

FOOD BANK OF ALASKA, INC.

Financial Statements, Additional Supplementary
Information, and Compliance Reports

(With Independent Auditor's Report Thereon)

Years Ended June 30, 2021 and 2020

*Altman, Rogers
& Co.* | CERTIFIED
PUBLIC
ACCOUNTANTS

FOOD BANK OF ALASKA, INC.

Financial Statements, Additional Supplementary
Information, and Compliance Reports

(With Independent Auditor's Report Thereon)

Years Ended June 30, 2021 and 2020

FOOD BANK OF ALASKA, INC.

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Independent Auditor's Report

Members of the Board of Directors
Food Bank of Alaska, Inc.
Anchorage, Alaska

Report on Financial Statements

We have audited the accompanying financial statements of Food Bank of Alaska, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Food Bank of Alaska, Inc. as of June 30, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The "Additional Supplementary Information" as presented in the Table of Contents which includes the accompanying schedule of expenditures of federal awards and related notes to schedule, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are 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 general accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relations to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2021 on our consideration of the Food Bank of Alaska, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Food Bank of Alaska, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Food Bank of Alaska, Inc.'s internal control over financial reporting and compliance.



Anchorage, Alaska
November 16, 2021

FOOD BANK OF ALASKA, INC.

Statements of Financial Position

June 30, 2021 and 2020

<u>Assets</u>	<u>2021</u>	<u>2020</u>
Current assets:		
Cash and cash equivalents	\$ 5,385,700	4,256,465
Receivables:		
Accounts	62,538	83,317
Grants	267,885	268,869
Promises to give - current	156,946	792,644
Food inventory	1,540,618	2,013,296
Prepaid expenses	41,850	32,736
Total current assets	<u>7,455,537</u>	<u>7,447,327</u>
Non-current assets:		
Promises to give - non current	67,397	152,557
Property and equipment, net	11,023,044	1,327,079
Investments:		
Endowed	111,166	81,771
Non-endowed	108,667	88,920
Total non-current assets	<u>11,310,274</u>	<u>1,650,327</u>
Total assets	<u>\$ 18,765,811</u>	<u>9,097,654</u>
<u>Liabilities and Net Assets</u>		
Current liabilities:		
Accounts payable	\$ 322,974	78,016
Accrued payroll liabilities	245,906	187,510
Deferred revenue	-	44,707
Total current liabilities	<u>568,880</u>	<u>310,233</u>
Net assets:		
Net assets with donor restrictions	<u>468,448</u>	<u>2,948,918</u>
Net assets without donor restrictions:		
Designated for:		
Inventory	1,540,618	2,013,296
Property and equipment	11,023,044	1,327,079
Capital campaign	-	1,026,888
Endowment	111,166	81,771
Undesignated	5,053,655	1,389,469
Total net assets without donor restrictions	<u>17,728,483</u>	<u>5,838,503</u>
Total net assets	<u>18,196,931</u>	<u>8,787,421</u>
Total liabilities and net assets	<u>\$ 18,765,811</u>	<u>9,097,654</u>

See accompanying notes to financial statements.

FOOD BANK OF ALASKA, INC.

Statements of Activities

Years Ended June 30, 2021 and 2020

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:			
Public support:			
Value of donated food	\$ 16,316,530	-	16,316,530
Contributions and grants (non-govt.)	8,962,568	1,692,712	10,655,280
Government grants and contracts	2,779,924	-	2,779,924
Contributions - in kind	2,451,670	-	2,451,670
Total public support	30,510,692	1,692,712	32,203,404
Revenues:			
Fees and services	664,766	-	664,766
Interest and investments, net	46,459	-	46,459
Gain (loss) on disposal of assets	2,092,577	-	2,092,577
Gaming proceeds	62,130	-	62,130
Other revenue	333,954	-	333,954
Total revenues	3,199,886	-	3,199,886
Total public support and revenues before net assets released from donor restrictions	33,710,578	1,692,712	35,403,290
Net assets released from donor restrictions	4,173,182	(4,173,182)	-
Total public support and revenues	37,883,760	(2,480,470)	35,403,290
Expenses:			
Program services	24,880,966	-	24,880,966
Supporting activities:			
Administration	784,208	-	784,208
Fundraising	328,606	-	328,606
Total expenses	25,993,780	-	25,993,780
Change in net assets	11,889,980	(2,480,470)	9,409,510
Net assets, beginning of year	5,838,503	2,948,918	8,787,421
Net assets, end of year	\$ 17,728,483	468,448	18,196,931

(Continued)

FOOD BANK OF ALASKA, INC.

Statements of Activities, Continued

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
Public support and revenues:			
Public support:			
Value of donated food	\$ 14,897,160	-	14,897,160
Contributions and grants (non-govt.)	3,791,881	2,832,702	6,624,583
Government grants and contracts	1,295,840	-	1,295,840
Contributions - in kind	945,727	-	945,727
Total public support	<u>20,930,608</u>	<u>2,832,702</u>	<u>23,763,310</u>
Revenues:			
Fees and services	582,760	-	582,760
Interest and investments	16,286	-	16,286
Gain (loss) on disposal of assets	(202,734)	-	(202,734)
Gaming proceeds	46,700	-	46,700
Other revenue	25	-	25
Total revenues	<u>443,037</u>	<u>-</u>	<u>443,037</u>
Total public support and revenues before net assets released from donor restrictions	21,373,645	2,832,702	24,206,347
Net assets released from donor restrictions	<u>662,471</u>	<u>(662,471)</u>	<u>-</u>
Total public support and revenues	<u>22,036,116</u>	<u>2,170,231</u>	<u>24,206,347</u>
Expenses:			
Program services	19,441,051	-	19,441,051
Supporting activities:			
Fundraising	333,412	-	333,412
Administration	681,721	-	681,721
Total expenses	<u>20,456,184</u>	<u>-</u>	<u>20,456,184</u>
Change in net assets	1,579,932	2,170,231	3,750,163
Net assets, beginning of year	<u>4,258,571</u>	<u>778,687</u>	<u>5,037,258</u>
Net assets, end of year	<u>\$ 5,838,503</u>	<u>2,948,918</u>	<u>8,787,421</u>

See accompanying notes to financial statements.

FOOD BANK OF ALASKA, INC.

Statements of Functional Expenses

Years Ended June 30, 2021 and 2020

	2021				
		Supporting Activities			Total
	Program			Total	Program and
Expense	Services	Fundraising	Administration	Supporting Services	Supporting Activities
Cash expenses:					
Salaries and benefits	\$ 1,681,887	163,259	510,121	673,380	2,355,267
Purchased food	1,992,034	-	-	-	1,992,034
Purchased freight	611,075	-	-	-	611,075
Professional fees/outside services	88,633	20,911	111,851	132,762	221,395
Operations and maintenance	554,647	13,130	31,850	44,980	599,627
Utilities and phone	329,679	4,015	7,758	11,773	341,452
Printing	5,964	2,584	6,576	9,160	15,124
Grants to other organizations	124,152	-	-	-	124,152
Dues and subscriptions	2,653	2,045	1,307	3,352	6,005
Travel and meetings	4,408	579	3,820	4,399	8,807
Supplies	17,812	12,903	4,086	16,989	34,801
Postage and direct mail	8,043	82,747	1,113	83,860	91,903
Interest expense	-	-	66,856	66,856	66,856
Other	2,013	7,426	22,012	29,438	31,451
Total cash expenses	5,423,000	309,599	767,350	1,076,949	6,499,949
Non-cash expenses:					
Depreciation	239,591	4,009	9,354	13,363	252,954
In-kind:					
Distribution of donated food	16,789,207	-	-	-	16,789,207
In-kind freight	355,744	-	-	-	355,744
In-kind goods and services	2,073,424	14,998	7,504	22,502	2,095,926
Total non-cash expenses	19,457,966	19,007	16,858	35,865	19,493,831
Total expenses	\$ 24,880,966	328,606	784,208	1,112,814	25,993,780

(Continued)

FOOD BANK OF ALASKA, INC.

Statements of Functional Expenses, Continued

Expense	2020				
	Program Services	Supporting Activities		Total Supporting Services	Total Program and Supporting Activities
		Fundraising	Administration		
Cash expenses:					
Salaries and benefits	\$ 1,508,315	190,613	483,234	673,847	2,182,162
Purchased food	1,298,569	-	-	-	1,298,569
Purchased freight	496,491	-	-	-	496,491
Professional fees/outside services	106,488	17,544	89,119	106,663	213,151
Operations and maintenance	278,714	7,598	44,355	51,953	330,667
Utilities and phone	136,329	3,601	5,148	8,749	145,078
Printing	6,222	8,901	872	9,773	15,995
Grants to other organizations	276,957	-	-	-	276,957
Dues and subscriptions	10,684	3,616	3,008	6,624	17,308
Travel and meetings	45,304	2,123	11,517	13,640	58,944
Supplies	20,382	8,314	3,860	12,174	32,556
Postage and direct mail	6,101	84,659	1,622	86,281	92,382
Interest expense	3,437	-	-	-	3,437
Other	6,938	1,854	-	1,854	8,792
Total cash expenses	4,200,931	328,823	642,735	971,558	5,172,489
Non-cash expenses:					
Depreciation	184,548	3,589	8,971	12,560	197,108
In-kind:					
Distribution of donated food	14,140,860	-	-	-	14,140,860
In-kind freight	399,838	-	-	-	399,838
In-kind goods and services	514,874	1,000	30,015	31,015	545,889
Total non-cash expenses	15,240,120	4,589	38,986	43,575	15,283,695
Total expenses	\$ 19,441,051	333,412	681,721	1,015,133	20,456,184

See accompanying notes to financial statements.

FOOD BANK OF ALASKA, INC.

Statements of Cash Flows

June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flow from operating activities:		
Change in net assets	\$ 9,409,510	\$ 3,750,163
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation	252,954	197,108
Loss (gain) on capital asset disposal	(2,092,577)	202,734
Unrealized loss (gain) on investments	(35,960)	(1,048)
(Increases) decreases in assets:		
Accounts receivable	20,779	180,093
Grants receivable	984	14,989
Food inventory	472,678	(756,300)
Pledges receivable	720,858	(539,788)
Prepaid expenses	(9,114)	8,675
Increases (decreases) in liabilities:		
Accounts payable	244,958	43,483
Accrued salaries and taxes	58,396	30,514
Deferred revenue	(44,707)	3,207
Net cash provided by operating activities	<u>8,998,759</u>	<u>3,133,830</u>
Cash flow from investing activities:		
Proceeds from sale of capital assets	137,999	-
Purchase of investments	(13,182)	(4,075)
Purchase of fixed assets	(5,439,280)	(150,957)
Net cash (used) by investing activities	<u>(5,314,463)</u>	<u>(155,032)</u>
Cash flow financing activities -		
Principal payments on debt	<u>(2,555,061)</u>	<u>(85,760)</u>
Net increase in cash and cash equivalents	1,129,235	2,893,038
Cash and cash equivalents, beginning of year	<u>4,256,465</u>	<u>1,363,427</u>
Cash and equivalents, end of year	\$ <u><u>5,385,700</u></u>	\$ <u><u>4,256,465</u></u>
Supplemental information:		
Cash paid for interest	\$ <u><u>33,404</u></u>	\$ <u><u>3,437</u></u>
Non-cash investing financing activities:		
Property purchased with debt	\$ <u><u>(5,500,000)</u></u>	\$ <u><u>-</u></u>
Principal paid via non-cash sale of property	\$ <u><u>2,944,939</u></u>	\$ <u><u>-</u></u>

See accompanying notes to financial statements.

FOOD BANK OF ALASKA, INC.

Notes to Financial Statements

June 30, 2021 and 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Food Bank of Alaska, Inc. (FBA) was incorporated in 1979 as a non-profit organization pursuant to Alaska statutes. Its mission is to eliminate hunger in Alaska by obtaining and providing food to partner agencies feeding hungry people and through anti-hunger leadership. Food Bank of Alaska, Inc. is a member of Feeding America, the nation's food bank network (formerly known as America's Second Harvest). Public support is comprised primarily of contributions of food from governmental agencies, local businesses and individuals and cash donations from United Way, local businesses and individuals. Revenue is derived from memberships and fees paid to FBA by its partner agencies and from the Alaska Native Tribal Health Consortium for the Food Distribution Program on Indian Reservations.

Basis of Accounting

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

Basis of Presentation

The financial statements are in accordance with FASB Accounting Standards Codification (ASC) 958-205 and subsections. The Food Bank of Alaska, Inc. is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions, and net assets with donor restrictions. 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 certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an inventory reserve, property and equipment, capital campaign and endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain 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.

FOOD BANK OF ALASKA, INC.

Notes to Financial Statements, Continued

FBA classifies all interest and penalties related to tax contingencies as income tax expense. As of June 30, 2021 and 2020 there are no accrued interest or penalties. As of June 30, 2021 and 2020 there were no uncertain tax positions or unrecognized tax benefits for which management believes it is reasonably possible that the total amounts of tax contingencies will significantly increase or decrease within 12 months of the reporting date. FBA files tax returns in the U.S. Federal Jurisdiction and the State of Alaska. As of 2021, the tax years that remain subject to examination begins with 2018.

Statement of Cash Flows

For the purposes of the statement of cash flows, the Food Bank of Alaska, Inc. considers all unrestricted highly liquid investments (i.e. those with maturity of 3 months or less) which are available for current use to be included in its definition of cash and cash equivalents.

Accounts Receivable

Accounts receivable, which primarily relate to amounts due from the FBA's partner agencies for food handling fees, are stated at the amount expected to be collected. Delinquent accounts receivable are written off when deemed uncollectible. Since management has adjusted their accounts receivable to what is expected to be collected, management has deemed receivables to be fully collectable, and, therefore no allowance for doubtful accounts has been established.

Promises to Give

We initially record unconditional promises to give and subsequently carried at fair value using present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

Fair Value of Financial Instruments

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Fair values are based on quoted market prices when available.

The following financial instruments are recorded at fair value or at amounts that approximate fair value: (1) cash and cash equivalents, (2) investments, (3) receivables, net, (4) accounts payable and (5) other current liabilities. The carrying amounts reported in the statements of financial position for the above financial instrument closely approximates their fair value due to the short-term nature of these assets and liabilities, except for the Food Bank of Alaska's investments. The carrying amounts of the Food Bank of Alaska's investments were determined based on quoted market prices.

Inventory

The inventory of food and related commodities is measured by applying a monetary rate to the quantity, in pounds, of foodstuffs (product) on hand. The monetary rate (which has been calculated by Feeding America) is designated to represent the average value of food and related commodities held in a typical food bank. For FY21, the rate for general product was \$1.74 per pound; the rate for USDA commodities was \$1.49 per pound. For FY20, the rate for general product was \$1.62 per pound; the rate for USDA commodities was \$1.52 per pound.

FOOD BANK OF ALASKA, INC.

Notes to Financial Statements, Continued

Property and Equipment

Property and equipment is carried at cost, or, in the case of donated property, at the estimated fair market value on the date of donation. All property and equipment is capitalized if the acquisition cost or estimated fair market value is in excess of \$5,000, the capitalization threshold.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets as described in the following table. The cost of maintenance and repairs is charged to expense when incurred.

Property, buildings and equipment of the Food Bank of Alaska's, is depreciated using the straight line method over the following estimated useful lives:

<u>Description</u>	<u>Estimated Useful lives</u>
Vehicles	3 to 7 years
Warehouse equipment	3 to 10 years
Freezers/refrigerators	3 to 20 years
Office equipment	3 to 7 years
Warehouse building	40 years

Revenue and Expense Recognition

The Organization recognizes contributions when cash, securities, inventory, or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give – that is, those with a measurable performance or other barrier and right of return – are not recognized until the conditions on which they depend have been met.

At June 30, 2021 and 2020, respectively, the Organization recognized all such conditional contributions prior to year-end.

Donor-restricted contributions (including promises to give) are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When the applicable restriction is satisfied or time passes, whichever the case may be, the net assets with donor restrictions are reclassified to net assets without donor restrictions.

Agency dues, handling fees, The Emergency Food Assistance Program (TEFAP) and Commodity Supplemental Food Program (CSFP) reimbursements, Summer Food Service Program (SFSP) and Child and Adult Care Food Program (CACFP) and contractual payments are recognized as revenue immediately once earned have a reasonable claim to said assets. Proceeds from fundraising efforts are recognized when the event occurs, including accruals for any amounts outstanding at year end. As of June 30, 2021 and 2020 the Organization had no deferred balances for contract liabilities for any such dues, fees or reimbursements.

Contributed food and related commodities are valued by measuring their weight and applying a monetary rate to the measured quantity. The valuation of the foodstuffs is recognized as revenue when received and as expense when distributed.

FOOD BANK OF ALASKA, INC.

Notes to Financial Statements, Continued

A portion of the Organization's revenue is derived from cost-reimbursable federal and state controls and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statement of financial position. The organization received cost-reimbursable grants of \$0 and \$44,707 for the years ended June 30, 2021 and 2020, respectively that have not been recognized because qualifying expenses have not been incurred, with an advance payment of \$0 and \$44,707 recognized in the statement of financial position as deferred revenue.

Fees and services are generated from passing on the cost of shipping to its partner agencies. Fees and services are formed when the goods are received by the partner agencies, representing a single performance obligation at time of delivery.

Expenses are accrued in the accounting period in which the obligation arises.

Income from Operations

The Statements of Activities include *Increase (decrease) in Net Assets Without Donor Restrictions from Cash Operating Activities* as a measurement indicator. This figure measures the results of current period cash operating transactions only; donated goods and services, support restricted to future program expansion, and activities relating to capital funding and outlays are excluded from this intermediate measurement indicator.

Functional Allocation of Expenses

For the purposes of the Statement of Functional Expenses, expenses directly associated with Food Bank of Alaska's program, its administration or its fundraising activities are charged to the particular function. Allocable expenses benefiting all functions are allocated by management based on the benefits of the activities performed. Administrative expenses also include expenses that are not identifiable as either a program or fundraising expense, but which provide for the overall support and direction of Food Bank of Alaska.

Donated Assets, Services and Materials

Donations of goods are recognized as contributions at their estimated fair values when the donation is received. Donated services which satisfy the definitions of the Financial Accounting Standards Board, are recognized as contributions when the service is rendered. In addition to the donated services which are recognized as contributions, many other volunteers have contributed significant time in assisting FBA for which their donated service is not recognized because it does not meet the published criteria of the Financial Accounting Standards Board.

Estimates and Significant Estimate

Management uses estimates and assumptions in preparing financial statements. These estimates and assumptions affect the reported amounts of assets and liabilities, revenues and expenses and the disclosure of contingent assets and liabilities. Actual results could differ from these estimates. The valuations of contributed food received and distributed, as well as ending valuation of food inventory are profoundly affected by an estimation process, generally applied by all food bank members of Feeding America.

FOOD BANK OF ALASKA, INC.

Notes to Financial Statements, Continued

2. **CASH AND CASH EQUIVALENTS**

FBA maintains cash balances at financial institutions which are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At June 30, 2021 and 2020, respectively, FBA had \$6,169,170 and \$3,380,778 that was not insured or collateralized.

3. **LIQUIDITY AND AVAILABILITY**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the balance sheet date, comprise the following:

	<u>2021</u>
Cash and cash equivalents	\$ 5,385,700
Accounts receivable	62,538
Non-endowed investments	<u>108,667</u>
	<u>\$ 5,556,905</u>

Our board-designated endowment of \$111,166 is subject to an annual spending rate of 4.50 percent. Although we do not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of our Board's annual budget approval and appropriation), these amounts could be made available if necessary. The non-endowment portion of the Alaska Community Foundation of \$108,667 can be fully distributed upon request of the board, if necessary to meet cash needs.

As part of our liquidity management plan, we invest cash in excess of daily requirements in a savings reserve.

4. **PROMISES TO GIVE**

Promises to give as of June 30, 2021 and 2020, respectively were \$224,343 and \$945,201, due in varying amounts from several individuals. Of the \$224,343 in promises to give during the fiscal year 2021, \$160,487 is attributed to the Capital Campaign and \$63,856 is attributed to We Believe. Of the \$945,201 in promises to give during the fiscal year 2020, \$856,957 is attributed to the Capital Campaign and \$88,244 is attributed to We Believe.

5. **FOOD DONATIONS AND FOOD INVENTORY**

Food Bank of Alaska, Inc. received donated food from individual donors, several businesses and from the USDA Emergency Food Assistance and Commodities Supplemental Food programs.

During the year ended June 30, 2021, FBA received 10,209,935 pounds of donated food and other commodities. For the year ending June 30, 2021, using a valuation rate provided by Feeding America of \$1.74 for general product and \$1.49 for USDA product, the donated food is valued at \$16,316,530.

Food inventory at June 30, 2021 totaled 1,007,715 pounds. Applying the same valuation rates and taking into account the actual cost of purchased food, the ending inventory is valued at \$1,540,618 as of June 30, 2021, in the accompanying Statement of Financial Position.

FOOD BANK OF ALASKA, INC.

Notes to Financial Statements, Continued

During the year ended June 30, 2020, FBA received 9,448,527 pounds of donated food and other commodities. For the year ending June 30, 2020, using a valuation rate provided by Feeding America of \$1.62 for general product and \$1.52 for USDA product, the donated food is valued at \$14,897,160.

Food inventory at June 30, 2020 totaled 1,361,779 pounds. Applying the same valuation rates and taking into account the actual cost of purchased food, the ending inventory is valued at \$2,013,296 as of June 30, 2020, in the accompanying Statement of Financial Position.

6. INVESTMENTS

Food Bank of Alaska, Inc. maintains a Board-designated endowment, as well as non-endowed investments, with the Alaska Community Foundation. The foundation includes this investment as assets owned by the Foundation and is presented as a component fund in their financials. As defined by United States Treasury Regulations, the Foundation has the right to modify the terms of the fund agreement if in the judgment of the Foundation's Board of Trustees the restrictions and conditions of the agreement become unnecessary, incapable of fulfillment, or inconsistent with the charitable needs of the community. The authority to modify restrictions is sometimes referred to as "variance power" and is a legal standard imposed on all community foundations.

As a result of the variance power all component funds are considered to be a part of a single public charity, in this case the Alaska Community Foundation (ACF). Therefore, the Foundation is the single legal owner of all assets contributed to any of its component funds.

By direction of the Food Bank of Alaska's Board of Directors, this fund and its contributions as well as earnings is presently being preserved in order to accumulate enough resources so that it can generate a future, ongoing source of income for FBA. The underlying investments of this fund are a mix of fixed income securities and equities and are measured at their fair value in the accompanying financial statements.

The Food Bank of Alaska's financial assets and liabilities valued on a recurring basis and carried at fair value have been classified, for disclosure purposes, based on a hierarchy defined by generally accepted accounting principles. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methods and models with unobservable inputs (Level 3). An asset's or a liability's classification is based on the lowest level input that is significant to its measurement. For example, a Level 3 fair value measurement may include inputs that are both observable (Levels 1 and 2) and (Level 3). The levels of the fair value hierarchy are as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

FOOD BANK OF ALASKA, INC.

Notes to Financial Statements, Continued

- Level 3 – Unobservable inputs for the asset or liability. In these situations, we develop inputs using the best information available in the circumstances.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability. The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk, or liquidity profile of the asset or liability.

Investments consist of the following marketable securities at June 30, 2021:

		Level 1	Level 2	Level 3	Total
ACF – beneficial interests	\$				
Endowed		-	-	111,166	111,166
Non-Endowed		-	-	108,667	108,667
Total investments	\$	<u>-</u>	<u>-</u>	<u>219,833</u>	<u>219,833</u>
Promises to give	\$	<u>-</u>	<u>-</u>	<u>224,343</u>	<u>224,343</u>

Investments consist of the following marketable securities at June 30, 2020:

		Level 1	Level 2	Level 3	Total
ACF – beneficial interests	\$				
Endowed		-	-	81,771	81,771
Non-Endowed		-	-	88,920	88,920
Total investments	\$	<u>-</u>	<u>-</u>	<u>170,691</u>	<u>170,691</u>
Promises to give	\$	<u>-</u>	<u>-</u>	<u>945,201</u>	<u>945,201</u>

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FOOD BANK OF ALASKA, INC.

Notes to Financial Statements, Continued

The fair value of our investments in ACF and our promises to give are considered Level 3 measurements. The investments with ACF are pooled investments from other non-profits.

The following is a reconciliation of the beginning and ending balance of assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) for the years ended June 30:

2021			
Fair Value Measurements			
Using Significant Unobservable Inputs (Level 3)			
Non-			
ACF Beneficial Interests:	Endowments	Endowments	Total
Balance, beginning of the year	\$ 88,920	81,771	170,691
Contributions		10,000	10,000
Realize Gains/Losses	1,115	1,058	2,173
Interest/Dividend Income	1,734	1,654	3,388
Unrealized Gains/Losses	18,368	17,592	35,960
Foundation/Admin fees	(1,276)	(722)	(1,998)
Management/Custodial Fees	(194)	(187)	(381)
Balance, end of the year	\$ 108,667	111,166	219,833

Promises to give:	
Balance, beginning of the year	\$ 945,201
Additional contributions	196,580
Payments received	(911,288)
Adjustment for fair value	(6,150)
Balance, end of the year	\$ 224,343

2020			
Fair Value Measurements			
Using Significant Unobservable Inputs (Level 3)			
Non-			
ACF Beneficial Interests:	Endowments	Endowments	Total
Balance, beginning of the year	\$ 86,410	79,158	165,568
Realize Gains/Losses	1,404	1,287	2,691
Interest/Dividend Income	1,727	1,583	3,310
Unrealized Gains/Losses	546	502	1,048
Foundation/Admin fees	(993)	(600)	(1,594)
Management/Custodial Fees	(174)	(159)	(332)
Balance, end of the year	\$ 88,920	81,771	170,691

Promises to give:	
Balance, beginning of the year	\$ 405,413
Additional contributions	778,000
Payments received	(224,895)
Adjustment for fair value	(13,317)
Balance, end of the year	\$ 945,201

FOOD BANK OF ALASKA, INC.

Notes to Financial Statements, Continued

Investment income and gains, net investment fees, for June 30, 2021 and 2020, respectively, totaled \$39,142 and \$5,123, and are included in the interest and investments line item in Statements of Activities. There are no donor restrictions over funds. All earning on the endowment portion of the ACF funds are designated the board pronouncements. The Board Designated Endowment are classified as net assets without restrictions on the Statement of Financial Position.

7. PROMISES TO GIVE

Unconditional promises to give are estimated to be collected as follows at June 30:

		2021	2020
Within one year	\$	156,946	792,644
In one to five years		67,397	152,557
Promises to give	\$	<u>224,343</u>	<u>945,201</u>

8. PROPERTY AND EQUIPMENT

Property and equipment are comprised of the following:

		June 30, 2020	Additions	Deletions	June 30, 2021
Physical Plant:					
Construction in progress	\$	100,215	2,933,561	(75,000)	2,958,776
Land		543,097	977,300	(543,097)	977,300
Buildings – warehouse		1,346,082	6,564,952	(1,379,534)	6,531,500
Refrigeration – warehouse		236,508	-	(236,508)	-
Total physical plant		<u>2,225,902</u>	<u>10,475,813</u>	<u>(2,234,139)</u>	<u>10,467,576</u>
Equipment:					
Vehicles and trailers		608,483	440,645	(320,557)	728,571
Warehouse equipment		328,750	131,274	(61,499)	398,525
Office equipment		175,312	-	(34,832)	140,480
Total equipment		<u>1,112,545</u>	<u>571,919</u>	<u>(416,888)</u>	<u>1,267,576</u>
Total property and equipment		3,338,447	11,047,732	(2,651,027)	11,735,152
Less accumulated depreciation		<u>(2,011,368)</u>	<u>(252,954)</u>	<u>1,552,214</u>	<u>(712,108)</u>
Property and equipment, net	\$	<u>1,327,079</u>	<u>10,794,778</u>	<u>(1,098,813)</u>	<u>11,023,044</u>

9. NOTES PAYABLE

On October 30, 2020, FBA obtained a loan for \$5,500,000 to help finance the Viking Drive warehouse. The loan had a maturity date of October 26, 2035 and requires monthly payments of \$29,008 including interest at 3.99%. On December 29, 2020, the note was paid off in full and as such the balance at June 30, 2021 is zero.

On September 18, 2015, FBA obtained a loan for \$125,000 to help finance the valley property. The note had a maturity date of September 12, 2025 and requires monthly payments of \$1,355 per month including interest at 5.4%. The note had a security interest in the valley property. On March 12, 2020 the note was paid off in full and as such the balance at June 30, 2020 is zero.

FOOD BANK OF ALASKA, INC.

Notes to Financial Statements, Continued

10. NET ASSET WITH DONOR RESTRICTIONS

Net Assets with Donor Restrictions were compromised of the following amounts at June 30, 2021:

Municipality of Anchorage, SNAP Produce	\$	15,000
Feeding America, Nourishing Neighbors		47,200
Feeding America, Rednose		12,994
Robin Hood Foundation, Public Policy		78,658
Feeding America, 3M		12,000
Feeding America, Advocacy		5,000
Feeding America, SNAP Capacity		14,400
Feeding America, Walmart/SNAP		44,000
Feeding America, Costco		22,340
Ford Motor Company, Child Nutrition		15,000
Kroger Foundation, Truck		138,000
Total purpose restrictions	\$	<u>404,592</u>
We Believe - Individual Pledges		63,856
Capital Campaign – Individual Pledges		-
Total time restrictions	\$	<u>63,856</u>
Total net assets with donor restrictions	\$	<u><u>468,448</u></u>

Net Assets with Donor Restrictions were compromised of the following amounts at June 30, 2020

Feeding America - Hunger Is	\$	54,606
Ford Motor Co., Child Nutrition		15,000
Capital Campaign – Individual Pledges		1,756,751
FA, Great America Milk Drive		375
FA, Multi-donor Rural Feeding		50,000
Feeding America – Covid-19		35,345
Cook Inlet Tribal Council – Covid-19		20,000
Bristol Bay Native Corporation – Covid-19		25,000
Feeding America, Costco		16,187
Municipality of Anchorage, SNAP Produce		15,000
FA, Advocacy		10,000
FA, Subaru – Covid-19		5,453
Total purpose restrictions	\$	<u>2,003,717</u>
We Believe - Individual Pledges		88,244
Total time restrictions	\$	<u>88,244</u>
Capital Campaign - Individual Pledges		856,957
Total time and purpose restrictions	\$	<u>856,957</u>
Total net assets with donor restrictions	\$	<u><u>2,948,918</u></u>

FOOD BANK OF ALASKA, INC.

Notes to Financial Statements, Continued

Net assets with Donor Restrictions are separated into three categories, purpose restrictions, time restrictions, and time and purpose restrictions. The following funds have purpose restrictions on June 30, 2021 and 2020:

- Feeding America, Hunger Is, is restricted for the purpose of the supporting the Child Hunger Breakfast Efforts.
- Feeding America, Walmart SNAP is restricted for the purpose of supporting the SNAP Application Assistance program.
- Ford Motor Co., Child Nutrition is restricted for the purpose of Child Hunger program for children in rural communities with few resources.
- FA. Great America Milk Drive is restricted for the purpose of purchasing milk to be given to clients.
- Feeding America, Multi-donor Rural Feeding is restricted for the purpose of distributing food to rural communities.
- Feeding America, Covid-19 is restricted for the purpose of Covid-19 food costs with receiving and distributing food.
- Feeding America, Subaru – Covid-19 is restricted for the purpose of Covid-19 food costs with receiving and distributing food.
- Feeding America, Costco is restricted for the purchase of food at Costco for hunger relief programs. All items purchased must be distributed to the clients and may not be used to support food bank operations.
- Cook Inlet Tribal Council – Covid-19 is restricted for the purpose of providing food support for areas in the CIRI region experiencing food insecurities.
- Bristol Bay Native Corporation – Covid-19 is restricted for the purpose of providing food support for the Bristol Bay region and Southcentral Alaska.
- Municipality of Anchorage, SNAP Produce is restricted for the purpose of supporting the SNAP program.
- Feeding America, Advocacy is restricted for the purpose of supporting advocacy of the SNAP program.
- Feeding America, Rednose is restricted for the purpose of supporting the Child Hunger program/initiative.
- Robin Hood Foundation, Public Policy is restricted to public policy and advocacy work.
- Feeding America, 3M is restricted for the purchase of food for hunger relief programs.
- Feeding America, SNAP Capacity is restricted to support the time for the SNAP Capacity Advisor position.
- Kroger Foundation, Truck is restricted for the purchase of a new truck.

The individual pledges from We Believe has a time restriction that are not yet received. At June 30, 2020, the individual pledges from the Capital Campaign had both a time and purpose restrictions. These pledges are restricted for the purpose of Capital Campaign.

FOOD BANK OF ALASKA, INC.

Notes to Financial Statements, Continued

Net Assets with Donor Restrictions were released from restrictions for the following purposes for year ended June 30, 2021:

Feeding America - Hunger Is	\$ 54,606
Ford Motor Co., Child Nutrition	15,000
Capital Campaign	3,843,185
FA, Great America Milk Drive	375
FA, Multi-donor Rural Feeding	50,000
Feeding America – Covid-19	35,345
Cook Inlet Tribal Council – Covid-19	20,000
Bristol Bay Native Corporation – Covid-19	25,000
Feeding America, Costco	16,187
Feeding America, Advocacy	10,000
Feeding America, Subaru – Covid-19	5,453
Feeding America, SNAP Capacity	4,800
Feeding America, Walmart/SNAP	11,000
Feeding America, Advocacy	20,000
Robin Hood Foundation, Public Policy	21,342
Feeding America, Nourishing Neighbors	12,421
Total purpose restrictions	<u>4,144,714</u>
Individual Pledges	<u>28,468</u>
Total time restrictions	<u>28,468</u>
Total net assets with donor restrictions released	\$ <u>4,173,182</u>

Net Assets with Donor Restrictions were released from restrictions for the following purposes for year ended June 30, 2020

New Ventures, CBPP	\$ 23,548
Feeding America - Hunger Is	49,923
Feeding America - Walmart SNAP	43,559
Ford Motor Co., Child Nutrition	14,120
Feeding America, Great America Milk Drive	941
Feeding America, Enterprise	1,111
Feeding America, Costco	13,139
Feeding America, Rednose	10,000
Feeding America Bezos Covid-19	453,316
Total purpose restrictions	<u>609,657</u>
Individual Pledges	<u>52,814</u>
Total time restrictions	<u>52,814</u>
Total net assets with donor restrictions released	\$ <u>662,471</u>

FOOD BANK OF ALASKA, INC.

Notes to Financial Statements, Continued

11. PENSION PLAN

FBA sponsors a defined contribution retirement plan. The plan calls for employer matching of employee contributions of a percentage of each participating employee's salary: 2 percent up to one year's service and 3 percent for one year or more of service. Pension cost for the years ended June 30, 2021 and 2020 totaled \$34,662 and \$32,802, respectively.

12. FUNCTIONALIZED EXPENSES

The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and benefits, professional fees/outside services, operations and maintenance, utilities and phone, printing, dues and subscriptions, travel and meetings, supplies, postage and direct mail, in-kind goods and services, and other expense which are allocated on the basis of estimated time and effort. Utilities, phone, and depreciation expense is allocated on a square footage basis.

13. PROGRAM SERVICES

The program services are dedicated for providing and distributing food to partner agencies feeding hungry people and through anti-hunger leadership. Food distributions include partner food pantries, soup kitchens, senior centers, and children's programs.

14. IN-KIND SERVICES AND MATERIAL

We received donated services and material as follows for the year ended June 30, 2021.

	Program Services	Supporting Activities	Total
Freight	\$ 355,744	-	355,744
Rent	1,755,427		1,755,427
Professional/Supplies	315,997	24,502	340,499
Total	\$ 2,427,168	24,502	2,451,670

We received donated services and material as follows for the year ended June 30, 2020.

	Program Services	Supporting Activities	Total
Freight	\$ 399,838	-	399,838
Rent	504,858	-	504,858
Professional	40,031	1,000	41,031
Total	\$ 944,727	1,000	945,727

15. SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 16, 2021, the date the financial statements were available for use.

ADDITIONAL SUPPLEMENTARY INFORMATION

Food Bank of Alaska, Inc.

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

<u>Federal Grant Title</u>	<u>Grant/ Pass Through Number</u>	<u>Catalog of Federal Domestic Assistance Number</u>	<u>Total Grant Award</u>	<u>Federal Share of Expenditures</u>
U.S. Department of Agriculture:				
Passed through the State of Alaska, Department of Health and Social Services:				
Alaska Food Coalition	604-58-2100	10.561	\$ <u>88,146</u>	<u>88,146</u>
Passed through the State of Alaska, Department of Health and Social Services:				
Food Distribution Cluster:				
Commodity Supplemental Food Program	604-262-21001	10.565	155,767	155,767
Commodity Supplemental Food Program	None	10.565	<u>1,363,861</u>	<u>1,363,861</u>
Total CFDA 10.565			<u>1,519,628</u>	<u>1,519,628</u>
Passed through the State of Alaska, Department of Education and Early Development:				
Child and Adult Care Food Program	52301	10.558	<u>141,574</u>	<u>141,574</u>
The Emergency Food Assistance Program	TM 20.523.02	10.178	<u>66,736</u>	<u>66,736</u>
Child Nutrition Cluster:				
Summer Food Service Program	52301	10.559	<u>499,743</u>	<u>499,743</u>
Food Distribution Cluster:				
The Emergency Food Assistance Program	TA 21.523.01	10.568	112,500	112,500
The Emergency Food Assistance Program	TE 21.289.01	10.568	95,984	95,684
The Emergency Food Assistance Program	TE 21.289.02	10.568	306,088	306,088
The Emergency Food Assistance Program	TA 21.289.02	10.568	<u>165,485</u>	<u>165,485</u>
Total CFDA 10.568			<u>680,057</u>	<u>679,757</u>
The Emergency Food Assistance Program - Food Distribution Cluster	None	10.569	<u>4,651,720</u>	<u>4,651,720</u>
Passed through Alaska Native Tribal Health Consortium:				
FDPIR	None	10.567	<u>149,095</u>	<u>149,095</u>
Total U.S. Department of Agriculture			<u>7,796,699</u>	<u>7,796,399</u>
U.S. Department of Health and Human Services:				
Passed through the State of Alaska, Department of Health and Social Services:				
Alaska Food Coalition	604-258-21001	93.558	<u>126,572</u>	<u>126,572</u>
U.S. Department of Homeland Security				
Direct:				
COVID-19 Emergency & Food Shelter	Phase 37, CARES	97.024	<u>89,413</u>	<u>89,413</u>
Total Expenditures of Federal Awards			\$ <u>8,012,684</u>	<u>8,012,384</u>

See accompanying notes to the Schedule.

FOOD BANK OF ALASKA, INC.

Notes to Schedule of Expenditures of Federal Awards

Year End June 30, 2021

1. Basic of Presentation

The accompanying of expenditures of federal awards includes the federal grant activity of Food Bank of Alaska, Inc. under programs of the federal government for the year ended June 30, 2021. The information in this Schedules is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Food Bank of Alaska, it is not intended to and does not present financial position, changes in net position, functional expenses, or cash flows of Food Bank of Alaska, Inc.

2. Summary of Significant Account Policies

Expenditures reported on the Schedule reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. Food Bank of Alaska, Inc. has elected not to use the 10-percent de minimis indirect cost rate as allowed under Uniform Guidance.

3. Multiagency Grant Clusters

Multiagency grant clusters include:

Food Distribution Cluster:

Department of Health and Social Services		
Commodity Supplemental Food Program	10.565	\$ 1,519,628
Department of Education and Early Development		
The Emergency Food Assistance Program	10.568	679,757
The Emergency Food Assistance Program	10.569	4,651,720
Total food distribution cluster		\$ <u>6,851,105</u>

4. Reconciliation of Federal Expenditures

Total federal expenditures	\$ 8,012,384
Less non-cash assistance	(6,164,677)
Total non-commodities federal revenue	<u>1,847,707</u>
Total government grants and contributions per statement of activities	\$ 2,779,924
Less local awards	(879,319)
Less state awards	(52,898)
Total federal grants per statement of activities	\$ <u>1,847,707</u>

FOOD BANK OF ALASKA, INC.

Notes to Schedule of Expenditures of Federal Awards, Continued

5. Subrecipients

No federal funds were passed through to subrecipients.

6. Non-monetary Assistance.

Non-monetary assistance is reported in the schedule at fair market value of commodities received.

COMPLIANCE REPORTS

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

Members of the Board of Directors
Food Bank of Alaska, Inc.
Anchorage, Alaska

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the financial statements of the Food Bank of Alaska, Inc. (a non-profit organization), which comprise the Statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon date November 16, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Food Bank of Alaska's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Food Bank of Alaska's internal control. Accordingly, we do not express an opinion on the effectiveness of Food Bank of Alaska'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Members of the Board of Directors
Food Bank of Alaska, Inc.

Compliance and Other Matters

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

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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in cursive script that reads "Altman, Rogers & Co.".

Anchorage, Alaska
November 16, 2021

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance as Required by the Uniform Guidance

Independent Auditor's Report

Members of the Board of Directors
Food Bank of Alaska, Inc.
Anchorage, Alaska

We have audited Food Bank of Alaska, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Food Bank of Alaska, Inc.'s major federal program for the year ended June 30, 2021. Food Bank of Alaska, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying federal schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Food Bank of Alaska, Inc.'s major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards general 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). These standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Food Bank of Alaska, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Food Bank of Alaska, Inc.'s compliance.

Opinion on Each of the Other Major Federal Program

In our opinion, Food Bank of Alaska, Inc. complied, in all respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which are required to be reported in accordance with the Uniform Guidance and which is described in the accompanying federal schedule of findings and questioned costs as item 2021-001. Our opinion on each major federal program is not modified with respect to this matter.

Food Bank of Alaska, Inc.'s response to the noncompliance finding identified in our audit is described in the accompanying federal schedule of findings and questioned costs and the corrective action plan. Food Bank of Alaska, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of Food Bank of Alaska, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Food Bank of Alaska, Inc.'s internal control over compliance with the types of requirements that could have direct and material effect on each major federal program to determine auditing procedures that are appropriate in the circumstances for the purpose expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Food Bank of Alaska, Inc.'s internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we did identify a certain deficiency in internal control over compliance, described in the accompanying federal schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Members of the Board of Directors
Food Bank of Alaska, Inc.

Food Bank of Alaska, Inc.'s response to the internal control over compliance findings identified in our audit is described in the accompanying federal schedule of findings and questioned costs and the corrective action plan. Food Bank of Alaska, Inc.'s response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Altman, Rogers & Co.

Anchorage, Alaska
November 16, 2021

FOOD BANK OF ALASKA, INC.

Federal Schedule of Findings and Questioned Costs

Year Ended June 30, 2021

Section I – Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Is a going concern emphasis-of-matter paragraph included in the audit report?

_____ Yes X No

Internal control over financial reporting:

Significant deficiency(ies) identified?

_____ Yes X None reported

Material weakness(es) identified?

_____ Yes X No

Noncompliance material to financial statements?

_____ Yes X No

Federal Awards

Internal control over major programs (2 CFR 200.516 (a)(1)):

Significant deficiency(ies) identified?

X Yes _____ None reported

Material weakness(es) identified?

_____ Yes X No

Any material noncompliance with the provisions of laws, regulations, contracts, or grant agreements related to a major program (2 CFR 200.516 (a)(2))?

_____ Yes X No

Type of auditor's report issued on compliance for major programs:

Food distribution cluster

Unmodified

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance, 2 CFR 200.516 (a)(3) or (4)?

_____ Yes X No

Identification of major programs:

CFDA Number(s)

Name of Federal Program or Cluster

10.565 Commodity Supplemental Food Program – Food Distribution Cluster

10.568 Emergency Food Assistance Program – Food Distribution Cluster

10.569 Emergency Food Assistance Program – Food Distribution Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

_____ Yes X No

Federal Schedule of Findings and Questioned Costs, Continued

Section II – Financial Statement Findings

The Food Bank of Alaska did not have any findings related to the financial statements.

Section III – Federal Award Findings and Questioned Costs**Finding 2021-001****Lack of Internal Control over Accurate and Complete Records of USDA Foods**

Federal Agency:	U.S. Department of Agriculture, passed through the State of Alaska, Department of Health and Social Services and Department of Education and Early Development
Federal Program:	Food Distribution Cluster
CFDA Number:	10.565, 10.568, 10.569
Award Number:	604-262-21001
Award Year:	2021
Type of Finding:	Significant deficiency in internal control over compliance and noncompliance.
Criteria:	Accurate and complete records must be maintained with respect to the receipt distribution/use, and inventory of USDA Foods consistent with 7 CFR section 250.19.
Condition/Context:	Sufficient internal controls requiring supporting documentation were lacking surrounding the distribution of USDA commodities and acceptance of USDA commodities between the Food Bank of Alaska and the recipient agency. There was a lack of documentation in verifying receipt of goods by a recipient agency. There was one distribution lacking internal controls in a sample of 25 inventory transactions tested and appears to be a systemic issue as a result of the repeat finding status from the prior year.
Cause:	Lack of internal controls over accurate and complete records of USDA Foods.
Effect:	Noncompliance with program requirements. Variances in distribution amounts from the Food Bank of Alaska and recipient agency could go undetected if not properly monitored. Without a second review of trash or damaged goods, items may incorrectly be listed as trashed or damaged.
Questioned Costs:	None noted.
Repeat Finding:	Repeat of finding 2020-001.
Recommendation:	We recommend that the entity strengthen internal controls regarding documenting all shipments out of the Food Bank of Alaska, and acceptance of said goods by the underlying agencies at the time of arrival.
Management's Response:	Management agrees with this finding. See Corrective Action Plan.



Status of Prior Year Audit Findings

June 30, 2021

Federal Award Findings

Finding 2020-001

Lack of Internal Control over Accurate and Complete Records of USDA Foods

Conditions:

Supporting documentation surrounding receipt of goods by agencies receiving distributions of USDA commodities were lacking sufficient shipping documentation noting the disbursement and acceptance of USDA commodities between the Food Bank of Alaska and the recipient agency. Damaged and trashed foods were documented entirely by one individual and controls over verifying damaged/trashed goods were did not appear to be in place.

Status:

This finding was repeated in FY21 as Finding 2021-001.



Corrective Action Plan

June 30, 2021

Federal Award Findings

Finding 2021-001

Lack of Internal Control over Accurate and Complete Records of USDA Foods

Name of Contact Person: James Baldwin

Corrective Action Plan: Food Bank of Alaska staff will continue to improve our food receipt and distribution practices to ensure that all USDA commodities have adequate documentation. Food Bank of Alaska has developed procedures to make sure that all USDA commodities are accounted for, but these procedures have not been consistently followed.

Food Bank of Alaska recognizes that some significant deficiencies exist in our procedures (specifically documenting USDA commodities distributed). Food Bank of Alaska will increase training and monitoring of staff so that procedures are consistently followed.

Proposed Completion Date: December 31, 2021.