



FINANCIAL STATEMENTS

**FOR THE YEARS ENDED
JUNE 30, 2021 AND 2020**

ANNE ARUNDEL COUNTY FOOD BANK, INC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

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Independent Auditor's Report

To the Board of Directors of
Anne Arundel County Food Bank, Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Anne Arundel County Food Bank, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities and changes in net assets, 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 Anne Arundel County Food Bank, 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 Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2021, on our consideration of Anne Arundel County Food Bank, 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 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 Anne Arundel County Food Bank, 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 Anne Arundel County Food Bank, Inc.'s internal control over financial reporting and compliance.

Alta CPA Group, LLC

December 2, 2021

ANNE ARUNDEL COUNTY FOOD BANK, INC.
 STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
Current Assets:		
Cash and Cash Equivalents	\$ 2,962,138	\$ 1,482,814
Accounts Receivable	799,698	-
Inventory	599,122	516,781
Prepaid Expenses	4,901	8,864
Investments, at Market	<u>52,385</u>	<u>-</u>
Total Current Assets	4,418,244	2,008,459
Fixed Assets:		
Property and Equipment, Net of Accumulated Depreciation of \$362,183 and \$295,234, Respectively	<u>483,314</u>	<u>481,038</u>
 Total Assets	 <u>\$ 4,901,558</u>	 <u>\$ 2,489,497</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities:		
Accounts Payable	\$ 78,414	\$ 16,808
Payroll Taxes Payable	<u>39,926</u>	<u>650</u>
Total Current Liabilities	<u>118,340</u>	<u>17,458</u>
Total Liabilities	118,340	17,458
Net Assets:		
Without Donor Restrictions	3,959,193	2,472,039
With Donor Restrictions	<u>824,025</u>	<u>-</u>
Total Net Assets	<u>4,783,218</u>	<u>2,472,039</u>
Total Liabilities and Net Assets	<u>\$ 4,901,558</u>	<u>\$ 2,489,497</u>

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
REVENUE AND SUPPORT			
Grants	\$ 681,157	\$ 636,964	\$ 1,318,121
Federal Funds	2,794,292	100,750	2,895,042
Anne Arundel County Reimbursement for TEFAP	272,057	-	272,057
Contributions	3,158,886	86,311	3,245,197
Interest Income	4,942	-	4,942
Inkind Donations	2,413,112	-	2,413,112
Other Income	<u>437</u>	<u>-</u>	<u>437</u>
 Total Revenue and Support	 9,324,883	 824,025	 10,148,908
EXPENSES			
Program Services	7,188,166	-	7,188,166
Management and General	561,206	-	561,206
Fundraising	<u>88,357</u>	<u>-</u>	<u>88,357</u>
 Total Expenses	 <u>7,837,729</u>	 <u>-</u>	 <u>7,837,729</u>
 Change in Net Assets	 1,487,154	 824,025	 2,311,179
 Net Assets at Beginning of Year	 <u>2,472,039</u>	 <u>-</u>	 <u>2,472,039</u>
 Net Assets at End of Year	 <u>\$ 3,959,193</u>	 <u>\$ 824,025</u>	 <u>\$ 4,783,218</u>

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT			
Grants	\$ 511,568	\$ -	\$ 511,568
Anne Arundel County Reimbursement for TEFAP	20,000	-	20,000
Contributions	1,571,266	-	1,571,266
United Way of Central Maryland	11,655	-	11,655
Interest Income	1,236	-	1,236
Inkind Donations	3,848,518	-	3,848,518
Other Income	90	-	90
Net Assets Released from Restrictions	165,482	(165,482)	-
Total Revenue and Support	6,129,815	(165,482)	5,964,333
EXPENSES			
Program Services	4,367,897	-	4,367,897
Management and General	185,417	-	185,417
Fundraising	47,078	-	47,078
Total Expenses	4,600,392	-	4,600,392
Change in Net Assets	1,529,423	(165,482)	1,363,941
Net Assets at Beginning of Year	942,616	165,482	1,108,098
Net Assets at End of Year	\$ 2,472,039	\$ -	\$ 2,472,039

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Program Services	Management and General	Fundraising	Total Expenses
Audit Fees	\$ -	\$ 5,300	\$ -	\$ 5,300
Consultants	-	159,037	-	159,037
Depreciation	50,211	10,042	6,696	66,949
Dues and Subscriptions	3,393	679	452	4,524
Food Purchases	2,937,272	-	-	2,937,272
Inkind Food and Supply Donations	3,465,228	-	-	3,465,228
Insurance	37,997	7,599	5,066	50,662
Legal and Accounting	-	23,582	-	23,582
Meals and Entertainment	1,488	298	199	1,985
Office Expenses	73,557	14,712	9,808	98,077
Payroll Taxes	39,811	7,962	5,308	53,081
Postage and Shipping	5,936	1,187	792	7,915
Rent Expense - Donated Facilities	123,000	27,000	-	150,000
Repair and Maintenance	-	213,753	-	213,753
Salaries	385,949	77,190	51,460	514,599
Telephone	12,097	2,420	1,613	16,130
Transportation	6,841	1,368	912	9,121
Utilities	45,386	9,077	6,051	60,514
Total Expenses	\$ 7,188,166	\$ 561,206	\$ 88,357	\$ 7,837,729

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Audit Fees	\$ -	\$ 5,300	\$ -	\$ 5,300
Depreciation	31,016	6,203	4,136	41,355
Dues and Subscriptions	1,421	284	190	1,895
Food Purchases	185,622	-	-	185,622
Inkind Food and Supply Donations	3,706,203	-	-	3,706,203
Insurance	31,814	6,363	4,242	42,419
Legal and Accounting	-	18,614	-	18,614
Meals and Entertainment	3,155	631	421	4,207
Office Expenses	27,928	5,586	3,724	37,238
Payroll Taxes	19,098	3,819	2,546	25,463
Postage and Shipping	2,332	467	311	3,110
Rent Expense - Donated Facilities	123,000	27,000	-	150,000
Repair and Maintenance	-	63,888	-	63,888
Salaries	196,135	39,227	26,151	261,513
Telephone	5,759	1,152	768	7,679
Transportation	7,318	1,464	976	9,758
Utilities	27,096	5,419	3,613	36,128
 Total Expenses	 <u>\$ 4,367,897</u>	 <u>\$ 185,417</u>	 <u>\$ 47,078</u>	 <u>\$ 4,600,392</u>

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 2,311,179	\$ 1,363,941
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided by Operating Activities:		
Depreciation	66,949	41,355
Unrealized Gain on Investments	(1,727)	-
Loss on Disposal of Fixed Assets	-	1,079
Increase (Decrease) in Operating Assets:		
Accounts Receivable	(799,698)	2,757
Inventory	(82,341)	70,183
Prepaid Expenses	3,963	(6,269)
Increase in Operating Liabilities:		
Accounts Payable	61,606	8,336
Payroll Taxes Payable	39,276	182
	<u>1,599,207</u>	<u>1,481,564</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Investments	(50,658)	-
Purchase of Property and Equipment	(69,225)	(477,277)
	<u>(119,883)</u>	<u>(477,277)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
	<u>-</u>	<u>-</u>
Net Increase in Cash and Cash Equivalents	1,479,324	1,004,287
Cash and Cash Equivalents, Beginning of Year	<u>1,482,814</u>	<u>478,527</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,962,138</u>	<u>\$ 1,482,814</u>
SUPPLEMENTAL CASH FLOW INFORMATION		
Interest Paid	<u>\$ -</u>	<u>\$ -</u>
Income Taxes Paid	<u>\$ -</u>	<u>\$ -</u>

See independent auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Anne Arundel County Food Bank, Inc. (the Organization), is a Maryland not-for-profit corporation, formed in 1986. The mission of the Organization is to fight hunger by assuring that all of those in need have access to food and other basic necessities. The Organization distributes food through church pantries, homeless and battered spouse shelters, soup kitchens, day care and senior centers, and other not-for-profit organizations that provide food directly to needy families. The Organization also distributes personal/household items, basic necessities, and medical equipment directly to those in need from its warehouse facility located at 120 Marbury Dr., Crownsville, Maryland. The Organization's support comes primarily from donor contributions and government grants.

Basis of Accounting

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

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board may designate a portion of these net assets for specific purposes.

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. 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.

When contributions are received and the restrictions met within the same fiscal year, the amounts are reported as contributions without donor restrictions.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Uses of Estimates

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

Cash and Cash Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Concentration of Credit Risk

The Organization maintains its cash and certificates of deposit in high credit quality financial institutions. At times, the balances may exceed the federally insured limits of \$250,000. As of June 30, 2021, the Organization had approximately \$2,730,000 in excess of FDIC limits. The Organization has not experienced any losses in such accounts and does not believe it is exposed to any significant credit risk on cash and cash equivalents.

Accounts Receivable

Receivables are comprised of unconditional promises to give and uncollateralized obligations for reimbursements under grants and contracts and generally require payment within thirty days from the invoice date. Grant funds receivable are stated at the invoice amount. Unpaid accounts do not incur late fees or accrue interest. Payments of grant funds receivable are applied to the specific invoices identified on the remittance advice or, if unspecified, to the earliest unpaid invoices. As of June 30, 2021 and 2020, no allowance for uncollectible accounts is provided in the statements because management does not deem this necessary based on historical collection experience. All amounts are considered collectible within one year.

Inventory

Inventory consists of food, personal/household items, basic necessities, and medical equipment donated to the Organization. Food inventory is recorded on the first in, first out method at estimated fair value at the date of donation using the Product Valuation Survey Methodology, a report prepared by Feeding America, which determines the approximate average wholesale value of one pound of donated products at the national level. Feeding America is a national food bank network nonprofit.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

Acquisition of property and equipment with a useful life of one year or greater and cost or fair market value of \$1,000 or more is capitalized. Depreciation is provided over the estimated useful lives of the assets using the straight line method. Gifts of long lived assets such as land, buildings, or equipment are recorded at their fair market values and reported as support without donor restrictions, unless explicit donor stipulations specify how the donated assets must be used.

	<u>Estimated Useful Life</u>
Equipment and Fixtures	5-7 years
Leasehold Improvements	16 years
Vehicles	5 years

Revenue

The Organization recognizes contributions when cash, securities and unconditional promises to give or beneficial interest is received. Conditional promises to give, with measurable performance or other condition and right of return are not recognized until the conditions on which they depend have been met.

All grants and contributions are considered to be available for net assets without donor restrictions unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as net assets with donor restrictions that increases those asset classes. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities and changes in net assets as net assets released from restrictions. Grants and contributions received with donor-imposed restrictions that are met in the same year in which the grants and contributions are received are classified as net assets without donor restrictions.

Allocation of Expenses

Expenses are allocated between program services, management and general support, and fundraising, in accordance with generally accepted accounting principles, and have been summarized on a functional basis in the statements of activities and changes in net assets. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allocation of Expenses (Continued)

The statements of functional expenses present expenses by function and natural classification. Expenses directly attributable to a specific functional area of the Organization are reported as expenses of those functional areas. Certain costs, such as some salary, payroll taxes, utilities, depreciation, rent, telephone, and office related expenses, are allocated based on estimates of staff time spent on each functional area.

Donated Services

Individuals and other groups contribute substantial amounts of materials and services toward the fulfillment of programs initiated by the Organization. Donated services are recognized as contributions at their estimated fair value at the date of donation, if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization.

During the years ended June 30, 2021 and 2020, over 20,000 volunteer hours were performed valued at an estimated value of \$25,280 and \$67,152, respectively. Services include a plumber, an electrician, IT support, office support, and ten to twelve warehouse laborers five to six days a week. However, these amounts have not been recognized in the accompanying statements of activities and changes in net assets for these contributed services because the conditions for requiring recognition of such volunteer effort under generally accepted accounting principles do not exist. Donations of materials and facilities are recorded as contributions at their estimated fair value at the date of donation. Such donations are reported as increases net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use are reported as donor restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor.

Income Tax Status

The Organization is a nonprofit corporation whose revenue is derived from contributions and other fundraising activities and is not subject to federal or state income taxes. The Organization is exempt under Section 501(c)(3) of the Internal Revenue Code. The Organization's informational return filings are subject to audit by the Internal Revenue Service, generally for three years after filing.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Subsequent Events

The Organization evaluated subsequent events through the date that the financial statements were available to be issued. The Organization is not aware of any significant events that occurred subsequent to the statement of financial position date but prior to December 2, 2021 that would have a material impact on the financial statements.

NOTE 2 - INVENTORY

Inventory at June 30 is comprised of the following:

	<u>2021</u>	<u>2020</u>
Food	\$ 328,457	\$ 310,908
Medical Equipment	13,493	2,608
Household	<u>257,172</u>	<u>203,265</u>
 Total	 \$ <u>599,122</u>	 \$ <u>516,781</u>

NOTE 3 - INKIND CONTRIBUTIONS

Donated food is received through federal assistance (TEFAP) and donations from corporate, not-for-profit, and individual donors. Donated food is valued using USDA cost-per-pound data, Feeding America data, and values assigned by the TEFAP program. Other in-kind donations, including household/personal items, basic necessities, medical supplies, and facilities, are valued at market value at the time of donation. All services are offered at no charge to help needy families and individuals.

	<u>2021</u>	<u>2020</u>
Food Products	\$ 1,659,467	\$ 3,026,455
Medical Equipment	16,710	25,883
Facilities	150,000	150,000
Vehicles	---	62,499
Household	<u>586,935</u>	<u>583,681</u>
 Total	 \$ <u>2,413,112</u>	 \$ <u>3,848,518</u>

Donated facilities income and expense results from 30,000 square feet leased from the State of Maryland under an agreement for \$1 per annum which runs through 2036.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 4 - LIQUIDITY AND AVAILABILITY

The Organization maintains a policy of structuring its financial assets to be available as its general expenditures, liabilities, and other obligations come due. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 2,962,138	\$ 1,482,814
Investments	52,385	---
Accounts Receivable	<u>799,698</u>	<u>---</u>
Total Current Financial Assets at Year End	3,814,221	1,482,814
Less: Net Assets With Donor Restrictions	<u>(824,025)</u>	<u>---</u>
Total Financial Assets Available for General Expenditure Within One Year	\$ <u>2,990,196</u>	\$ <u>1,482,814</u>

NOTE 5 - PROPERTY AND EQUIPMENT

Property and equipment at June 30 consisted of the following:

	<u>2021</u>	<u>2020</u>
Equipment and Fixtures	\$ 249,176	\$ 179,951
Leasehold Improvements	330,482	330,482
Vehicles	<u>265,839</u>	<u>265,839</u>
Total	845,497	776,272
Less: Accumulated Depreciation	<u>(362,183)</u>	<u>(295,234)</u>
Property and Equipment, Net	\$ <u>483,314</u>	\$ <u>481,038</u>

NOTE 6 - NET ASSETS WITH DONOR RESTRICTIONS

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

	<u>2021</u>	<u>2020</u>
Time Restrictions	\$ <u>824,025</u>	\$ <u>---</u>
Total Net Assets with Donor Restrictions	\$ <u>824,025</u>	\$ <u>---</u>

Of that total, \$632,964 is donor restricted for capacity building activities which will be performed during the year ended June 30, 2022.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

NOTE 7 - INVESTMENTS

The following table presents the Organization's fair value hierarchy for the above assets and liabilities measured at fair value on a recurring basis as of June 30, 2021:

	Quoted Market Prices in Active Markets <u>(Level 1)</u>	Other Observable Inputs <u>(Level 2)</u>	Unobservable Inputs <u>(Level 3)</u>	<u>Total</u>
Mutual Funds	\$ 30,980	\$ ---	\$ ---	\$ 30,980
Real Estate Securities	1,120	---	---	1,120
Fixed Income	19,045	---	---	19,045
Cash/Cash Alternatives	<u>1,240</u>	<u>---</u>	<u>---</u>	<u>1,240</u>
Total Mutual Funds	\$ <u>52,385</u>	\$ <u>---</u>	\$ <u>---</u>	\$ <u>52,385</u>

SUPPLEMENTARY INFORMATION

ANNE ARUNDEL COUNTY FOOD BANK, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Expenditures to Subrecipients
<u>U.S. DEPARTMENT OF TREASURY</u>				
Passed Through Arundel Community Development Services, Inc.: Coronavirus Relief Fund	21.019	242785-ON	\$ 2,895,042	\$ -
Total Department of Treasury			2,895,042	-
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Passed through Maryland Food Bank, Inc.:				
Emergency Food Assistance Program (Administrative Costs)	10.568	n/a	272,057	-
Total Department of Agriculture			272,057	-
Total Expenditures of Federal Awards			\$ 3,167,099	\$ -

See auditor's report and accompanying notes to financial statements.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021

NOTE 1 - BASIS OF PRESENTATION

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Indirect Costs

Anne Arundel County Food Bank, Inc. has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance. The grant agreements the organization has signed contain specified dollar amounts or percentages of allowable indirect costs.

ANNE ARUNDEL COUNTY FOOD BANK, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

FINDINGS - FINANCIAL STATEMENT AUDIT

None

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Directors of
Anne Arundel County Food Bank, Inc.

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 Anne Arundel County Food Bank, Inc. (a nonprofit organization) which comprise the statement of financial position as of June 30, 2021, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 2, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Anne Arundel County Food Bank, Inc.'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 Anne Arundel County Food Bank, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Anne Arundel County Food Bank, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 Anne Arundel County Food Bank, Inc.'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 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.

Alta CPA Group, LLC

December 2, 2021



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of
Anne Arundel County Food Bank, Inc.

Report on Compliance for Each Major Federal Program

We have audited Anne Arundel County Food Bank, 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 Anne Arundel County Food Bank, Inc.'s major federal programs for the year ended June 30, 2021. Anne Arundel County Food Bank, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Anne Arundel County Food Bank, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those 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 Anne Arundel County Food Bank, 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 Anne Arundel County Food Bank, Inc.'s compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Anne Arundel County Food Bank, 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 Anne Arundel County Food Bank, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Anne Arundel County Food Bank, 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 combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Alta CPA Group, LLC

December 2, 2021

ANNE ARUNDEL COUNTY FOOD BANK, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2021

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weaknesses identified? Yes No
- Significant deficiency identified? Yes None reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)? Yes No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
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21.019	Coronavirus Relief Fund
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Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
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Auditee qualified as low-risk auditee? Yes No

ANNE ARUNDEL COUNTY FOOD BANK, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021

Section II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None