food contributions	\$ 7,540,624	\$ 12,387,644
Cash contributions	3,386,380	1,171,154
Grants	825,060	228,032
Other non-cash contributions	309,485	233,017
Purchased product sales	236,260	24,078
Cost of purchased product	<u>(165,101)</u>	<u>(116,682)</u>
	71,159	(92,604)
Share maintenance fees	378,133	452,715
Federal and state grants	2,411,668	812,637
Special events	90,365	116,301
Interest and investment income	16,393	17,403
Net gain (loss) on investments	37,973	25,992
Other	<u>128,646</u>	<u>98,176</u>
Total unrestricted revenue, support, and gains	15,195,886	15,450,467
Net assets released from restrictions	<u>6,112,377</u>	<u>2,515,599</u>
Total revenue, support, and gains without donor restrictions	21,308,263	17,966,066
Expenses		
Program services		
Food distribution	16,041,560	15,111,396
Kid's Café	<u>1,008,114</u>	<u>841,892</u>
Total program services	17,049,674	15,953,288
Management and general	260,392	254,779
Cost of benefits to donors	26,275	24,623
Fund-raising	<u>480,953</u>	<u>483,348</u>
Total expenses	<u>17,817,294</u>	<u>16,716,038</u>
Increase in net assets without donor restrictions	3,490,969	1,250,028

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
 STATEMENTS OF ACTIVITIES
 Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS		
Food contributions-USDA	5,485,817	2,259,049
Grants and contributions	1,179,861	729,724
Interest and investment income	5,577	8,855
Net gain (loss) on investments	2,959	14,745
Net assets released from restrictions	<u>(6,112,377)</u>	<u>(2,515,599)</u>
Increase in net assets with donor restrictions	<u>561,837</u>	<u>496,774</u>
Increase in net assets	4,052,806	1,746,802
Net assets at beginning of year	<u>9,280,868</u>	<u>7,534,066</u>
Net assets at end of year	<u>\$ 13,333,674</u>	<u>\$ 9,280,868</u>

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
STATEMENTS OF CASH FLOWS
Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows From Operating Activities		
Cash received from contributors and grants	\$ 5,392,000	\$ 2,117,448
Cash received from service recipients	2,958,782	1,283,614
Investment income	21,970	26,258
Other	128,646	98,176
Cash paid to employees and suppliers	<u>(5,435,222)</u>	<u>(3,394,362)</u>
Net cash provided by operating activities	3,066,176	131,134
Cash Flows From Investing Activities		
Payments for property and equipment	(228,644)	(33,769)
Purchase of long-term investments	(312,744)	(327,681)
Sale of short-term investments	3,439	26,197
Sale of long-term investment	<u>300,000</u>	<u>300,000</u>
Net cash used by investing activities	<u>(237,949)</u>	<u>(35,253)</u>
Cash Flows From Financing Activities		
Proceeds on short-term debt	-	75,851
Payments on short-term debt	<u>(175,461)</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>(175,461)</u>	<u>75,851</u>
Net increase in cash	2,652,766	171,732
Beginning cash, cash equivalents, and restricted cash	<u>566,795</u>	<u>395,063</u>
Ending cash, cash equivalents, and restricted cash	<u>\$ 3,219,561</u>	<u>\$ 566,795</u>

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
STATEMENTS OF CASH FLOWS
Years ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Reconciliation of Changes in Net Assets to Net Cash Provided		
by Operating Activities		
Increase in net assets	\$ 4,052,806	\$ 1,746,802
Adjustments to reconcile change in net assets to net cash		
Depreciation	184,844	174,816
Realized/unrealized gain on investments	(40,932)	(40,760)
(Increase) decrease in operating assets		
Accounts receivable	(158,844)	(122,117)
Promises to give	1,899	(11,462)
Food inventory	(1,037,961)	(1,516,374)
Prepaid expenses	(679)	(65,208)
Non-cash donations of property and equipment	(10,000)	-
Increase (decrease) in operating liabilities		
Accounts payable	60,315	(48,644)
Accrued liabilities	6,072	14,081
Grant advances	8,656	-
	<u>\$ 3,066,176</u>	<u>\$ 131,134</u>
Net cash provided by operating activities		
Supplemental disclosure		
Non-cash investing activities:		
Property and equipment	10,000	-

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2020

	Program Costs			Management & General	Benefit to Donors	Fund- Raising	Total
	Food Distribution	Kid's Café	Total Program				
Salaries	\$ 1,029,644	\$ 331,337	\$ 1,360,981	\$ 156,998	\$ -	\$ 115,359	\$ 1,633,338
Payroll taxes	78,112	25,353	103,465	11,730	-	8,700	123,895
Employee benefits	132,731	45,490	178,221	19,897	-	9,263	207,381
	<u>1,240,487</u>	<u>402,180</u>	<u>1,642,667</u>	<u>188,625</u>	<u>-</u>	<u>133,322</u>	<u>1,964,614</u>
Food distribution	13,800,205	373,869	14,174,074	154	-	110	14,174,338
Cost of goods sold	165,101	-	165,101	-	-	-	165,101
Professional fees	11,178	789	11,967	50,775	-	6,203	68,945
Conferences and training	389	250	639	2,163	-	357	3,159
Occupancy	101,563	33,621	135,184	1,351	-	733	137,268
Dues and subscriptions	11,754	-	11,754	6,096	-	1,275	19,125
Insurance	95,391	23,428	118,819	3,350	-	2,548	124,717
Postage	7,143	11	7,154	109	-	2,802	10,065
Supplies and food	273,260	63,301	336,561	661	8,320	331	345,873
Printing	-	-	-	-	-	108,866	108,866
Telephone	9,131	1,784	10,915	142	-	559	11,616
Vehicle and delivery	189,756	14,007	203,763	-	-	437	204,200
Equipment repair and maintenance	39,981	3,551	43,532	4,943	-	2,945	51,420
Contract labor	9,405	4,105	13,510	-	-	-	13,510
Other	117,208	16,334	133,542	25	17,955	219,694	371,216
Agency support	23,518	-	23,518	-	-	-	23,518
Depreciation and amortization	111,191	70,884	182,075	1,998	-	771	184,844
Total expenses	<u>16,206,661</u>	<u>1,008,114</u>	<u>17,214,775</u>	<u>260,392</u>	<u>26,275</u>	<u>480,953</u>	<u>17,982,395</u>
Less expenses netted with revenue on the statement of activities	<u>165,101</u>	<u>-</u>	<u>165,101</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>165,101</u>
Total expenses reported by function	<u>\$ 16,041,560</u>	<u>\$ 1,008,114</u>	<u>\$ 17,049,674</u>	<u>\$ 260,392</u>	<u>\$ 26,275</u>	<u>\$ 480,953</u>	<u>\$ 17,817,294</u>

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended December 31, 2019

	Program Costs			Management & General	Benefit to Donors	Fund- Raising	Total
	Food Distribution	Kid's Café	Total Program				
Salaries	\$ 967,405	\$ 304,686	\$ 1,272,091	\$ 152,175	\$ -	\$ 147,880	\$ 1,572,146
Payroll taxes	73,506	23,551	97,057	11,554	-	11,178	119,789
Employee benefits	111,319	40,501	151,820	16,953	-	13,682	182,455
	<u>1,152,230</u>	<u>368,738</u>	<u>1,520,968</u>	<u>180,682</u>	<u>-</u>	<u>172,740</u>	<u>1,874,390</u>
Food distribution	13,184,627	268,321	13,452,948	224	-	157	13,453,329
Cost of goods sold	116,682	-	116,682	-	-	-	116,682
Professional fees	12,295	436	12,731	49,130	-	-	61,861
Conferences and training	2,065	64	2,129	8,706	-	6,449	17,284
Occupancy	100,400	34,762	135,162	1,532	-	811	137,505
Dues and subscriptions	11,467	275	11,742	5,048	-	1,908	18,698
Insurance	83,400	23,342	106,742	3,260	-	2,707	112,709
Postage	7,310	-	7,310	26	-	2,703	10,039
Supplies and food	156,183	19,921	176,104	762	5,011	1,432	183,309
Printing	-	-	-	-	-	81,581	81,581
Telephone	7,674	1,779	9,453	128	-	296	9,877
Vehicle and delivery	186,326	19,764	206,090	1,477	-	40	207,607
Equipment repair and maintenance	35,596	8,058	43,654	1,388	-	1,773	46,815
Contract labor	8,414	3,285	11,699	-	-	-	11,699
Other	56,343	17,199	73,542	149	19,612	209,865	303,168
Agency support	11,374	-	11,374	-	-	-	11,374
Depreciation and amortization	95,692	75,948	171,640	2,267	-	886	174,793
Total expenses	<u>15,228,078</u>	<u>841,892</u>	<u>16,069,970</u>	<u>254,779</u>	<u>24,623</u>	<u>483,348</u>	<u>16,832,720</u>
Less expenses netted with revenue on the statement of activities	<u>116,682</u>	<u>-</u>	<u>116,682</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>116,682</u>
Total expenses reported by function	<u>\$ 15,111,396</u>	<u>\$ 841,892</u>	<u>\$ 15,953,288</u>	<u>\$ 254,779</u>	<u>\$ 24,623</u>	<u>\$ 483,348</u>	<u>\$ 16,716,038</u>

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1 – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES

Nature of Activities

High Plains Food Bank (the Organization) 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 Organization 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 Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

Cash and cash equivalents as of December 31, 2020 and 2019 consist of the following:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 3,012,132	\$ 359,367
Cash restricted for acquisition of property	<u>207,429</u>	<u>207,429</u>
Cash, cash equivalents, and restricted cash shown in the statements of cash flows	<u>\$ 3,219,561</u>	<u>\$ 566,796</u>

Food Inventories

The inventory of publicly donated food items is valued at \$1.74 and \$1.62 per pound at December 31, 2020 and 2019 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

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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 Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

Donated Food, Materials, and Services

Significant food items are donated to the Organization 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 \$1.65 and \$1.66 a pound for 2020 and 2019, 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

Contributions and Grants

Unconditional promises to give are recognized as revenue in the period the promise was made. Conditional promises are recorded as revenue when the 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 was restricted has been fulfilled, or both.

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Shared Contributions and Purchased Product Sales

Revenue from food distribution and purchased product sales are recognized when the performance obligations of transferring the products and providing the services are met.

Special Event Revenues

Special event revenue is comprised of an exchange element based upon the direct benefits donors receive and a contribution element for the difference. The portion of special event revenue that relates to the commensurate value the attendee receives in return is recognized when the related events are held and performance obligations are met. The portion of sponsorship revenue that relates to the commensurate value the sponsor received in return is recognized when the related events are held and performance obligations are met.

Third-party Reimbursements

A portion of revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when we have incurred expenditures in compliance with specific contract or grant provisions.

Functional Allocation of Expenses

The costs of providing the program and other activities have been summarized on a functional basis in the Statements of Activities and in the Statements 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 Organization receives approximately 15% to 39% of food and 23% to 26% of its budgeted revenue and support under the United States Department of Agriculture food commodity program.

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

The Organization 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, 2020, the Organization's unsecured cash balances totaled \$2,553,534. The Board of Directors believes that the Organization has no significant risk of loss on these accounts due to the failure of the institution.

HIGH PLAINS FOOD BANK
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020 and 2019

Reclassifications

Certain accounts in the prior-year financial statements have been classified for comparative purposes to conform with the presentation in the current-year financial statements. The reclassifications had no impact on the previously reported net assets.

NOTE 2 – ACCOUNTS RECEIVABLE

Accounts receivable are stated at unpaid balances. It is the Organization'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:

	2020	2019
Accounts receivable - fees	\$ 54,977	\$ 47,852
Cost reimbursement receivable	377,976	226,257
	\$ 432,953	\$ 274,109

NOTE 3 – PROMISES TO GIVE

Promises to give as of December 31, 2020 and 2019 are unconditional and are considered to be fully collectible.

The contributions receivable for general operating purposes is as follows:

	2020	2019
General unconditional promises to give	\$ 9,950	\$ 11,900
Less: unamortized discount to present value	387	438
	\$ 9,563	\$ 11,462

Amounts due in:

One year	4,200	4,400
Two to five years	5,363	7,062

NOTE 4 – FEDERAL INCOME TAX

No provision is made for federal income tax as the Organization 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, 2020 and 2019 consist of the following:

HIGH PLAINS FOOD BANK
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020 and 2019

	2020	2019
Donated food	\$ 5,011,754	\$ 4,352,408
USDA commodities	508,911	410,386
FEMA	227,195	-
Purchased food program	-	3,000
Disaster food program	88	-
Prepaid food	55,807	-
	\$ 5,803,755	\$ 4,765,794

NOTE 6 – DISCLOSURE ON LIQUIDITY AND AVAILABILITY

The following reflects the Organization’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.

	2020	2019
• Financial assets, at year end	\$ 4,171,176	\$ 1,311,231
• Less those unavailable for general expenditures within one year		
○ Contractual or donor-imposed restrictions		
▪ Restricted by donor with time or purpose restriction	(300,000)	(300,000)
▪ Amounts set aside for expansion	(207,429)	(207,429)
• Financial assets available to meet cash needs for general expenditures within one year	\$ 3,663,747	\$ 803,802

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

NOTE 7 – PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	2020	2019
Land	\$ 211,045	\$ 211,045
Building and improvements	4,904,199	4,904,199
Warehouse equipment	698,755	613,487
Office furniture and equipment	253,157	247,391
Vehicles	678,564	530,955
Software	14,584	14,584
	6,760,304	6,521,661
Accumulated depreciation	(3,226,983)	(3,042,142)
	\$ 3,533,321	\$ 3,479,519

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

For building and facility expansion in 2000 and 2001, the Organization 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 Organization cease to occupy or use the structure for which the funds were given, the Organization is required to repay the unamortized balance to the City of Amarillo. There was no unamortized balance as of December 31, 2020.

NOTE 8 – INVESTMENTS

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

	2020	2019
Cash	\$ 263	\$ 263
Equity mutual funds	309,099	258,865
Certificates of deposit	208,178	204,736
	\$ 517,540	\$ 463,864

Investment returns were \$9,303 and \$12,643 and net realized/unrealized gains were \$40,932 and \$40,760 for 2020 and 2019, respectively.

NOTE 9 – TAX-DEFERRED ANNUITY PLAN

The Organization 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 Organization. The Organization matches participant contributions up to five percent of the individual compensation. The Organization's contributions to the plan were \$8,197 and \$11,975 in 2020 and 2019, respectively.

NOTE 10 – NET ASSETS WITH DONOR RESTRICTIONS

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

	2020	2019
Subject to expenditure for specific purpose:		
USDA Commodities	\$ 508,911	\$ 410,388
Rural Service	269,215	35,339
Kid's Café	22,413	94,959
Purchased Food	133,840	736
Community Garden	24,844	21,844
Acquisition of Property	207,429	207,429
Miscellaneous Program	294,676	128,796
	\$ 1,461,328	\$ 899,491

HIGH PLAINS FOOD BANK
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020 and 2019

Subject to the Organization's spending policy and appropriation:

	300,000	300,000
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	300,000	300,000
Total net assets with donor restrictions	\$ 1,761,328	\$ 1,199,491

NOTE 11 – DONATED MATERIALS AND SERVICES

Non-food donated materials were \$285,096 and \$226,297 in 2020 and 2019, 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 2020 and 2019 with an estimated value of \$181,498 and \$473,417 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:

	2020	2019
Accounting	\$ 5,575	2,690
Maintenance	8,714	3,030
Meat processing	-	1,000
Total donated services	\$ 14,289	\$ 6,720

NOTE 12 – ADVERTISING

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

NOTE 13 – AMARILLO AREA FOUNDATION, INC. AGREEMENT

In 1992, the Organization entered in to an agreement with the Amarillo Area Foundation, Inc. (the Foundation), a community charitable organization. Under this agreement, the Organization 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 Organization. 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 Organization were \$7,810 and \$7,682 for 2020 and 2019, respectively. The market values of the endowment funds at December 31 are as follows:

	2020	2019
Boyer Endowment	\$ 25,190	\$ 23,630
Wilson Endowment	27,827	26,051
Harrington Endowment	138,239	129,135
	\$ 191,256	\$ 178,816

HIGH PLAINS FOOD BANK
 NOTES TO FINANCIAL STATEMENTS
 December 31, 2020 and 2019

NOTE 14 – ENDOWMENT FUNDS

The Organization’s endowment consists of four funds which includes donor-restricted funds and the funds described in Note 13. 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 Organization 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 Organization retains in perpetuity and classifies as net assets with donor restrictions (a) the original value of gifts donated to the perpetual endowment, (b) the original value of subsequent gifts to the perpetual endowment, and (c) accumulations to the perpetual 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 retained in perpetuity are subject to appropriation for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, the Organization 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 Organization, and (7) the Organization’s investment policies.

Investment Return Objectives, Risk Parameters, and Strategies. The Organization 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, 2020.

Endowment net asset composition by type of fund as of December 31, 2020 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment funds	\$ -	\$ 512,016	\$ 512,016

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

Changes in endowment net assets as of December 31, 2020 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 491,040	\$ 491,040
Investment returns, net	-	29,569	29,569
Amounts appropriated for expenditure	-	(8,593)	(8,593)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 512,016</u>	<u>\$ 512,016</u>

Endowment net asset composition by type of fund as of December 31, 2019 is as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment funds	<u>\$ -</u>	<u>\$ 491,040</u>	<u>\$ 491,040</u>

Changes in endowment net assets as of December 31, 2019 are as follows:

	Without Donor Restrictions	With Donor Restrictions	Total Net Endowment Assets
Endowment net assets, beginning of year	\$ -	\$ 453,946	\$ 453,946
Investment returns, net	-	50,564	50,564
Amounts appropriated for expenditure	-	(13,470)	(13,470)
Endowment net assets, end of year	<u>\$ -</u>	<u>\$ 491,040</u>	<u>\$ 491,040</u>

NOTE 15 – 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.

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

The Organization uses appropriate valuation techniques based on the available inputs to measure the fair value of its assets and liabilities. When available, the Organization 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.

Fair values of assets measure on a recurring basis at December 31, 2020 and 2019 were as follows:

	2020			
	Fair Value	Level 1	Level 2	Level 3
Equity Mutual Funds	\$ 309,362	\$ 309,362	\$ -	\$ -
	2019			
Equity Mutual Funds	\$ 259,128	\$ 216,726	\$ -	\$ -

NOTE 16 – LINE OF CREDIT

The Organization has a \$216,000 line of credit dated September 20, 2019 and maturing September 20, 2020 of which \$175,698 was outstanding as of December 31, 2019. The line of credit was paid off during 2020. A new line of credit was issued on September 20, 2020 and matures on September 20, 2021, of which none was outstanding at December 31, 2020. Interest is payable monthly at 2.85% per annum beginning when money is drawn against the loan. Interest of \$4,911 and \$4,437 was paid in 2020 and 2019, respectively.

NOTE 17 – LEASES

The Organization has several operating leases for equipment that expire at various dates through December 31, 2026. Those leases contain a monthly renewal option, and require the Organization to pay all executory costs such as taxes, maintenance, and insurance. Rental expenses for those leases consisted of \$43,580 and \$42,709 for the years ended December 31, 2020 and 2019, respectively.

Future minimum lease payments under operating leases that have remaining terms in excess of one year as of December 31, 2020 are:

2021	\$ 41,159
2022	39,134
2023	13,265
2024	7,015
2025	7,015
Thereafter	1,754
	\$ 109,342

HIGH PLAINS FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 18 – SUBSEQUENT EVENTS

Subsequent events were evaluated through September 29, 2021, which is the date the financial statements were available to be issued.

NOTE 19 – COVID-19 FINANCIAL STATEMENT IMPACTS

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The Organization is closely monitoring its liquidity and is actively working to minimize the impact of these declines. The extent of the impact of COVID-19 on the Organization's operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's participants, employees, and vendors, all of which at present cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying consolidated financial statements include no adjustments relating to the effects of this pandemic.

HIGH PLAINS FOOD BANK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass- Through Number	Federal Disbursements Expenditures
U.S. Department of Agriculture			
Passed through Texas Health and Human Services Commission			
Food Distribution Cluster			
Emergency Food Assistance Program (Administrative Costs)	10.568	1887048	\$ 258,715
Emergency Food Assistance Program (Food Commodities)	10.569	1887048	5,387,292
Commodity Supplemental Food Program	10.565	1887048	198,268
Total Food Distribution Cluster			<u>5,844,275</u>
SNAP Cluster			
Supplemental Nutrition Assistance Program Education	10.551	529-16-0067-00001	95,023
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	529-16-0002-00002	118,390
Total SNAP Cluster			<u>213,413</u>
Other Programs			
Child and Adult Care Food Program	10.558	TX188-0032	47,381
Food Purchase Distribution Program-Trade Mitigation	10.178	806780706	91,238
Total Other Programs			<u>138,619</u>
			<u><u>\$ 6,196,307</u></u>

See accompanying notes and accountant's report

HIGH PLAINS FOOD BANK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of High Plains Food Bank under programs of the federal government for the year ended December 31, 2020. 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, 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, 2020 the organization had food commodities totaling \$508,911.

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.

HIGH PLAINS FOOD BANK
 SCHEDULE OF EXPENDITURES OF STATE AWARDS
 Year Ended December 31, 2020

State Grantor/Pass-through Grantor/ Program or Cluster Title	Number	State Expenditures
Texas Division of Emergency Management		
Other Programs		
COVID-19 Emergency Protective Measures	20-0003 COVID-19 (DR 4485) PW 7 Contract C2020-1699	\$ 1,610,938
Total Other Programs		<u>\$ 1,610,938</u>

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of State awards (the Schedule) includes the State grant activity of High Plains Food Bank under programs of the Texas government for the year ended December 31, 2020. The information in this Schedule is presented in accordance with the requirements of *State of Texas Single Audit Circular*. 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 *State of Texas Single Audit Circular*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

See accompanying notes and accountant's report

VICTOR B. GLENN
Certified Public Accountant

2700 S. Western Suite 600
Amarillo, Texas 79109

Member:
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

Phone: (806) 358-8997
Fax: (806) 352-8771
E-Mail: victor@victorglenncpa.com

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 Plains 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 Plains Food Bank (a nonprofit organization), which comprise the statement of financial position as of December 31, 2020, 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 29, 2021.

Internal Control over Financial Reporting

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

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. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether High Plains 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 financial statements. 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, TX
September 29, 2021

VICTOR B. GLENN
Certified Public Accountant

2700 S. Western Suite 600
Amarillo, Texas 79109

Member:
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

Phone: (806) 358-8997
Fax: (806) 352-8771
E-Mail: victor@victorglenncpa.com

**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* and *State of Texas Single Audit Circular* 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, 2020. 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); and the audit requirements of the *State of Texas Single Audit Circular*. Those standards and the Uniform Guidance and the *State of Texas Single Audit Circular* 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, 2020.

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

VICTOR B. GLENN
Certified Public Accountant

2700 S. Western Suite 600
Amarillo, Texas 79109

Member:
American Institute of Certified Public Accountants
Texas Society of Certified Public Accountants

Phone: (806) 358-8997
Fax: (806) 352-8771
E-Mail: victor@victorglenncpa.com

**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* and *State of Texas Single Audit Circular* 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, 2020. 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); and the audit requirements of the *State of Texas Single Audit Circular*. Those standards and the Uniform Guidance and the *State of Texas Single Audit Circular* 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, 2020.

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 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.

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 did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Victor B. Glenn

Amarillo, TX
September 29, 2021

HIGH PLAINS FOOD BANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2020

A. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of High Plains Food Bank were prepared in accordance with GAAP.
2. No significant deficiencies disclosed during the audit of the financial statements are reported. No material weaknesses were reported.
3. No instances of noncompliance material to the financial statements of High Plains Food Bank were disclosed during the audit.
4. No significant deficiencies in internal control over major federal award programs were disclosed during the audit and reported. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award program for High Plains Food Bank expresses an unmodified opinion on all major federal programs.
6. No 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 Federal major programs included: Food Distribution Cluster; CFDA 10.565, 10.568 and 10.569. The program tested as State major program was COVID-19 Public Health Emergency.
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.

HIGH PLAINS FOOD BANK
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2020

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

Finding 2019-003. Food Distribution Cluster - Emergency Food Assistance Program (Administrative Costs); CFDA 10.568.

Condition: It was observed that personnel files were not being kept current and in some instances were incomplete. The most current payrate authorization was sometimes missing. Documentation of the employee's awareness of the Organization's employee policies regarding conflicts of interest and code of conduct that contribute to the control environment were not always present.

Recommendation: It is recommended that a payroll checklist of required items in employee personnel files be used to monitor and ensure the files are complete and up-to-date by an individual who does not have payroll preparation responsibilities.

Current Status: Zack Wilson, Executive Director, continues to go through payroll files (at least on a bi-weekly basis) to review the needed items for each payroll file. In addition, Zack Wilson, Executive Director, also verifies the hourly or salaried amount of each employee with a merit evaluation or an authorization for increase in each employee's file to help ensure accuracy of pay. This also happens on a bi-weekly basis. Special care is given to new employees or employees who've had a proposed merit increase.

Finding 2019-004. Food Distribution Cluster – Emergency Food Assistance Program (Food Commodities), CFDA 10.569; Commodity Supplemental Food Program, CFDA 10.565.

Condition: Agencies receiving Federal Award commodities are not being monitored in a timely manner consistent the Organization's policies and procedures. It was observed that agency files were in some instances incomplete and not current.

Recommendation: Agencies should be reviewed and monitored in a timely manner and observations and inquiries properly documented.

Current Status: As of October 2020, we have hired an additional Agency Relations Coordinator to help assist in the duties of monitoring agencies for accuracy per their agreement with HPFB. Whitney Wade and Brandon Landelius are monitoring our agencies at least once every other year.