
Food Bank of the Rockies, Inc.

**Consolidated Financial Report
with Supplemental Information
June 30, 2020**

Independent Auditor's Report	1-2
Consolidated Financial Statements	
Statement of Financial Position	3
Statement of Activities and Changes in Net Assets	4
Statement of Functional Expenses	5-6
Statement of Cash Flows	7
Notes to Consolidated Financial Statements	8-21
Supplemental Information	22
Independent Auditor's Report on Supplemental Information	23
Schedule of Wyoming Revenue and Expense Activities	24
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>	25-26

Independent Auditor's Report

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

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Food Bank of the Rockies, Inc. and its subsidiary (collectively, the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2020 and 2019 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Food Bank of the Rockies, Inc. and its subsidiary as of June 30, 2020 and 2019 and the changes in their net assets, functional expenses, and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 2 to the consolidated financial statements, the impact of the worldwide COVID-19 pandemic on the Organization's net assets, cash flows, and financial condition is unknown. Our opinion is not modified with respect to this matter.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2020 on our consideration of Food Bank of the Rockies, Inc. and its subsidiary's internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food Bank of the Rockies, Inc. and its subsidiary's internal control over financial reporting and compliance.

Plante & Moran, PLLC

October 19, 2020

Food Bank of the Rockies, Inc.

Consolidated Statement of Financial Position

June 30, 2020 and 2019

	2020	2019
Assets		
Current Assets		
Cash and cash equivalents	\$ 7,864,167	\$ 361,143
Restricted cash and cash equivalents	36,779	382,502
Receivables:		
Agency support fees, net of allowance of \$15,500	284,116	85,855
Pledges receivable	418,331	107,142
Contract receivables	460,035	524,670
Other accounts receivable	39,164	32,422
Total receivables	1,201,646	750,089
Donated inventory	3,309,243	4,593,664
Commodities inventory	3,193,197	2,148,838
Purchased inventory	1,573,130	682,856
Investments	13,942,604	6,090,100
Prepaid expenses and other current assets	940,048	261,477
Total current assets	32,060,814	15,270,669
Property and Equipment - Net	13,263,277	12,585,310
Endowment Assets - Life insurance policy	16,813	18,332
Endowment Assets - Investments	3,508,091	2,993,490
Total noncurrent assets	16,788,181	15,597,132
Total assets	\$ 48,848,995	\$ 30,867,801
Liabilities and Net Assets		
Current Liabilities		
Accounts payable	\$ 1,658,506	\$ 536,710
Accrued liabilities and other:		
Accrued compensation	811,288	653,904
Other accrued liabilities	63,305	66,484
Deferred revenue	79,300	101,126
Current portion of capital lease obligations	1,160	13,571
Current portion of long-term debt	1,502,764	183,224
Total current liabilities	4,116,323	1,555,019
Long-term Debt - Net of current portion	1,822,054	3,010,624
Capital Lease Obligations	-	1,160
Total liabilities	5,938,377	4,566,803
Net Assets		
Without donor restrictions	32,268,409	16,688,024
With donor restrictions	10,642,209	9,612,974
Total net assets	42,910,618	26,300,998
Total liabilities and net assets	\$ 48,848,995	\$ 30,867,801

Food Bank of the Rockies, Inc.

Consolidated Statement of Activities and Changes in Net Assets

Years Ended June 30, 2020 and 2019

	2020			2019		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
Revenue, Gains, and Other Support						
Purchased food	\$ 3,163,942	\$ -	\$ 3,163,942	\$ 2,012,810	\$ -	\$ 2,012,810
Agency support fees	660,952	-	660,952	920,274	-	920,274
Promotions	872,593	-	872,593	411,928	-	411,928
Contributions	23,874,907	5,682,614	29,557,521	9,847,409	1,257,525	11,104,934
Donated materials and services	299,720	-	299,720	43,840	-	43,840
Government grants and contracts	4,025,145	-	4,025,145	3,192,819	-	3,192,819
Special event revenue	639,803	-	639,803	663,430	-	663,430
Net investment return and miscellaneous	261,571	388,082	649,653	304,212	99,547	403,759
Gain on sale of fixed assets	31,499	-	31,499	264,811	-	264,811
Food contributions	-	84,551,424	84,551,424	-	79,151,416	79,151,416
Commodities contributions	-	19,636,281	19,636,281	-	10,784,156	10,784,156
Net assets released from restrictions - Satisfaction of other restrictions	4,801,399	(4,801,399)	-	1,359,896	(1,359,896)	-
Net assets released from restrictions - Food distributions	104,427,767	(104,427,767)	-	88,962,133	(88,962,133)	-
Total revenue, gains, and other support	143,059,298	1,029,235	144,088,533	107,983,562	970,615	108,954,177
Expenses and Losses						
Program services:						
Agency Distribution	36,952,338	-	36,952,338	31,118,560	-	31,118,560
Nutrition Network	3,734,880	-	3,734,880	3,214,760	-	3,214,760
Mobile Pantry	5,622,783	-	5,622,783	6,730,472	-	6,730,472
Grocery Rescue	41,373,557	-	41,373,557	38,120,941	-	38,120,941
TEFAP	14,080,832	-	14,080,832	7,541,331	-	7,541,331
CSFP	3,061,962	-	3,061,962	2,717,469	-	2,717,469
Wyoming	18,164,373	-	18,164,373	14,548,082	-	14,548,082
Total program services	122,990,725	-	122,990,725	103,991,615	-	103,991,615
Support services:						
Administration and general	1,914,581	-	1,914,581	1,884,237	-	1,884,237
Fundraising	2,573,607	-	2,573,607	2,100,241	-	2,100,241
Total support services	4,488,188	-	4,488,188	3,984,478	-	3,984,478
Total expenses and losses	127,478,913	-	127,478,913	107,976,093	-	107,976,093
Increase in Net Assets	15,580,385	1,029,235	16,609,620	7,469	970,615	978,084
Net Assets - Beginning of year	16,688,024	9,612,974	26,300,998	16,680,555	8,642,359	25,322,914
Net Assets - End of year	\$ 32,268,409	\$ 10,642,209	\$ 42,910,618	\$ 16,688,024	\$ 9,612,974	\$ 26,300,998

See notes to consolidated financial statements.

Consolidated Statement of Functional Expenses

Year Ended June 30, 2020

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

Consolidated Statement of Functional Expenses

Year Ended June 30, 2019

	Program Services						Support Services		Total	
	Agency Distribution	Nutrition Network	Mobile Pantry	Grocery Rescue	TEFAP	CSFP	Wyoming	Administration and General		Fundraising
Salary and fringes	\$ 2,482,226	\$ 580,603	\$ 204,182	\$ 398,566	\$ 411,336	\$ 553,732	\$ 657,918	\$ 1,108,498	\$ 782,244	\$ 7,179,305
Contributed food distributed	23,655,566	678,463	6,276,868	37,413,318	-	-	10,809,274	-	-	78,833,489
Commodities food distributed	-	-	-	-	6,754,425	1,647,850	1,726,369	-	-	10,128,644
Purchased food distributed	2,035,479	-	111,759	-	1,335	-	348,292	-	-	2,496,865
Distribution costs	1,108,369	27,675	62,964	98,352	59,420	60,285	309,761	293	1,236	1,728,355
Occupancy	383,973	45,041	12,123	15,345	160,802	178,273	143,333	44,881	11,071	994,842
Professional and contract services	401,756	62,483	7,482	12,778	37,435	45,581	57,592	577,978	122,558	1,325,643
Cost of prepared meals and snacks	650	1,660,839	-	-	-	363	102,861	-	-	1,764,713
Special events expense	-	-	-	-	-	-	-	-	219,460	219,460
Direct mail	-	-	-	-	-	-	-	-	773,043	773,043
Other operating	539,920	48,303	17,099	94,783	37,319	153,426	203,669	98,825	175,640	1,368,984
Depreciation	510,621	111,353	37,995	87,799	79,259	77,959	189,013	53,762	14,989	1,162,750
Total functional expenses	\$ 31,118,560	\$ 3,214,760	\$ 6,730,472	\$ 38,120,941	\$ 7,541,331	\$ 2,717,469	\$ 14,548,082	\$ 1,884,237	\$ 2,100,241	\$ 107,976,093

Consolidated Statement of Cash Flows

Years Ended June 30, 2020 and 2019

	2020	2019
Cash Flows from Operating Activities		
Increase in net assets	\$ 16,609,620	\$ 978,084
Adjustments to reconcile increase in net assets to net cash and cash equivalents from operating activities:		
Depreciation expense	1,181,733	1,162,750
Gain on disposal of property and equipment	(31,499)	(264,811)
Gain on investments	(216,350)	(100,779)
Contributed food and commodities distributed	104,427,767	88,962,133
Contributed food and commodities	(104,187,705)	(89,935,572)
Endowment contributions	(242,328)	-
Change in value of life insurance policy	1,519	1,232
Changes in operating assets and liabilities that (used) provided cash:		
Receivables	(451,557)	61,616
Purchased inventory	(890,274)	167,815
Prepaid expenses and other assets	(678,571)	113,915
Accounts payable and accrued liabilities	1,276,001	(171,051)
Deferred revenue	(21,826)	(30,083)
	16,776,530	945,249
Cash Flows from Investing Activities		
Purchase of property and equipment	(1,883,201)	(627,301)
Proceeds from the sale of property and equipment	55,000	526,126
Purchases of investments	(18,920,755)	(14,098,100)
Proceeds from sales and maturities of investments	10,770,000	13,098,000
	(9,978,956)	(1,101,275)
Cash Flows from Financing Activities		
Proceeds from short-term debt	1,473,900	-
Payments on long-term debt	(1,342,930)	(178,654)
Payments on capital leases	(13,571)	(12,939)
Endowment contributions	242,328	-
	359,727	(191,593)
Net Increase (Decrease) in Cash	7,157,301	(347,619)
Cash and Cash Equivalents - Beginning of year	743,645	1,091,264
Cash and Cash Equivalents - End of year	\$ 7,900,946	\$ 743,645
Consolidated Statement of Financial Position Classification of Cash		
Cash and cash equivalents	\$ 7,864,167	\$ 361,143
Restricted cash and cash equivalents	36,779	382,502
	\$ 7,900,946	\$ 743,645
Supplemental Cash Flow Information - Cash paid for interest	\$ 107,293	\$ 114,567

Note 1 - Nature of Business

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

FBR contracted with the State of Colorado during fiscal years 2020 and 2019 for administration of four United States Department of Agriculture (USDA) programs for northern Colorado: The Emergency Food Assistance Program (TEFAP), the Commodity Supplemental Food Program (CSFP), the Child and Adult Care Food Program (CACFP), and the Summer Food Service Program (SFSP). During fiscal years 2020 and 2019, FBR contracted with the State of Wyoming for administration of TEFAP and CSFP.

TEFAP provides for the distribution of nutritious food to low-income residents upon self-declaration of need. FBR distributes TEFAP commodities to 140 eligible recipient agencies (ERA) throughout Northern Colorado (42 of these ERAs are FBR mobile pantry sites conducting the distributions) and to 38 ERAs in Wyoming.

CSFP works to improve the health of low-income seniors over 60 years of age by supplementing their diets with nutritious USDA commodity foods. Those eligible must meet income guidelines established by the State of Colorado (which is 130 percent of the Federal Poverty Income Guidelines), establish local residency requirements, and be able to provide identification issued by a state or federal agency. FBR is allocated to serve up to 6,740 CSFP recipients monthly at 153 ERA sites throughout the 30-county service area. In Wyoming, FBR serves up to 213 CSFP recipients monthly at 5 ERA sites in 3 counties.

Both CACFP and SFSP are administered by the programs department with meals for low-income children at their 116 Kids Cafe sites. Kids Cafe programs serve meals to children at risk of hunger at locations offering recreation, tutoring, and mentoring programs. Also, through CACFP, the After-School Snacks Program supplies snacks to sites providing after-school tutoring to low-income students. Although not a federal program, FBR's Totes of Hope™ program is designed to meet the needs of hungry children at times when other resources are not available, such as weekends and school vacations. Children in the Totes of Hope™ program discreetly receive a backpack filled with food each Friday to take home for the weekend. FBR distributes 5,500 totes per week in Colorado and 1,250 totes per week in Wyoming.

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

Note 2 - Significant Accounting Policies

Principles of Consolidation

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

Recently Adopted Accounting Pronouncements

As of July 1, 2019, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, which superseded the previous revenue recognition requirements in Topic 605, *Revenue Recognition*. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The Organization has adopted the ASU on the modified prospective basis, without any adjustment to amounts previously recognized. The adoption did not have a material impact to the financial statements since adoption.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

As of July 1, 2019, the Organization adopted FASB ASU No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*, which provides enhanced guidance to assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal transactions) and (2) determining whether a contribution is conditional. The Organization has adopted the ASU on the prospective basis, without any adjustments to amounts previously recognized. The adoption did not have a material impact to the financial statements since adoption, and the Organization's revenue recognition practices were substantially unchanged as a result of applying the ASU's clarifications.

Upcoming Accounting Pronouncement

The FASB issued ASU No. 2016-02, *Leases*, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right-to-use asset and related lease liability for all leases, with a limited exception for short-term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease-related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Organization's year ending June 30, 2023 and will be applied using a modified retrospective transition method to either the beginning of the earliest period presented or the beginning of the year of adoption. The Organization is still evaluating which method it will apply. The new lease standard is expected to have a significant effect on the Organization's financial statements as a result of the Organization's operating leases, as disclosed in Note 11, that will be reported on the consolidated balance sheet at adoption. Upon adoption, the Organization will recognize a lease liability and corresponding right-to-use asset based on the present value of the minimum lease payments. The effects on the results of operations are not expected to be significant, as recognition and measurement of expenses and cash flows for leases will be substantially the same under the new standard.

Classification of Net Assets

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

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

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

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

Cash Equivalents

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

Restricted Cash

Restricted cash consists of a debt service reserve fund.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

Agency Support Fees Receivable

Balances represent agency support fees that have not yet been collected. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on the specific circumstances of the agencies. As of June 30, 2020 and 2019, the Organization reserved an allowance for doubtful accounts of \$15,500.

Pledges Receivable

Pledges receivable that are expected to be collected within one year are recorded at their net realizable value and those that are expected to be collected in future years are recorded at the present value of estimated future cash flows. As of June 30, 2020 and 2019, there were \$418,331 and \$107,142, respectively, in pledges receivable outstanding. The Organization expects that all promises to give are fully collectible; accordingly, there was no allowance for uncollectible pledges receivable. No discount has been recorded related to pledges receivable, as all outstanding amounts are expected to be collected within one year.

Contracts Receivable

Balances represent amounts due from the State of Colorado for contracted services based on contracted prices. The Organization provides an allowance for doubtful collections, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Delinquent receivables are written off based on the specific circumstances. Management considers all contracts receivable collectible, and, therefore, an allowance for doubtful accounts has not been recorded at June 30, 2020 and 2019.

Investments

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

Food Inventory

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

Property and Equipment

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

Long-lived Assets

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

As of June 30, 2020 and 2019, no impairment was required to be recognized.

Contributions

Unconditional promises to give cash and other assets to the Organization are reported at fair value on the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value on the date the gift becomes unconditional or is received. The gifts are reported as contributions with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or the purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

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

Donated Services

A number of volunteers have donated time to the Organization. During the years ended June 30, 2020 and 2019, volunteers from the community donated approximately 118,600 and 111,500 hours, respectively, which were valued based on the industry standards at approximately \$3,497,000 and \$3,123,614, respectively, to assist the Organization in achieving the goals of its programs; however, no value for these services has been recorded in the accompanying consolidated financial statements, as specialized skills were not required.

Deferred Revenue

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

Food and Commodities Contributions

The Organization receives donated food and commodities from local area merchants, the USDA, and Feeding America. Contributions are recognized at fair value on the date of donation.

During the year ended June 30, 2020, FBR received and distributed approximately 48,600,000 and 49,500,000 pounds, respectively, of donated usable food. During the year ended June 30, 2019, FBR received and distributed approximately 48,900,000 and 48,600,000 pounds, respectively, of donated usable food. As of June 30, 2020 and 2019, donated food inventory consisted of approximately 1,900,000 pounds at an average value of \$1.74 per pound and approximately 2,840,000 pounds at an average value of \$1.62 per pound, respectively. The contribution value is determined by Feeding America.

During the years ended June 30, 2020 and 2019, the Organization received approximately 22,800,000 and 13,200,000 pounds, respectively, of commodities and distributed approximately 22,400,000 and 12,500,000 pounds, respectively, of commodities. The contribution value is determined by the USDA.

FBR purchases high-protein foods and produce to supplement contributed food. As of June 30, 2020 and 2019, purchased food inventory was \$1,573,130 and \$682,856, respectively.

Note 2 - Significant Accounting Policies (Continued)

Agency Support Fee Revenue

For the years ended June 30, 2020 and 2019, agencies in Colorado supported FBR with a maximum fee of \$0.14 and \$0.12 per donated pound, respectively, on selected categories of donated products to partially offset the handling and redistribution costs incurred by FBR. For the years ended June 30, 2020 and 2019, agencies in Wyoming supported FBR with a maximum fee of \$0.19 per donated pound. Fees during 2020 and 2019 were based on the types of product distributed. The average support fee per donated pound was approximately \$0.01 and \$0.02 for the years ended June 30, 2020 and 2019, respectively, with approximately 49,500,000 and 48,600,000 donated pounds distributed for the years ended June 30, 2020 and 2019, respectively. The Organization distributed approximately 42,800,000 and 38,100,000 pounds of donated food at no fee in the years ended June 30, 2020 and 2019, respectively.

Functional Allocation of Expenses

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

Income Taxes

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

Use of Estimates

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

Impacts of the COVID-19 Pandemic

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

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 2 - Significant Accounting Policies (Continued)

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

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

In addition, because of the direct and indirect impacts of the continuing pandemic, the Organization's activities, functional expenses, cash flows, and financial condition could be negatively impacted in the future, but the extent of the impact cannot be reasonably estimated at this time. The Organization has budgeted in the 2021 fiscal year for additional operating expenses of approximately \$4,500,000 related to meeting the increased community need that may persist because of the pandemic.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including October 19, 2020, which is the date the financial statements were available to be issued.

Note 3 - Liquidity and Availability of Resources

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

	2020	2019
Cash and cash equivalents	\$ 7,864,167	\$ 361,143
Receivables	1,201,646	750,089
Investments	13,942,604	6,090,100
Financial assets - At year end	23,008,417	7,201,332
Less those unavailable for general expenditures within one year due to		
- Donor-imposed restrictions:		
Restricted by donor with time restrictions	208,038	-
Restricted by donor with purpose restrictions	1,110,051	-
Financial assets available to meet cash needs for general expenditures within one year	\$ 21,690,328	\$ 7,201,332

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

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

The Organization also realizes there could be unanticipated liquidity needs.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 4 - Fair Value Measurements

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

The following tables present information about the Organization's assets measured at fair value on a recurring basis at June 30, 2020 and 2019 and the valuation techniques used by the Organization to determine those fair values.

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

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

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

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

<u>Assets Measured at Fair Value on a Recurring Basis at June 30, 2020</u>				
<u>Quoted Prices in</u>				
	<u>Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>	<u>Balance at June 30, 2020</u>
Investments:				
Corporate bonds	\$ -	\$ 1,280,801	\$ -	\$ 1,280,801
Municipal bonds	-	164,314	-	164,314
U.S. Treasuries	-	13,005,691	-	13,005,691
Money market mutual funds	265,302	-	-	265,302
Equities	1,587,050	-	-	1,587,050
Equity mutual funds	103,537	-	-	103,537
Total investments	<u>\$ 1,955,889</u>	<u>\$ 14,450,806</u>	<u>\$ -</u>	<u>\$ 16,406,695</u>

Certificates of deposit included in the investments balance, totaling \$1,044,000 at June 30, 2020, are not subject to fair value reporting and are excluded from the table above.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 4 - Fair Value Measurements (Continued)

	Assets Measured at Fair Value on a Recurring Basis at June 30, 2019			
	Quoted Prices in			
	Active Markets for Identical Assets (Level 1)	Significant Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance at June 30, 2019
Investments:				
Corporate bonds	\$ -	\$ 1,088,058	\$ -	\$ 1,088,058
Municipal bonds	-	259,195	-	259,195
U.S. Treasuries	-	5,898,581	-	5,898,581
Money market mutual funds	394,488	-	-	394,488
Equities	1,191,288	-	-	1,191,288
Equity mutual funds	251,980	-	-	251,980
Total investments	\$ 1,837,756	\$ 7,245,834	\$ -	\$ 9,083,590

Note 5 - Property and Equipment

Property and equipment are summarized as follows:

	2020	2019
Buildings	\$ 5,516,512	\$ 5,516,512
Leasehold improvements	7,025,051	6,821,413
Transportation equipment	4,721,553	4,243,000
Furniture and equipment	3,942,766	3,247,717
Land	1,360,830	1,360,830
Construction in progress	108,176	23,124
Total cost	22,674,888	21,212,596
Accumulated depreciation	9,411,611	8,627,286
Net property and equipment	\$ 13,263,277	\$ 12,585,310

Note 6 - Line of Credit

Under a line of credit agreement with a bank, the Organization has available borrowings of approximately \$1,500,000 and \$1,000,000 as of June 30, 2020 and 2019 respectively. Interest accrues at the greater of *The Wall Street Journal* prime rate or 4.00 percent (effective rates were 4.00 and 5.50 percent at June 30, 2020 and 2019, respectively) and matures in May 2023. The line of credit is collateralized by the Denver headquarters building. There was no outstanding balance due on the line of credit at June 30, 2020 or 2019.

Note 7 - Capital Leases

The Organization leases equipment under long-term lease arrangements that are classified as capital leases. For financial statement purposes, the present values of the net minimum lease payments have been capitalized and are being amortized over the useful lives of the assets. Under the terms of the lease agreements, total payments of \$1,165 are due monthly through July 2020. The lease is collateralized by the related assets. Amortization of the leased property is included in depreciation and amortization expense.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 7 - Capital Leases (Continued)

Property under capital leases consists of the following at June 30:

	<u>2020</u>	<u>2019</u>
Equipment	\$ 62,069	\$ 62,069
Less accumulated amortization	<u>(61,035)</u>	<u>(49,656)</u>
Long-term obligations under capital leases	<u>\$ 1,034</u>	<u>\$ 12,413</u>

The future minimum lease payments under capital leases are as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ 1,165
Less amount representing interest	<u>5</u>
Present value of net minimum lease payments	<u>\$ 1,160</u>

Note 8 - Long-term Debt

Long-term debt at June 30 is as follows:

	<u>2020</u>	<u>2019</u>
Note payable to the USDA in monthly installments of \$7,489, including interest at 3.25 percent. The note is collateralized by a building and is due in September 2054. The note also subjects the Organization to certain reserve requirements	\$ 1,850,918	\$ 1,880,440
Note payable to a bank in monthly installments of \$13,203, including interest at 4 percent. The note is collateralized by a deed of trust on property owned by the Organization and is due in June 2025. The note also subjects the Organization to certain financial covenants. The note was fully paid off as of June 30, 2020	-	842,199
Note payable to the USDA in monthly installments of \$3,656, including interest at 3.25 percent. The note is collateralized by equipment and is due in September 2032. The note also subjects the Organization to certain reserve requirements. The note was fully paid off as of June 30, 2020	-	471,209

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 8 - Long-term Debt (Continued)

	<u>2020</u>	<u>2019</u>
During the year ended June 30, 2020, the Organization received \$1,473,900 through the Paycheck Protection Program (PPP) under the CARES Act. Under ASC 470, the Organization has elected to account for these PPP funds as a loan payable until it is repaid or legal notice of forgiveness is received. These funds bear interest at 1.00 percent, defer principal and interest payments for six months, and contractually mature in April 2022; however, the Organization plans to pay the unforgiven portion of the loan down at the end of the deferral period. These funds are presented current as of June 30, 2020	\$ 1,473,900	\$ -
Total	3,324,818	3,193,848
Less current portion	1,502,764	183,224
Long-term portion	<u>\$ 1,822,054</u>	<u>\$ 3,010,624</u>

The balance of the above debt matures as follows:

<u>Years Ending</u>	<u>Amount</u>
2021	\$ 1,504,023
2022	31,117
2023	32,143
2024	33,204
2025	34,299
Thereafter	<u>1,690,032</u>
Total	<u>\$ 3,324,818</u>

Note 9 - Net Assets

Net assets with donor restrictions consist of the following as of June 30:

	<u>2020</u>	<u>2019</u>
Subject to:		
Food distribution	\$ 6,502,439	\$ 6,742,501
The passage of time	208,038	-
Meeting various purpose restrictions	1,110,051	436,874
Endowment subject to endowment spending policy and appropriation	<u>2,821,681</u>	<u>2,433,599</u>
Total net assets with donor restrictions	<u>\$ 10,642,209</u>	<u>\$ 9,612,974</u>

As of June 30, 2020 and 2019, the board of directors has designated unrestricted net assets to function as a quasi-endowment in the amount of \$703,223 and \$578,223, respectively. During fiscal year 2020, the board of directors approved the investment of \$125,000 into the quasi-endowment. During fiscal year 2019, the board of directors approved the release of \$130,000 for the purchase of a truck.

Note 10 - Donor-restricted and Board-designated Endowments

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

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 10 - Donor-restricted and Board-designated Endowments (Continued)

Interpretation of Relevant Law

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

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

	Endowment Net Asset Composition by Type of Fund as of June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 703,223	\$ -	\$ 703,223
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	2,112,768	2,112,768
Accumulated investment gains	-	708,913	708,913
Total donor-restricted endowment funds	-	2,821,681	2,821,681
Total	\$ 703,223	\$ 2,821,681	\$ 3,524,904

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 10 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 578,223	\$ 2,433,599	\$ 3,011,822
Investment return:			
Investment return - Net of appreciation	-	147,274	147,274
Change in value of life insurance policy	-	(1,519)	(1,519)
Total investment return	-	145,755	145,755
Contributions	-	242,327	242,327
Other changes - Transfer from FBR to FBREF to create board-designated endowment funds	125,000	-	125,000
Endowment net assets - End of year	<u>\$ 703,223</u>	<u>\$ 2,821,681</u>	<u>\$ 3,524,904</u>
	Endowment Net Asset Composition by Type of Fund as of June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Board-designated endowment funds	\$ 578,223	\$ -	\$ 578,223
Donor-restricted endowment funds:			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by the donor	-	1,870,441	1,870,441
Accumulated investment gains	-	563,158	563,158
Total donor-restricted endowment funds	-	2,433,599	2,433,599
Total	<u>\$ 578,223</u>	<u>\$ 2,433,599</u>	<u>\$ 3,011,822</u>

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 10 - Donor-restricted and Board-designated Endowments (Continued)

	Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets - Beginning of year	\$ 708,223	\$ 2,334,052	\$ 3,042,275
Investment return:			
Investment return - Net of appreciation	-	100,779	100,779
Change in value of life insurance policy	-	(1,232)	(1,232)
Total investment return	-	99,547	99,547
Appropriation of endowment assets for expenditure	(130,000)	-	(130,000)
Endowment net assets - End of year	<u>\$ 578,223</u>	<u>\$ 2,433,599</u>	<u>\$ 3,011,822</u>

Endowment asset composition was as follows:

	2020	2019
Investments	\$ 3,508,091	\$ 2,993,490
Life insurance policy	16,813	18,332
Total	<u>\$ 3,524,904</u>	<u>\$ 3,011,822</u>

Return Objectives and Risk Parameters

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

Strategies Employed for Achieving Objectives

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

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

Spending Policy and How the Investment Objectives Relate to Spending Policy

Distributions from the endowment fund will benefit the Organization and other approved organizations, as determined by the board of directors of FBREF. For the years ended June 30, 2020 and 2019, distributions available to the Organization were reinvested in the endowment fund.

Notes to Consolidated Financial Statements

June 30, 2020 and 2019

Note 11 - Operating Leases

The Organization is obligated under noncancelable operating leases for a facility and vehicles, which expire in dates ranging from May 2021 through May 2028. The leases require the Organization to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was \$176,000 and \$170,000 for the years ended June 30, 2020 and 2019, respectively.

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

Years Ending June 30	Amount
2021	\$ 308,872
2022	143,460
2023	141,910
2024	121,550
2025	79,345
Thereafter	45,500
Total	<u>\$ 840,637</u>

Note 12 - Contingencies

Government Contracts

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

Note 13 - Retirement Plans

The Organization sponsors a 401(k) plan for substantially all employees. Under the retirement plan, employees who work at least 1,000 hours per year are eligible to participate, at which time the Organization will match 100 percent of the first 3 percent of the employee's contributions and 50 percent of the next 3 percent of the employee's contributions. Contributions to the plan totaled \$169,534 and \$165,344 in fiscal years 2020 and 2019, respectively.

Note 14 - Direct Mailing

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

	<u>2020</u>	<u>2019</u>
Direct mail contributions	\$ 2,264,118	\$ 3,109,240
Direct mail expense	(845,301)	(773,043)
Total	<u>\$ 1,418,817</u>	<u>\$ 2,336,197</u>

Supplemental Information

Independent Auditor's Report on Supplemental Information

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

We have audited the consolidated financial statements of Food Bank of the Rockies, Inc. and its subsidiary as of and for the years ended June 30, 2020 and 2019 and have issued our report thereon dated October 19, 2020, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplemental schedule of Wyoming revenue and expense activities is presented for the purpose of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Plante & Moran, PLLC

October 19, 2020

Food Bank of the Rockies, Inc.

Schedule of Wyoming Revenue and Expense Activities

Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Revenue		
Agency support fee	\$ 138,356	\$ 125,517
Purchased food	310,525	264,452
Food contributions	12,083,009	10,809,274
Commodities contributions	3,814,052	1,726,369
Contributions	1,715,799	843,792
Government contract	315,883	175,000
Other income	106,486	346,790
Net assets released	<u>70,236</u>	<u>228,801</u>
Total revenue	18,554,346	14,519,995
Expenses		
Salaries and fringes	781,635	657,918
Contributed food distributed	12,083,009	10,809,274
Commodities food distributed	3,814,052	1,726,369
Purchased food distributed	403,540	348,292
Distribution costs	324,506	309,761
Other expenses	<u>757,631</u>	<u>696,468</u>
Total program expenses	18,164,373	14,548,082
Fundraising and administration expense	<u>378,576</u>	<u>414,926</u>
Total expenses	<u>18,542,949</u>	<u>14,963,008</u>
Excess of revenue over (under) expenses	<u><u>\$ 11,397</u></u>	<u><u>\$ (443,013)</u></u>

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Food Bank of the Rockies, Inc. (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2020 and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated October 19, 2020.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Organization's consolidated financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of This Report

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

Plante & Moran, PLLC

October 19, 2020