

**THE FOOD BANK
OF NORTHEAST ARKANSAS**

JONESBORO, ARKANSAS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

JUNE 30, 2023 AND 2022

with

INDEPENDENT AUDITOR'S REPORT

Employer Identification Number: 71-0810999

Telephone Number: 870-932-3663

Director: Christie Jordan

Contact Person: Christie Jordan



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
The Food Bank of Northeast Arkansas
Jonesboro, Arkansas

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of The Food Bank of Northeast Arkansas (a nonprofit corporation) (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2023 and 2022, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent with the Organization and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Organization's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Supplementary 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 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 schedule of expenditures of federal awards 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 November 7, 2023 on our consideration of the Organization'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 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 Organization's internal control over financial reporting and compliance.

HCI CPA & Advisors, PLLC

Jonesboro, Arkansas

November 7, 2023

FINANCIAL STATEMENTS

The Food Bank of Northeast Arkansas
Statements of Financial Position
As of June 30, 2023 and 2022

<u>ASSETS</u>	<u>2023</u>	<u>2022</u>
Current Assets		
Cash	\$ 2,157,597	\$ 1,847,232
Accounts receivable	14,760	22,879
Food inventory	910,010	832,383
Prepaid expenses	1,071	1,071
	<u>\$ 3,083,438</u>	<u>\$ 2,703,565</u>
Property and Equipment		
Building	\$ 7,685,968	\$ 7,679,797
Furniture and equipment	909,557	855,096
Land	68,000	68,000
Vehicles	699,792	699,792
	<u>\$ 9,363,317</u>	<u>\$ 9,302,685</u>
Less accumulated depreciation	3,257,428	2,953,966
	<u>\$ 6,105,889</u>	<u>\$ 6,348,719</u>
Other Assets		
Building maintenance fund investments	\$ 2,398,303	\$ 2,214,614
Program fund investments	4,640,346	4,402,673
	<u>\$ 7,038,649</u>	<u>\$ 6,617,287</u>
Total Assets	<u>\$ 16,227,976</u>	<u>\$ 15,669,571</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable	\$ -	\$ 98,761
Accrued payroll and payroll liabilities	112,542	112,542
	<u>\$ 112,542</u>	<u>\$ 211,303</u>
Total Liabilities	<u>\$ 112,542</u>	<u>\$ 211,303</u>
Net Assets		
Without donor restrictions		
Undesignated	\$ 7,828,802	\$ 7,741,239
Board designated	7,038,649	6,617,287
With donor restrictions	1,247,983	1,099,742
	<u>\$ 16,115,434</u>	<u>\$ 15,458,268</u>
Total Net Assets	<u>\$ 16,115,434</u>	<u>\$ 15,458,268</u>
Total Liabilities and Net Assets	<u>\$ 16,227,976</u>	<u>\$ 15,669,571</u>

The accompanying notes are an integral part of these financial statements.

The Food Bank of Northeast Arkansas
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions income	\$ 1,696,975	\$ 88,411	\$ 1,785,386
Grants	47,800	1,155,337	1,203,137
In-kind food donations	9,677,302	-	9,677,302
TEFAP food received	-	2,234,212	2,234,212
CSFP food received	-	864,527	864,527
TEFAP administrative expense reimbursement	-	234,035	234,035
CSFP administrative expense reimbursement	-	147,517	147,517
In-kind contributions - services and non-food	12,418	-	12,418
Interest income	3,438	-	3,438
Investment income (loss), net of fees	421,362	-	421,362
Shared maintenance fees and sale of purchased food	315,175	-	315,175
United Way	-	45,834	45,834
Facilities, recycling and other	14,886	-	14,886
 Net Assets Released from Restriction Restrictions satisfied by payments	 4,621,632	 (4,621,632)	 -
Total revenues, gains, and other support	<u>\$ 16,810,988</u>	<u>\$ 148,241</u>	<u>\$ 16,959,229</u>
Expenses			
Program services	\$ 15,720,435	\$ -	\$ 15,720,435
Fundraising	219,936	-	219,936
Support services	361,692	-	361,692
Total expenses	<u>\$ 16,302,063</u>	<u>\$ -</u>	<u>\$ 16,302,063</u>
Change in Net Assets	<u>\$ 508,925</u>	<u>\$ 148,241</u>	<u>\$ 657,166</u>
 Net assets at beginning of the year	 \$ 14,358,526	 \$ 1,099,742	 \$ 15,458,268
 Net assets at end of the year	 <u>\$ 14,867,451</u>	 <u>\$ 1,247,983</u>	 <u>\$ 16,115,434</u>

The accompanying notes are an integral part of these financial statements.

The Food Bank of Northeast Arkansas
Statement of Activities and Changes in Net Assets
For the Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues, gains, and other support			
Contributions income	\$ 1,123,517	\$ 75,867	\$ 1,199,384
Grants	14,250	927,985	942,235
In-kind food donations	16,064,844	-	16,064,844
TEFAP food received	-	3,239,390	3,239,390
CSFP food received	-	693,859	693,859
TEFAP administrative expense reimbursement	-	153,309	153,309
CSFP administrative expense reimbursement	-	142,949	142,949
In-kind contributions - services and non-food	104,866	-	104,866
Interest income	1,077	-	1,077
Investment income, net of fees	(937,550)	-	(937,550)
Shared maintenance fees and sale of purchased food	206,354	-	206,354
United Way	-	41,667	41,667
Facilities, recycling and other	107,440	-	107,440
Net Assets Released from Restriction			
Restrictions satisfied by payments	5,180,203	(5,180,203)	-
Total Revenues, gains, and other support	<u>\$ 21,865,001</u>	<u>\$ 94,823</u>	<u>\$ 21,959,824</u>
Expenses			
Program services	\$ 22,426,986	\$ -	\$ 22,426,986
Fundraising	287,419	-	287,419
Support services	317,644	-	317,644
Total expenses	<u>\$ 23,032,049</u>	<u>\$ -</u>	<u>\$ 23,032,049</u>
Change in Net Assets	<u>\$ (1,167,048)</u>	<u>\$ 94,823</u>	<u>\$ (1,072,225)</u>
Net assets at beginning of the year	15,525,574	1,004,919	16,530,493
Net assets at end of the year	<u>\$ 14,358,526</u>	<u>\$ 1,099,742</u>	<u>\$ 15,458,268</u>

The accompanying notes are an integral part of these financial statements.

The Food Bank of Northeast Arkansas
Statement of Functional Expenses
For the Year Ended June 30, 2023

	Program Expenses	Fundraising Expenses	Support Services	Total
Agency grants	\$ 193,622	\$ -	\$ -	\$ 193,622
Advertising	25,643	-	-	25,643
Bank service charges	-	-	9,701	9,701
Backpack supplies and food	164,280	-	-	164,280
Depreciation	242,770	-	60,692	303,462
Direct mail	-	92,772	-	92,772
Disaster relief	47,519	-	-	47,519
Dues & subscriptions	40,653	-	10,163	50,816
Gas and oil	36,983	-	-	36,983
Insurance	177,759	-	44,440	222,199
Licenses and permits	2,513	-	-	2,513
Meetings and training	16,470	-	-	16,470
Miscellaneous	2,899	-	724	3,623
Postage	8,274	-	2,068	10,342
Printing and publication	7,431	-	-	7,431
Professional fees	15,850	-	15,850	31,700
Purchased food	1,036,913	-	-	1,036,913
Food-in-kind	9,677,278	-	-	9,677,278
TEFAP food in-kind	2,158,437	-	-	2,158,437
CSFP food in-kind	862,699	-	-	862,699
Repairs & maintenance	140,337	-	-	140,337
Salaries, wage, and employee benefits	671,112	95,873	191,746	958,731
Sanitation	2,052	-	513	2,565
Service insights	6,960	-	-	6,960
Special events	-	18,893	-	18,893
Special events in-kind	-	12,398	-	12,398
Supplies	58,882	-	14,721	73,603
Telephone	11,132	-	-	11,132
Training	7,498	-	-	7,498
Travel	31,469	-	-	31,469
Trucking	28,706	-	-	28,706
Utilities	44,294	-	11,074	55,368
	<u>\$ 15,720,435</u>	<u>\$ 219,936</u>	<u>\$ 361,692</u>	<u>\$ 16,302,063</u>

The accompanying notes are an integral part of these financial statements.

The Food Bank of Northeast Arkansas
Statement of Functional Expenses
For the Year Ended June 30, 2022

	Program Expenses	Fundraising Expenses	Support Services	Total
Agency grants	\$ 430,598	\$ -	\$ -	\$ 430,598
Advertising	30,497	-	-	30,497
Bank service charges	-	-	10,223	10,223
Backpack supplies and food	77,350	-	-	77,350
Depreciation	256,416	-	64,104	320,520
Direct mail	-	81,214	-	81,214
Disaster relief	219,372	-	-	219,372
Dues & subscriptions	37,594	-	9,399	46,993
Equipment rental	5,241	-	-	5,241
Gas and oil	25,839	-	-	25,839
Insurance	132,713	-	33,178	165,891
Licenses and permits	3,131	-	-	3,131
Meetings and training	18,179	-	-	18,179
Miscellaneous	1,201	-	300	1,501
Postage	5,323	-	1,331	6,654
Printing and publication	8,503	-	-	8,503
Professional fees	17,608	-	17,608	35,216
Purchased food	328,463	-	-	328,463
Food-in-kind	15,995,753	-	-	15,995,753
TEFAP food in-kind	3,246,926	-	-	3,246,926
CSFP food in-kind	734,577	-	-	734,577
Repairs & maintenance	119,563	-	-	119,563
Salaries, wage, and employee benefits	570,041	81,434	162,869	814,344
Sanitation	1,749	-	437	2,186
Service insights	23,399	-	-	23,399
Special events	-	19,985	-	19,985
Special events in-kind	-	104,786	-	104,786
Supplies	40,543	-	10,136	50,679
Telephone	7,674	-	-	7,674
Training	4,466	-	-	4,466
Travel	16,026	-	-	16,026
Trucking	36,006	-	-	36,006
Utilities	32,235	-	8,059	40,294
	<u>\$ 22,426,986</u>	<u>\$ 287,419</u>	<u>\$ 317,644</u>	<u>\$ 23,032,049</u>

The accompanying notes are an integral part of these financial statements.

The Food Bank of Northeast Arkansas
Statements of Cash Flows
For the Years Ended June 30, 2023 and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ 657,166	\$ (1,072,225)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	303,462	320,520
Unrealized (gains) losses on investment accounts	(271,597)	1,046,077
Decrease (increase) in:		
Accounts, grants & other receivables	8,119	(7,380)
Food inventory	(77,627)	(20,966)
Prepaid expenses	-	3,017
(Decrease) increase in:		
Accounts payable	(98,761)	87,136
Accrued and other liabilities	-	9,506
Net cash provided by operating activities	\$ 520,762	\$ 365,685
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	\$ (60,632)	\$ (56,266)
Investment income reinvested, net of fees	(149,765)	(108,527)
Net cash (used for) investing activities	\$ (210,397)	\$ (164,793)
NET CHANGE IN CASH	\$ 310,365	\$ 200,892
Cash, Beginning of the Year	1,847,232	1,646,340
Cash, End of the Year	\$ 2,157,597	\$ 1,847,232
<i>Supplemental Disclosures for Cash Flows</i>		
Non-Cash Activities		
Donation of food inventory	\$ 12,776,041	\$ 19,998,093
Donations for special events	\$ 12,418	\$ 104,866

The accompanying notes are an integral part of these financial statements

The Food Bank of Northeast Arkansas

Notes to the Financial Statements

Note 1: Nature of Business

Organization

The Food Bank of Northeast Arkansas (the "Organization") was formed to provide food for families in need in the Northeast Arkansas area through a network of other nonprofit agencies. The Organization also functions as a central warehouse for donated food to be distributed through the agencies. The Organization's support comes primarily through grants, contributions, in-kind donations, and shared maintenance fees.

Note 2: Significant Accounting Policies

Basis of Accounting

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP"). Under this method of accounting, revenue is recognized when amounts are earned and when the amount and timing of the revenue can be reasonably estimated. Expenses are recognized as they are incurred.

Basis of Presentation

Financial statement presentation follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-210, *Presentation of Statements of Not-For-Profit Entities*. Under FASB ASC 958-210, the Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

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

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statement of activities.

Revenues are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as increase in net assets with donor restrictions.

Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor stipulations or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable class of net assets.

Accounts Receivable

Accounts receivables are reported at the amount the Organization expects to collect on balances outstanding at year end. If necessary, the Organization provides for an allowance for doubtful accounts receivable. Accounts are written off against the allowance when deemed to be uncollectible. Accounts receivable have been adjusted for all known uncollectible accounts, and no reserve was considered necessary.

The Food Bank of Northeast Arkansas

Notes to the Financial Statements

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 when purchased to be cash equivalents.

Contributions

FASB ASC 958-605, *Revenue Recognition for Contributions*, states contributions received are recorded as either net assets with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Net assets with donor restrictions are reclassified to net assets without donor restrictions upon satisfaction of the time or purpose of the restriction. Contributions that have donor restrictions are reported as an increase in net assets without donor restrictions if the restrictions expire in the fiscal year in which the contributions are recognized. Donations are recorded at their fair market value at the date of their receipt.

Date of Management Review

The Organization has evaluated events and transactions for potential recognition or disclosure in the financial statements through November 7, 2023, the date the financial statements were available to be issued.

Donated Noncash Assets

The Organization receives donated food from its food bank network affiliations and local retailers and manufacturers. Contributions of in-kind foods, as well as the related food disbursement expense and the food inventory amounts, are computed by valuing the Organization's respective pounds of food at a weighted average wholesale price per pound, as determined by a valuation report issued by Feeding America, The Nation's Food Bank Network. The Organization treats donated food as a contribution without donor restriction, unless identified otherwise according to distribution agreements.

Impairment of Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell. During the years ended June 30, 2023 and 2022, there were not any impairment losses recognized for long-lived assets.

Income Taxes

The Organization is exempt from federal income tax under the provisions of Internal Revenue Code Section 501(c)(3). Therefore, no provision for federal or state income taxes has been made. U.S. GAAP require management to evaluate tax positions taken by the Organization and recognize a tax liability (or asset) if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the Internal Revenue Service. The Organization has analyzed all tax positions and does not feel any meet the requirements for reporting under the standard. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

The Food Bank of Northeast Arkansas

Notes to the Financial Statements

Investments

Investments with readily determinable fair values are valued at their fair values in the statements of financial position. Unrealized gains and losses are included in the change in net assets. Cash and cash equivalent carrying amounts reported in the statements of financial position approximate fair values because of the short maturities of those instruments.

Property and Equipment

Property and equipment are stated at cost or, if donated, at the approximate fair value at the date of donation and are depreciated using the straight-line method over estimated lives as follows:

Building	10-39 years
Furniture and equipment	5-10 years
Vehicles	5 years

Depreciation expense for the years ended June 30, 2023 and 2022 was \$303,462 and \$320,520, respectively. Additions that extend the lives of the assets are capitalized while repairs and maintenance costs are expensed as incurred. When property and equipment are retired, the related cost and accumulated depreciation are removed from the statement of financial position and the resultant gain or loss is recorded.

Reclassifications

Certain reclassifications have been made to the financial statements as of and for the year ending June 30, 2022, to conform to the financial statements as of and for the year ending June 30, 2023.

Recently Adopted Accounting Standards

In February of 2016, the FASB issued ASU 2016-02, Leases (Topic 842) which sets out principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract (i.e. lessors and lessees). In June of 2020, the FASB issued ASU 2020-05, Revenue from Contracts with Customers (Topic 606) and Leases (Topic 842), which defers the effective date of this standard to annual and interim periods beginning after December 15, 2021; however, early adoption was permitted for annual and interim reporting periods beginning after December 15, 2018. The standard requires the following:

Lessees – Leases are accounted for using a dual approach, classifying leases as either operating or finance based on the principle of whether or not the lease is effectively a financed purchase of the leased asset by the lessee. This classification determines whether the lease expense is recognized on a straight-line basis over the term of the lease (for operating leases) or based on an effective interest method (for finance leases). A lessee is also required to record a right-of-use asset and a lease liability on its balance sheet for all leases with a term of greater than 12 months regardless of their classification as operating or finance leases. Leases with a term of 12 months or less are accounted for similar to legacy guidance for operating leases in ASC 840, Leases (“ASC 840”).

The Organization adopted the provisions of the New Lease Standard as required January 1, 2022, using the modified retrospective adoption method, which requires all periods presented to adopt, utilizing the simplified transition option available in the New Lease Standard, which allows entities to continue to apply the legacy guidance in ASC 840, including its disclosure requirements, in the comparative periods presented in the year of adoption. The Organization elected the package of practical expedients available under the transition provisions of the New Lease Standard, including (i) not reassessing whether expired or existing contracts contain leases, (ii) not reassessing lease classification, and (iii) not revaluing initial direct costs for existing leases.

The adoption of this standard did not have a material impact on the financial statements of the Organization.

The Food Bank of Northeast Arkansas

Notes to the Financial Statements

In September of 2020, the FASB issued ASU 2020-07, Not-for-Profit Entities (Topic 958) – Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets. ASU 2020-07 requires the presentation of contributed nonfinancial assets as a separate line item in the statements of activities and requires certain related disclosures. ASU 2020-07 is effective for all annual periods beginning after June 15, 2021, and is applied on a retrospective basis. The financial statements were not materially impacted by the adoption of ASU 2020-07.

Use of Estimates

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

Note 3: Donated Services

In addition to the significant number of hours donated by volunteers for the Organization's programs, the Organization also receives donated transportation, advertising, and other services. These services meet the criteria for financial statement recognition in accordance with FASB ASC 958-605 *Not-for-Profit Entities Revenue Recognition*. However, the value to the Organization is indeterminable and therefore is not recognized.

Note 4: Accounts, Grants, and Other Receivables

The Organization receives reimbursement for a small portion of its storage, handling, and other redistribution expenses from the recipient agencies and charitable organizations receiving donated food and other items. Food distributions by the Organization are charged to agencies through a shared maintenance fee of \$0.18 or less per pound for donated food items and at cost for items purchased by the Organization. The receivable arises from the policy of allowing agencies to pay for cooperative support on a monthly billing basis. The receivable totaled \$14,760 and \$22,879 as of June 30, 2023 and 2022, respectively.

Note 5: Inventory

The estimated value of donated food inventory is valued at a weighted average price per pound of \$1.93 based on the most current determination as calculated by KMPG, LLP on behalf of Feeding America, and totals \$307,432 as of June 30, 2023. The weighted average price as of June 30, 2022 was \$1.92 and the value of the donated food inventory was \$227,298. Purchased food is valued at cost as paid by the Organization and was \$10,751 and \$90,861 as of June 30, 2023 and 2022, respectively. Donated commodities received from USDA are valued at USDA prices as provided, and this inventory was \$591,827 and \$514,224 at June 30, 2023 and 2022, respectively. For purposes of grant expenditures, food acquired through programs is not considered expended until it is distributed, and revenue is temporarily restricted until the expenses are realized.

During the year ended June 30, 2023 approximately 5,014,146 food pounds at an average price per pound of \$1.93 totaling \$9,677,302 were donated. During the year ended June 30, 2022 approximately 8,367,106 food pounds at an average price per pound of \$1.92 totaling \$16,064,844 were donated. Food commodities received from the USDA for the years ended June 31, 2023 and 2022 totaled \$3,098,739 and \$3,933,249, respectively. Donated food is recorded in the period received.

The Food Bank of Northeast Arkansas

Notes to the Financial Statements

Note 6: Employee Retirement Plan

The Organization maintains a defined contribution plan. Substantially all employees are eligible and participate. Eligibility requirements include a minimum of ninety days of service and a minimum age of eighteen. For the years ended 2023 and 2022, the Organization contributed \$27,230 and \$16,892, respectively.

Note 7: Investments

The market value of the Organization's portfolio of investments as of June 30, 2023 and 2022 is as follows:

	2023	2022
Certificates of deposit	\$ 470,000	\$ 678,632
Money market	361,852	112,786
Mutual funds and common stocks	6,057,460	5,825,869
Government securities	149,337	-
	<u>\$ 7,038,649</u>	<u>\$ 6,617,287</u>

The Organization's investments are in general exposed to various risks, such as interest rate, credit, and overall market volatility risks. Due to the level of risk associated with certain investments, it is reasonably possible that changes in the values of the investments will occur in the near term, and that such changes could materially affect the amounts reported in the statement of activities.

Net investment income for the year ended June 30, 2023 and 2022 is summarized as follows:

	2023	2022
Dividend and interest income	\$ 149,765	\$ 108,526
Net realized and unrealized gain (loss)	327,687	(981,878)
Investment fees	(56,090)	(64,198)
Net investment income	<u>\$ 421,362</u>	<u>\$ (937,550)</u>

Note 8: Fair Value Measurements

FASB ASC 820, *Fair Value Measurements*, establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy under FASB ASC 820 are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability; and
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

The Food Bank of Northeast Arkansas

Notes to the Financial Statements

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

An asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The availability of observable market data is monitored to assess the appropriate classification of financial instruments within the fair value hierarchy. Changes in economic conditions or model-based valuation techniques may require the transfer of financial instruments from one fair value level to another. In such instances, the transfer is reported at the beginning of the reporting period.

We have evaluated the significance of transfers between levels based upon the nature of the financial instruments and size of the transfer relative to total net assets. For the years ended June 30, 2023 and 2022 there were no transfers in or out of levels 1, 2, or 3.

Following is a description of the valuation methodologies used for assets at fair value. There have been no changes in the methodologies used.

Certificates of Deposit: Certificates of deposit are valued at amortized cost, which approximates fair value.

US Treasury Bills: The fair value of US Treasury bills is generally determined using standard observable inputs, including reported trades, quoted market prices, benchmark yield, or broker dealer quotes.

Common Stock: Valued at the closing price reported on one of the major U.S. stock exchanges.

Money Market and Mutual Funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Organization are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Organization are deemed to be actively traded.

The preceding method may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The Food Bank of Northeast Arkansas

Notes to the Financial Statements

The following table sets forth, by level, within the fair value hierarchy, amounts recorded in the Organization's financial statements at fair value as of June 30, 2023 and 2022:

June 30, 2023				
	Level 1	Level 2	Level 3	Total
Money market	\$ 361,852	\$ -	\$ -	\$ 361,852
Certificates of deposit	-	470,000	-	470,000
Common stock	28,708	-	-	28,708
US Treasury Bill	-	149,337	-	149,337
Mutual funds				
Bond	2,359,655	-	-	2,359,655
Equity	1,142,042	-	-	1,142,042
Small cap	737,116	-	-	737,116
Real estate	183,718	-	-	183,718
Large cap	1,606,222	-	-	1,606,222
	\$ 6,419,312	\$ 619,337	\$ -	\$ 7,038,649

June 30, 2022				
	Level 1	Level 2	Level 3	Total
Money market	\$ 112,786	\$ -	\$ -	\$ 112,786
Certificates of deposit	-	678,632	-	678,632
Common stock	20,235	-	-	20,235
Mutual funds				
Bond	2,741,629	-	-	2,741,629
Equity	1,519,871	-	-	1,519,871
Small cap	683,635	-	-	683,635
Real estate	197,342	-	-	197,342
Large cap	663,157	-	-	663,157
	\$ 5,938,655	\$ 678,632	\$ -	\$ 6,617,287

Note 9: Board Designated Net Assets

The Organization has established two funds to provide for the future capital maintenance and repairs as well as the operations and programs of the Donald W. Reynolds Food Distribution Center. The "Restricted Maintenance Fund" (Building Maintenance Fund) consists of a grant awarded in the amount of \$1,590,039 by the Donald W. Reynolds Foundation for the purpose of maintenance and upkeep of the Donald W. Reynolds Food Distribution Center. As a condition of the grant funding, the Organization was required to fund the "Restricted Program Fund" (Program Fund) for the purpose of program and operations of the Donald W. Reynolds Distribution Center. These are hereafter collectively referred to as the "Funds."

The Food Bank of Northeast Arkansas

Notes to the Financial Statements

These Funds were originally directed by the Donald W. Reynolds Foundation to provide resources for the specified purposes, for a minimum of 20 years. The Organization received notice that the funds had been released from the original restrictions and as a result, were reclassified as net assets without donor restrictions. The board has designated these funds for the purpose of maintenance.

The Funds balances as of June 30, 2023 and 2022 are summarized as follows:

	2023	2022
Building maintenance fund investments	\$ 2,398,303	\$ 2,214,614
Program fund investments	4,640,346	4,402,673
	<u>\$ 7,038,649</u>	<u>\$ 6,617,287</u>

Changes in the Funds' net assets for the years ended June 30, 2023 and 2022, are summarized as follows:

The Funds' Net Assets as of June 30, 2021	\$ 7,554,837
Investment income, net of fees	(937,550)
The Funds' Net Assets as of June 30, 2022	\$ 6,617,287
Investment income, net of fees	421,362
The Funds' Net Assets as of June 30, 2023	<u>\$ 7,038,649</u>

The Organization has adopted investment policies for the Funds that attempt to provide a predictable stream of funding for capital improvements, maintenance, and programs. Under this policy, as approved by the Board of Directors, the Funds are invested in a manner that is intended to produce results that preserve the capital with moderate growth and income; to provide market (S&P 500) equivalent returns for the equity portion of the investments, and Barclays Capital Aggregate Bond index (average maturity four to five years) for the fixed income portion; and to provide asset growth at a rate greater than inflation as measured by Consumer Price Index (CPI). Actual results in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, the Organization relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Organization targets a diversified asset allocation plan that places a greater emphasis on fixed income investments for the Program Fund (a maximum position of 100% to 60% fixed income and maximum of 40% to 0% equities) and emphasis on equity-based investments for the Maintenance Fund (a maximum position of 75% and minimum of 25%) to achieve objectives within prudent risk constraints. The Board of Directors requires approval for any deviation of fifteen percentage points or more of the total portfolio beyond these limits in any asset category.

Note 10: Concentrations

The Organization maintains cash balances at several banks, which are insured by the FDIC up to \$250,000. Amounts in excess of insured limits at June 30, 2023, were \$1,459,145. A portion of the risk has been minimized by pledged securities at Centennial Bank in an amount above the FDIC limit. The Organization does not believe that it is subject to any unusual credit risk beyond the normal risk associated with commercial banking relationships.

The Food Bank of Northeast Arkansas

Notes to the Financial Statements

Note 11: Memberships

The Organization is a member of the Arkansas Hunger Relief Alliance and Feeding America and pays annual membership dues to each organization. Dues for the Arkansas Hunger Relief Alliance are based on the following formula: 2% times (total operating expenses from the Statement of Functional Expenses, less the in-kind value of food and less fundraising expenses). The dues are billed on a quarterly basis. Dues for Feeding America are billed on a quarterly basis and are based upon a flat fee provided by the national organization.

Note 12: Net Assets with Donor Restrictions

Net assets with donor restrictions as of June 30, 2023 and 2022, consist of the following:

	2023	2022
Backpack program	\$ 25,000	\$ 131,454
USDA commodity food	591,828	514,225
Fresh produce program	35,000	29,208
Disaster relief	-	123,476
Other	596,155	301,379
	\$ 1,247,983	\$ 1,099,742

The restricted cash related to the programs above are included with cash on the Statements of Financial Position.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors for the years ended June 30, 2023 and 2022, as follows:

	2023	2022
Purpose for restriction accomplished:		
Distributions of USDA commodity food	\$ 3,021,136	\$ 3,981,503
USDA storage and distribution	381,552	296,258
Other food distribution programs:		
Backpack	278,097	117,617
Service insights	74,130	60,107
Fresh produce	62,091	64,615
Disaster relief	123,476	219,372
Other	681,150	440,731
	\$ 4,621,632	\$ 5,180,203
Time restrictions expired from depreciation and/ or disposals on assets purchase with grant funds:	-	-
	\$ 4,621,632	\$ 5,180,203

The Food Bank of Northeast Arkansas

Notes to the Financial Statements

Note 13: Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among program, fundraising, and supporting services benefited, based upon various subjective factors including an estimate of employees' time dedicated to program services and the amount of physical space utilized.

Note 14: Availability and Liquidity

The following represents the Organization's financial assets as of June 30, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Financial assets at year end:		
Cash	\$ 2,157,597	\$ 1,847,232
Accounts receivable	14,760	22,879
Investments	7,038,649	6,617,287
	<u>\$ 9,211,006</u>	<u>\$ 8,487,398</u>
Less amounts not available to be used within one year:		
Board designated assets	\$ 7,038,649	\$ 6,617,287
Net assets with donor restrictions	656,155	462,041
Less net assets with purpose restrictions to be met in less than one year	<u>(656,155)</u>	<u>(462,041)</u>
	<u>7,038,649</u>	<u>6,617,287</u>
Financial assets available to meet general expenditures over the next twelve months:	<u>\$ 2,172,357</u>	<u>\$ 1,870,111</u>

The Organization structures its financial assets to be available for its general expenditures, liabilities, and other obligations that come due. The CEO and board of directors review the cash position on a quarterly basis.

SUPPLEMENTAL INFORMATION

**The Food Bank of Northeast Arkansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Identification Number	Expenditures
Food Distribution Cluster			
U.S. Department of Agriculture, Pass-Through from Arkansas Department of Human Services - The Emergency Food Assistance Program - Administrative Costs	10.568	9070	\$ 234,035
U.S. Department of Agriculture, Pass-Through from Arkansas Department of Human Services - The Commodity Supplemental Food Program - Administrative Costs	10.565	9070	147,517
U.S. Department of Agriculture, Pass-Through from Arkansas Department of Human Services - The Commodity Supplemental Food Program - Food Commodities	10.565	9070	862,699
U.S. Department of Agriculture, Pass-Through from Arkansas Department of Human Services - The Emergency Food Assistance Program - Food Commodities	10.569	9070	2,158,437
U.S. Department of Agriculture - Local Food Purchase Assistance Program	10.182		75,240
Total Federal			<u>\$ 3,477,928</u>

Notes to Schedule

1 Significant Accounting Policies

The accompanying Supplemental Schedule of Expenditures of Federal Awards (the "Schedule") has been prepared in accordance with the requirements of Title 2, *U.S. Cost of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit and Administrative Requirements for Federal Awards* (the "Uniform Guidance"). The purpose of the Schedule is to present a summary of those activities of The Food Bank of Northeast Arkansas (the "Organization") for the year ended June 30, 2023, which have been financed by the U. S. Government ("Federal Awards") they are not intended to and do not present the financial position, changes in net assets or cash flows of the Organization.

For the purposes of the Schedule, Federal awards include all Federal assistance entered into directly between the Organization and the federal government and also between the Organization and other primary recipients of Federal government funds (pass-through), recorded on the accrual basis of accounting.

2 Food Commodities

Food commodities are expended when distributed to agencies. Distributed food is valued at the amounts provided by the U.S. Department of Agriculture.

3 Administrative Costs

The Organization elects not to use the 10% de minimus rate allowed under Uniform Guidance.

4 Federal Loan Programs

The organization did not have any federal loan programs during the year ended June 30, 2023.

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
The Food Bank of Northeast Arkansas
Jonesboro, Arkansas

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 of America, the financial statements of The Food Bank of Northeast Arkansas (a nonprofit corporation) (the "Organization"), which comprise the statements of financial position as of June 30, 2023 and 2022, 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, and have issued our report thereon dated November 7, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization'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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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.

HCI CPA, & Advisors, PLLC

Jonesboro, Arkansas

November 7, 2023

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
The Food Bank of Northeast Arkansas
Jonesboro, Arkansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited The Food Bank of Northeast Arkansas' (the "Organization") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization 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, 2023.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

HCI CPA, & Advisors, PLLC

Jonesboro, Arkansas

November 7, 2023

**The Food Bank of Northeast Arkansas
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023**

Section I - Summary of Auditor's Results

A. SUMMARY OF AUDITOR'S RESULTS

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America(GAAP):

X			
Unmodified	Modified	Adverse	Disclaimed

2. Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? _____ Yes X No

3. Non compliance material to financial statements noted?

_____ Yes X No

Federal Awards

1. Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes X No
 - Significant deficiency(ies) identified? _____ Yes X No

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

Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

_____ Yes X No

Identification of Major Federal Programs

Assistance Listing Number

10.569 10.565 10.568

Name of Federal Program

U.S. Department of Agriculture, Food Distribution Cluster

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

 \$750,000

Auditee qualified as low-risk auditee?

_____ X Yes No

Section II - Findings - Financial Statement Audit

None

Section III - Findings and Questioned Costs-Major Federal Award Program Audit

None

Section IV - Summary of Prior Year Audit Findings and Questioned Costs

None