

**FREDERICKSBURG REGIONAL FOOD BANK**  
**FINANCIAL REPORT**  
**YEAR ENDED JUNE 30, 2023**

**FREDERICKSBURG**  
**REGIONAL FOOD BANK**

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City of Fredericksburg

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FREDERICKSBURG REGIONAL FOOD BANK

FINANCIAL REPORT

YEAR ENDED JUNE 30, 2023

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**INDEPENDENT AUDITORS' REPORT**

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To the Board of Directors  
Fredericksburg Regional Food Bank  
Fredericksburg, Virginia

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of Fredericksburg Regional Food Bank (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Fredericksburg Regional Food Bank as of June 30, 2023, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Fredericksburg Regional Food Bank and to meet our other ethical responsibilities, in accordance with the 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 audit opinion.

**Change in Accounting Principle**

As described in Note 1 to the financial statements, in 2023, Fredericksburg Regional Food Bank adopted new accounting guidance, FASB ASU 2016-02, Leases (Topic: 842). Our opinion is not modified with respect to this matter.

***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 Fredericksburg Regional Food Bank's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### ***Auditors' 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 auditors' 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 and *Government 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 Fredericksburg Regional Food Bank'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 Fredericksburg Regional Food Bank'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.

### ***Report on Summarized Comparative Information***

We have previously audited Fredericksburg Regional Food Bank's 2022 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated October 13, 2022. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2022, is consistent, in all material respects, with the audited financial statements from which it has been derived.

### ***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 October 13, 2023, on our consideration of Fredericksburg Regional Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Fredericksburg Regional Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Fredericksburg Regional Food Bank's internal control over financial reporting and compliance.

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
October 13, 2023

**- Financial Statements -**

**FREDERICKSBURG REGIONAL FOOD BANK**

**Statement of Financial Position**  
**As of June 30, 2023**  
**(With Comparative Totals As of June 30, 2022)**

<b>Assets</b>	<u>2023</u>	<u>2022</u>
<b>Current assets:</b>		
Cash and cash equivalents	\$ 582,478	\$ 3,169,186
Short-term investments	1,000,000	261,055
Contributions receivables, net of allowance	86,032	86,478
Accounts receivable	303,000	213,212
Inventory	788,950	860,479
Current portion of beneficial interest in lead trust	47,339	48,480
Other assets	106,488	109,805
Total current assets	<u>\$ 2,914,287</u>	<u>\$ 4,748,695</u>
<b>Noncurrent assets:</b>		
Investments	\$ 1,916,790	\$ 1,755,884
Right-of-use assets - operating lease	1,037,945	-
Beneficial interest in lead trust, less current portion	11,835	60,600
Property and equipment, net of accumulated depreciation	3,552,882	2,394,938
Total noncurrent assets	<u>\$ 6,519,452</u>	<u>\$ 4,211,422</u>
Total assets	<u><u>\$ 9,433,739</u></u>	<u><u>\$ 8,960,117</u></u>
<b>Liabilities and Net Assets</b>		
<b>Liabilities:</b>		
<b>Current liabilities:</b>		
Accounts payable	\$ 37,831	\$ 153,832
Accrued expenses	197,613	192,536
Refundable advances	-	173,287
Current operating lease liabilities	182,231	-
Other liabilities	891	6,251
Total current liabilities	<u>\$ 418,566</u>	<u>\$ 525,906</u>
<b>Long-term liabilities:</b>		
Noncurrent operating lease liabilities	\$ 863,495	\$ -
Total long-term liabilities	<u>\$ 863,495</u>	<u>\$ -</u>
Total liabilities	<u>\$ 1,282,061</u>	<u>\$ 525,906</u>
<b>Net assets:</b>		
Without donor restrictions	\$ 7,320,004	\$ 8,119,957
With donor restrictions	831,674	314,254
Total net assets	<u>\$ 8,151,678</u>	<u>\$ 8,434,211</u>
Total liabilities and net assets	<u><u>\$ 9,433,739</u></u>	<u><u>\$ 8,960,117</u></u>

The accompanying notes to financial statements are an integral part of this statement.

**FREDERICKSBURG REGIONAL FOOD BANK**

**Statement of Activities**  
**Year Ended June 30, 2023**  
**(With Comparative Totals for Year Ended June 30, 2022)**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2023 Total</u>	<u>2022 Total</u>
<b>Revenues and other support:</b>				
Support:				
Donated materials	\$ 10,851,158	\$ -	\$ 10,851,158	\$ 9,207,884
Federal grants	2,611,209	532,562	3,143,771	617,210
Contributions	2,693,980	239,938	2,933,918	3,453,071
Change in value of split interest agreement	-	(49,906)	(49,906)	(52,339)
Total support	<u>\$ 16,156,347</u>	<u>\$ 722,594</u>	<u>\$ 16,878,941</u>	<u>\$ 13,225,826</u>
Revenue:				
Program service fees	\$ 108,719	\$ -	\$ 108,719	\$ 159,199
Interest and dividends	21,820	-	21,820	12,983
Other fees	5,278	-	5,278	3,993
Fundraisers	65,409	-	65,409	52,050
Gain(Loss) on investment	146,088	-	146,088	(181,188)
Gain(Loss) on disposal of asset	-	-	-	(45,567)
Net assets released from donor restrictions	205,174	(205,174)	-	-
Total revenue	<u>\$ 552,488</u>	<u>\$ (205,174)</u>	<u>\$ 347,314</u>	<u>\$ 1,470</u>
Total revenues and other support	<u>\$ 16,708,835</u>	<u>\$ 517,420</u>	<u>\$ 17,226,255</u>	<u>\$ 13,227,296</u>
<b>Expenses:</b>				
Program services:				
Food distribution	\$ 16,284,699	\$ -	\$ 16,284,699	\$ 13,206,209
Supporting services:				
Management and general	442,273	-	442,273	395,893
Fundraising	781,816	-	781,816	700,003
Total expenses	<u>\$ 17,508,788</u>	<u>\$ -</u>	<u>\$ 17,508,788</u>	<u>\$ 14,302,105</u>
Increase (decrease) in net assets	\$ (799,953)	\$ 517,420	\$ (282,533)	\$ (1,074,809)
Net assets, beginning of year	<u>8,119,957</u>	<u>314,254</u>	<u>8,434,211</u>	<u>9,509,020</u>
Net assets, end of year	<u>\$ 7,320,004</u>	<u>\$ 831,674</u>	<u>\$ 8,151,678</u>	<u>\$ 8,434,211</u>

The accompanying notes to financial statements are an integral part of this statement.



FREDERICKSBURG REGIONAL FOOD BANK

Statement of Functional Expenses

Year Ended June 30, 2023

(With Comparative Totals for the Year Ended June 30, 2022)

	Program Services				Supporting Services		2023 Total	2022 Total
	Food Distribution			Total Program Services	Management and General	Fundraising		
	Children	Families	Seniors					
Salaries and wages	\$ 211,034	\$ 1,181,650	\$ 97,366	\$ 1,490,050	\$ 270,461	\$ 232,675	\$ 1,993,186	\$ 1,729,860
Employee benefits	12,597	223,160	17,607	253,364	47,450	50,283	351,097	303,685
Payroll taxes	15,533	89,146	7,238	111,917	19,694	17,160	148,771	126,160
Food costs	285,723	2,000,054	59,279	2,345,056	-	-	2,345,056	2,543,191
Donated materials	-	9,844,244	428,567	10,272,811	-	-	10,272,811	8,231,504
Fundraising fees	-	-	-	-	-	268,898	268,898	241,116
Accounting fees	253	6,772	445	7,470	10,433	7,470	25,373	25,554
Operational fees	1,342	42,528	2,386	46,256	922	1,181	48,359	43,494
Other professional fees	87	1,941	153	2,181	-	-	2,181	8,824
Supplies	32,567	112,212	21,236	166,015	3,820	3,280	173,115	153,014
Telephone and telecommunication	835	13,528	918	15,281	1,613	1,533	18,427	10,397
Postage and shipping	562	20,427	502	21,491	198	30,518	52,207	82,491
Printing and copying	555	12,216	3,832	16,603	1,807	5,893	24,303	14,873
Web based Subscriptions	4,752	58,608	4,536	67,896	5,713	23,355	96,964	71,772
Utilities	2,473	61,290	4,518	68,281	7,148	6,671	82,100	48,899
Other building rentals and maintenance	2,107	54,917	3,710	60,734	2,629	2,194	65,557	152,992
Equipment rental and maintenance	1,885	47,867	2,985	52,737	-	-	52,737	71,269
Vehicle expense	6,482	128,998	9,050	144,530	-	-	144,530	69,581
Depreciation	8,734	214,387	13,006	236,127	48,683	33,832	318,642	226,238
Travel, conventions and meetings	2,715	18,501	1,615	22,831	4,111	4,460	31,402	11,177
Insurance	1,874	38,984	2,668	43,526	9,060	8,456	61,042	39,611
Membership dues	380	6,964	462	7,806	1,522	1,421	10,749	5,071
Staff development	1,341	10,433	847	12,621	1,999	2,447	17,067	14,292
Outside computer services	482	12,880	882	14,244	2,880	2,688	19,812	12,746
Advertising expense	1,082	27,655	1,055	29,792	-	59,065	88,857	28,169
Bank fees and charges	-	90	-	90	-	16,464	16,554	10,238
Organizational expense	378	14,642	624	15,644	1,960	1,315	18,919	23,507
Miscellaneous expense	295	139,046	171	139,512	-	-	139,512	2,380
Equipment	-	410,410	-	410,410	-	-	410,410	-
Lease expense	29,544	133,358	46,521	209,423	170	557	210,150	-
Total	\$ 625,612	\$ 14,926,908	\$ 732,179	\$ 16,284,699	\$ 442,273	\$ 781,816	\$ 17,508,788	\$ 14,302,105

The accompanying notes to financial statements are an integral part of this statement.

**FREDERICKSBURG REGIONAL FOOD BANK**

**Statement of Cash Flows**  
**Year Ended June 30, 2023**  
**(With Comparative Totals for the Year Ended June 30, 2022)**

	2023	2022
Cash flows from operating activities:		
Change in net assets	\$ (282,533)	\$ (1,074,809)
Adjustments to reconcile change in net assets to net cash provided by (used for) operating activities:		
Depreciation	318,642	226,238
Operating lease amortization	161,590	-
(Gain) loss on disposal of property and equipment	-	45,567
(Gain) Loss on investment	(146,088)	181,188
Donated commodities received	(10,851,158)	(9,207,883)
Donated commodities distributed	10,947,340	8,974,356
Beneficial interest in lead trust	99,812	104,678
Change in contributions receivable	446	27,285
Change in accounts receivable	(89,788)	(153,081)
Change in inventory	71,529	1,147,467
Change in other assets	3,317	(70,662)
Change in accounts payable	(116,001)	51,161
Change in accrued expenses	10,633	75,215
Change in compensated absences	(5,556)	-
Change in refundable advances	(173,287)	173,287
Change in lease liabilities	(153,809)	-
Change in other liabilities	(5,360)	1,590
Net cash provided by (used for) operating activities	\$ (210,271)	\$ 501,597
Cash flows from investing activities:		
Purchase of property and equipment	\$ (1,476,586)	\$ (273,562)
Redemption (purchase) of investments	(899,851)	(536,328)
Proceeds from sale of equipment	-	11,557
Net cash provided by (used for) investing activities	\$ (2,376,437)	\$ (798,333)
Net increase (decrease) in cash and cash equivalents	\$ (2,586,708)	\$ (296,736)
Cash and cash equivalents at beginning of year	3,169,186	3,465,922
Cash and cash equivalents at end of year	\$ 582,478	\$ 3,169,186
Summary of cash and cash equivalents:		
Cash and cash equivalents	\$ 582,478	\$ 3,169,186
Total cash and cash equivalents	\$ 582,478	\$ 3,169,186

The accompanying notes to financial statements are an integral part of this statement.

## FREDERICKSBURG REGIONAL FOOD BANK

### Notes to Financial Statements As of June 30, 2023

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#### **NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

##### Nature of Activities

The Fredericksburg Regional Food Bank (the Food Bank) solicits, collects, and stores surplus food, which it distributes to various nonprofit organizations in Planning District 16, which in turn provide meals or emergency food to people in need without charge. The Food Bank is supported primarily through donor contributions, grants, United Way, and donated food through affiliation with Feeding America. Agencies affiliated with the Food Bank receive donated and purchased food products and pay a membership fee based on the volume of food received.

The Food Bank also administers various need-based aid programs through agreements with the Virginia Department of Agriculture and Consumer Services, including the Commodity Supplemental Food Program (CSFP) which works to improve the health of income qualified seniors by supplementing their diets with nutritious USDA foods, the Summer Food Service Program which helps to ensure that children continue to receive nutritious meals when school is not in season, and The Emergency Food Assistance Program (TEFAP) which helps supplement the diets of income qualified families by providing emergency food and nutrition at no cost.

##### Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Accordingly, revenues are recognized when earned and expenses are recognized when incurred.

##### Financial Statement Presentation

The Food Bank is required to report information regarding its financial position and activities according to two classes of net assets based on the existence or absence of donor-imposed restrictions: net assets without donor restrictions and net assets with donor restrictions. Accordingly, the net assets of the Food Bank and changes therein are classified and reported as follows:

Net assets without donor restrictions - Net assets that are not subject to any donor-imposed restrictions. At June 30, 2023, the Food Bank had \$7,320,004 in net assets without donor restrictions.

Net assets with donor restrictions - Net assets subject to donor-imposed restrictions. A donor-imposed restriction is a donor stipulation for the use of a contributed asset that is more specific than the broad limits resulting from the Food Bank's nature, environment, and purpose. At June 30, 2023, the Food Bank had \$831,674 in net assets with donor restrictions.

##### Use 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 and assumptions that affect the reported amounts of assets and liabilities, the 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.

## FREDERICKSBURG REGIONAL FOOD BANK

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

##### Cash and Cash Equivalents

The Food Bank considers all highly liquid investments that can be readily converted to cash or with a maturity of ninety days or less when purchased, to be cash equivalents. Cash equivalents are stated at cost, which approximates market value. Cash held for long-term investment is classified as investments.

##### Investments - Short-term

Investments are stated at fair value and consist of certificates of deposit with original maturities of more than ninety days, but not more than twelve months. Certificates of deposit are held at various banks and are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000.

##### Investments

Investments are recorded at fair value. Realized and unrealized changes in fair value of investments are reported separately in the statement of activities. For the year ended 2023, investments are maintained in Certificates of Deposit and an annuity contract.

##### Inventory

Inventory consists of purchased, donated and government goods. Purchased goods are valued at cost on a first in, first out basis. Donated goods are valued using Feeding America's Independent Accountants' Report of the estimated weighted average wholesale value of such goods. Management believes this benchmark reflects the most accurate basis for estimating the value of the Food Bank's donated food goods, and it is a widely accepted standard used by other food banks throughout the United States. Government goods are acquired through the United States Department of Agriculture ("USDA") and have assigned value provided by the USDA.

##### Property and Equipment

The Food Bank capitalizes all expenditures for the property and equipment in excess of \$5,000. Purchased property and equipment are carried at cost. Donated property and equipment are carried at fair value at the date of donation. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is recognized. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

##### Depreciation

Depreciation of property and equipment is determined using the straight-line and accelerated methods over the estimated useful lives of the related assets. Estimated useful lives range from 15 to 50 years for buildings and leasehold improvements, 5 to 15 years for equipment, and 5 years for vehicles.

## FREDERICKSBURG REGIONAL FOOD BANK

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

##### Functional Expenses

Expenses directly attributed to a specific functional area of the organization are reported as expenses of those functional areas, while shared costs that benefit multiple functional areas have been allocated among the various functional areas based on estimates of time and effort. The remaining expenses are allocated to management and general expenses for overall support and direction. Accordingly, costs have been allocated among the programs and supporting services benefited and are summarized on a functional basis in the statement of functional expenses.

##### Contributions

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

All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a 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 statement of activities as net assets released from restrictions.

The Food Bank uses the allowance method to determine uncollectible contributions receivable. The allowance is based on prior years' experience and management's analysis of specific promises made.

##### Income Taxes

The Food Bank is a nonprofit organization, which is exempt from Federal income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code. However, the Food Bank is subject to unrelated business income tax for activities conducted outside of its tax exempt purpose. The Food Bank did not conduct any unrelated business activities during the year ended June 30, 2023.

##### Accounting for Uncertain Tax Positions

The Food Bank follows FASB ASC 740 in measurement and disclosure of uncertain tax positions. The Food Bank believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

##### Donated Supplies

Donated supplies and materials are valued at their estimated fair market value at the date of receipt.

Many individuals volunteer their time to perform a variety of tasks that assist the Food Bank's program services. Volunteer services neither create nor enhance financial assets nor do they require special skills, and the services are not recognized as support in the accompanying statement of activities.

## FREDERICKSBURG REGIONAL FOOD BANK

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)

##### Donated Materials

The Food Bank receives a substantial amount of donated food and supplies, much of which is sorted salvage. The value reflected in the financial statements is based on Feeding America's wholesale price per pound of donated items.

##### Advertising

The Food Bank expenses advertising costs as incurred. During 2023 and 2022, advertising costs totaled \$88,857 and \$28,169, respectively.

##### Comparative Totals

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the Food Bank's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

##### Leases:

The Food Bank recognizes and measures its leases in accordance with FASB ASC 842, *Leases*. The Food Bank is a lessee in an operating lease for building space and equipment. The Food Bank determines if an arrangement is a lease, or contains a lease, at inception of a contract and when the terms of an existing contract are changed. The Center recognizes a lease liability and a right to use (ROU) asset at the commencement date of the lease. The lease liability is initially and subsequently recognized based on the present value of its future lease payments. Variable payments are included in the future lease payments when those variable payments depend on an index or a rate. The discount rate is the implicit rate if it is readily determinable or otherwise the Food Bank uses its incremental borrowing rate. The Food Bank's incremental borrowing rate for a lease is the rate of interest it would have to pay on a collateralized basis to borrow an amount equal to the lease payments under similar terms and in a similar economic environment. The ROU asset is subsequently measured throughout the lease term at the amount of the remeasured lease liability (i.e. present value of the remaining lease payments), plus unamortized initial direct costs, plus (minus) and prepaid (accrued) lease payments, less the unamortized balance of lease incentives received, and any impairment recognized. Lease cost for lease payments is recognized on a straight-line basis over the lease term.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards update (ASU) 2016-02, *Leases (Topic: 842) Leases*. This update requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. No restatement of beginning net position was required as a result of the implementation. Using the facts and circumstances that existed at the beginning of the year of implementation, the following balances were recognized as of July 1, 2022 related to the lease(s):

FREDERICKSBURG REGIONAL FOOD BANK

Notes to Financial Statements  
As of June 30, 2023 (Continued)

**NOTE 1 - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES: (Continued)**

Leases: (Continued)

Operating leases:	
Operating lease ROU assets	\$ 1,199,535
Operating lease liabilities	1,199,535

**NOTE 2—INVESTMENTS:**

Short-Term

Certificates of deposit with original maturities of more than ninety days, but not more than twelve months, as follows:

	<u>2023</u>	<u>2022</u>
Certificate of deposits	\$ 1,000,000	\$ 261,055
Total	\$ 1,000,000	\$ 261,055

Long-Term

	<u>2023</u>	<u>2022</u>
Corporate Debt	\$ 374,005	\$ 387,344
Equities	1,542,785	1,368,540
Total	\$ 1,916,790	\$ 1,755,884

**NOTE 3—CONTRIBUTIONS RECEIVABLE:**

Contributions receivable consist of the following:

	<u>2023</u>	<u>2022</u>
United Way contributions	\$ 114,725	\$ 109,982
Less allowance for uncollectible contributions	(28,693)	(23,504)
Total	\$ 86,032	\$ 86,478

**NOTE 4—ACCOUNTS RECEIVABLE:**

Accounts receivable consist of the following:

	<u>2023</u>	<u>2022</u>
Due from member agencies	\$ 2,024	\$ 23,351
Federation of Virginia Food Banks	36,210	28,190
Commonwealth of Virginia	234,515	137,472
Other	30,251	24,199
Total	\$ 303,000	\$ 213,212

**FREDERICKSBURG REGIONAL FOOD BANK**

**Notes to Financial Statements  
As of June 30, 2023 (Continued)**

**NOTE 5—INVENTORY:**

During the fiscal year-ended June 30, 2023 and 2022, Inventory consists of donated goods, purchased goods and USDA commodities. It is valued as stated below:

Inventory Type	June 30, 2023		June 30, 2022	
	Value Method	Value	Value Method	Value
Purchased	Cost (FIFO)	180,776	Cost (FIFO)	165,021
Donated	\$1.92/per pound	293,151	\$1.92/per pound	231,272
Government Goods	Per USDA	315,023	Per USDA	464,186
Total Value		<u>788,950</u>		<u>860,479</u>

The cost of \$1.92 per pound is based on a value set by Feeding America for use by member Food Banks.

**NOTE 6—CHARITABLE LEAD ANNUITY TRUST:**

During the 2005 fiscal year, a donor established a trust with a local bank naming the Food Bank as the beneficiary of a charitable lead annuity trust. The trust will pay out quarterly payments of \$12,474 for 20 years. Based on a 5.40% and 2.92% discount rate for the years ended June 30, 2023 and 2022, respectively, the present value of future benefits expected to be received by the Food Bank are estimated as follows:

	2023	2022
Current portion, due within one year	\$ 47,339	\$ 48,480
Long-term portion	11,835	60,600
Total	<u>\$ 59,174</u>	<u>\$ 109,080</u>

**NOTE 7—PENSION PLAN:**

The Food Bank offers a SIMPLE Plan (the Plan) to all eligible employees. The Food Bank matches participants' contributions to the Plan up to 3% of the individual participant's compensation. Retirement plan expense, which is included in employee benefits, amounted to \$40,468 and \$36,315 for the years ended June 30, 2023 and 2022, respectively.



FREDERICKSBURG REGIONAL FOOD BANK

Notes to Financial Statements  
As of June 30, 2023 (Continued)

**NOTE 8—PROPERTY AND EQUIPMENT:**

Property and equipment consist of the following:

	<u>2023</u>	<u>2022</u>
Non-depreciable assets:		
Land	\$ 234,168	\$ 234,168
Total non-depreciable assets	<u>\$ 234,168</u>	<u>\$ 234,168</u>
Depreciable assets:		
Building	\$ 1,502,405	\$ 1,502,405
Building improvements	1,317,838	994,225
Vehicles	981,623	735,235
Equipment	641,530	343,646
Office furniture, furnishings, and equipment	116,824	75,587
Leasehold improvements	518,924	42,353
Total depreciable assets	<u>\$ 5,079,144</u>	<u>\$ 3,693,451</u>
Total assets	\$ 5,313,312	\$ 3,927,619
Accumulated depreciation	(1,760,430)	(1,532,681)
Net property and equipment	<u>\$ 3,552,882</u>	<u>\$ 2,394,938</u>

Depreciation expense for the year ended June 30, 2023 and 2022 totaled \$318,642 and \$226,238, respectively.

**NOTE 9—FAIR VALUE MEASUREMENTS:**

The Food Bank follows FASB ASC 820 to disclose fair value measurements of assets and liabilities. FASB ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

- Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities.
- Level 2: Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3: Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flows methodologies and similar techniques that use significant unobservable inputs.

In determining the appropriate levels, the Food Bank performs a detailed analysis of the assets and liabilities that are subject to FASB ASC 820. At each reporting period, all assets and liabilities for which the fair value measurement is based on significant unobservable inputs are classified as Level 3. There were no Level 3 inputs for any assets held by the Food Bank at June 30, 2023. The inputs and techniques used in measuring fair value were not changed in 2023.

FREDERICKSBURG REGIONAL FOOD BANK

Notes to Financial Statements  
As of June 30, 2023 (Continued)

**NOTE 9—FAIR VALUE MEASUREMENTS: (Continued)**

The following table presents the balances of assets measured at fair value on a recurring basis by level within the hierarchy. There are no liabilities that are being measured and reported on a fair value basis.

	06/30/2023	Fair Value Measurements at Reporting Date Using		
		Quoted Prices in Active Markets for Identical Assets  (Level 1)	Significant Other Observable Inputs  (Level 2)	Significant Unobservable Inputs  (Level 3)
Corporate Debt	\$ 374,005	\$ 374,005	\$ -	\$ -
Equities	1,542,785	1,542,785	-	-
Beneficial interest in lead trust	59,174	-	59,174	-
Total	\$ 1,975,964	\$ 1,916,790	\$ 59,174	\$ -

**NOTE 10—COMPENSATED ABSENCES:**

Employees of the Food Bank are entitled to paid vacation based upon the Food Bank’s policy including years of service. The amount which has been recorded as a liability at June 30, 2023 and 2022 totals \$103,419 and \$108,975, respectively.

**NOTE 11- OPERATING LEASES:**

As of June 30, 2023, the Food Bank had noncancelable operating leases for building space and equipment, which expire through 2027. Lease expense for these leases totaled \$210,150 the year ended June 30, 2023. Operating cash flows from operating leases was \$202,369 for the year ended June 30, 2023. Right of use assets obtained in exchange for new operating lease liabilities was \$1,214,480 for the year ended June 30, 2023.

Amounts reported in the financial statements as of June 30, 2023 were as follows:

Operating leases:	
Operating leases right-of-use assets	\$ 1,037,945
Operating lease liabilities	\$ 1,045,726

FREDERICKSBURG REGIONAL FOOD BANK

Notes to Financial Statements  
As of June 30, 2023 (Continued)

**NOTE 11- OPERATING LEASES: (Continued)**

Future minimum lease payments under these leases are as follows:

2024	\$	208,614
2025		210,344
2026		210,344
2027		213,909
2028		215,930
2029		72,017
Total lease payments	\$	<u>1,131,158</u>
Less imputed interest	\$	<u>(85,432)</u>
Total lease liability	\$	<u>1,045,726</u>

The weighted average remaining lease term for operating leases is 5.33 years as of June 30, 2023. The weighted average discount rate for operating leases is 5.00% as of June 30, 2023.

**NOTE 12—NET ASSETS WITHOUT DONOR RESTRICTIONS - BOARD DESIGNATED:**

Feeding America requires that the Food Bank reserve at least three months of operating expenses in net assets without donor restrictions. Also, the Board has set aside funds for capital reserves and other purposes.

The Food Bank’s Board of Directors have chosen to place the following limitations on net assets without donor restrictions:

	<u>2023</u>	<u>2022</u>
Operating reserves	\$ 929,902	\$ 894,191
Capital reserves	100,000	100,000
<b>Total</b>	<b>\$ <u>1,029,902</u></b>	<b>\$ <u>994,191</u></b>

**NOTE 13—NET ASSETS WITH DONOR RESTRICTIONS:**

Net assets with donor restrictions consists of the following:

	<u>2023</u>	<u>2022</u>
Beneficial interest in lead trust - Arvel Shannon Trust	\$ 59,174	\$ 109,080
Grants	772,500	205,174
Donor directed funds	-	-
<b>Total</b>	<b>\$ <u>831,674</u></b>	<b>\$ <u>314,254</u></b>

## FREDERICKSBURG REGIONAL FOOD BANK

### Notes to Financial Statements As of June 30, 2023 (Continued)

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#### **NOTE 13—NET ASSETS WITH DONOR RESTRICTIONS: (Continued)**

During fiscal year 2023, net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors in the amount of \$205,174.

#### **NOTE 14—LIQUIDITY AND AVAILABILITY:**

As of June 30, 2023, financial assets and liquidity resources available within one year for general expenditures, such as operating expenses, scheduled principal payments on debt, and capital construction costs not financed with debt, are as follows:

<b>Assets:</b>	<b><u>2023</u></b>	<b><u>2022</u></b>
Cash and cash equivalents	\$ 582,478	\$ 3,169,186
CDs maturing in less than 12 months	1,000,000	261,055
Accounts receivable expected to be received in less than 12 months	303,000	213,212
Contributions receivable expected to be received in less than 12 months	86,032	86,478
Current portion of beneficial interest in trust	<u>47,339</u>	<u>48,480</u>
Total assets available within one year	<u>\$ 2,018,849</u>	<u>\$ 3,778,411</u>

As part of the Food Bank's asset management plan, various equities and long-term investments have been purchased with maturity dates beyond one year of the statement of financial position date. These assets are available for general expenditure, without donor restrictions limiting their use, and are comprised of the following:

	<b><u>2023</u></b>	<b><u>2022</u></b>
CDs maturing in more than 12 months	\$ -	\$ -
Corporate Debt	374,005	387,344
Equities	1,542,785	1,368,540
Indexed Annuity Contract	<u>-</u>	<u>-</u>
Total	<u>\$ 1,916,790</u>	<u>\$ 1,755,884</u>

The Board has imposed restrictions pertaining to the use of net assets without donor restrictions in the amount of \$1,029,902 for the year ended June 30, 2023 as described in Note 12.

#### **NOTE 16—REFUNDABLE ADVANCES**

In 2022, the Food Bank entered into a grant agreement for Block Funds with the Virginia Department of Housing and Community Development to increase building capacity in the leased warehouse. On June 16, 2022, The Food Bank received funds in advance to purchase and install a new freezer and cooler. The funds received in advance are recorded as refundable advances and are subsequently recognized as revenue when the Food Bank incurs the applicable costs. As of June 30, 2023 and 2022, the balance was \$0 and \$173,287, respectively.

FREDERICKSBURG REGIONAL FOOD BANK

Notes to Financial Statements  
As of June 30, 2023 (Continued)

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**NOTE 17 –DONATED MATERIALS**

The Food Bank’s receipt of donated and government food is recorded as donated materials revenue in the accompanying statement of activities. In-kind food contributions and distributions are valued at fair value based as described in the inventory section of Note 5. Distributions of in-kind food are included in donated materials in the accompanying statement of functional expenses.

A summary of the value of in-kind food contributions and distributions for the year ended June 30, 2023, is as follows:

	<u>2023</u>		<u>2022</u>	
	<u>Received</u>	<u>Distributed</u>	<u>Received</u>	<u>Distributed</u>
Government	\$ 2,436,341	\$ 7,750,341	\$ 2,275,378	\$ 5,897,320
Donated	<u>8,414,817</u>	<u>2,522,470</u>	<u>6,932,506</u>	<u>2,334,184</u>
	<u>\$ 10,851,158</u>	<u>\$ 10,272,811</u>	<u>\$ 9,207,884</u>	<u>\$ 8,231,504</u>

**NOTE 18–DATE OF MANagements REVIEW:**

In preparing these financial statements, management of the Food Bank has evaluated events and transactions for potential recognition or disclosure through October 13, 2023, the date the financial statements were available to be issued.

## **COMPLIANCE**



**Independent Auditors' 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***

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**To the Board of Directors  
Fredericksburg Regional Food Bank  
Fredericksburg, Virginia**

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 Fredericksburg Regional Food Bank (a nonprofit organization), which comprise the statement of financial position as of June 30, 2023 and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 13, 2023.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Fredericksburg Regional Food Bank'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 Fredericksburg Regional Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of Fredericksburg Regional Food Bank's internal control.

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

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 have not been identified.

## Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fredericksburg Regional Food Bank'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.

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia  
October 13, 2023





**Independent Auditors' Report on Compliance for Each Major Program and on  
Internal Control over Compliance Required by the Uniform Guidance**

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To the Board of Directors  
Fredericksburg Regional Food Bank  
Fredericksburg, Virginia

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Fredericksburg Regional Food Bank's 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 Fredericksburg Regional Food Bank's major federal programs for the year ended June 30, 2023. Fredericksburg Regional Food Bank's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Fredericksburg Regional Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Fredericksburg Regional Food Bank 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 Fredericksburg Regional Food Bank'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 Fredericksburg Regional Food Bank's federal programs.

## ***Auditors' 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 Fredericksburg Regional Food Bank'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 Fredericksburg Regional Food Bank'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 Fredericksburg Regional Food Bank'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 Fredericksburg Regional Food Bank'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 Fredericksburg Regional Food Bank'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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

*Robinson, Farmer, Cox Associates*

Fredericksburg, Virginia

October 13, 2023

Fredericksburg Regional Food Bank

Schedule of Expenditures of Federal Awards  
 Year Ended June 30, 2023

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Federal Expenditures
<u>Department of Agriculture:</u>			
Pass-through Payments:			
Virginia Department of Agriculture and Consumer Services:			
<u>Food Distribution Cluster</u>			
Emergency Food Assistance Program - Food Commodities	10.569	Not Available	\$ 2,091,619
Emergency Food Assistance Program - Administrative Costs	10.568	Not Available	760,565
Commodity Supplemental Food Program	10.565	Not Available	409,541
Total Food Distribution Cluster			\$ 3,261,725
Virginia Department of Social Services:			
<u>Child Nutrition Cluster</u>			
Summer Food Service Program for Children	10.559	Not Available	\$ 333,868
<u>SNAP Cluster</u>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	Not Available	21,473
Total Department of Agriculture			\$ 3,617,066
<u>Department of Health and Human Services</u>			
Pass-through Payments:			
Virginia Department of Social Services:			
Temporary Assistance to Needy Families	93.558	Not Available	\$ 87,523
Total Department of Health and Human Services			\$ 87,523
<u>Department of Homeland Security</u>			
Pass-through Payments:			
City of Fredericksburg, Virginia:			
Emergency Food and Shelter National Board Program	97.024	Not Available	\$ 9,515
County of Caroline, Virginia:			
Emergency Food and Shelter National Board Program	97.024	Not Available	9,790
Total Emergency Food and Shelter National Board Program			\$ 19,305
Total Department of Homeland Security			\$ 19,305
<u>Department of Housing and Urban Development:</u>			
Pass-through Payments:			
Virginia Department of Housing and Community Development:			
COVID-19 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii	14.228	20-20-54	\$ 1,840,000
Total Department of Housing and Urban Development			\$ 1,840,000
Total expenditures of federal awards			\$ 5,563,894

See accompanying notes to the schedule of expenditures of federal awards.

## Fredericksburg Regional Food Bank

Notes to the Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2023

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### Note 1 - Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Fredericksburg Regional Food Bank under programs of the federal government for the year ended June 30, 2023. The information in this 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 operations of Fredericksburg Regional Food Bank, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Fredericksburg Regional Food Bank.

### Note 2 - Summary of Significant Accounting Policies:

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

(2) Pass-through entity identifying numbers are presented where available.

(3) The Food Bank did not elect to use the 10% de minimis indirect cost rate.

(4) The Food Bank did not pass any federal awards through to sub-recipients during the year ended June 30, 2023.

### Note 3 - Food Distribution:

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. At June 30, 2023, the Food Bank had food commodities totaling \$315,023 in inventory related to the federal programs based on the USDA values.

### Note 4 - Relationship to the Financial Statements:

Federal revenues are reported in the audited statements as follows:

Federal grants per the financial statements	\$ 3,143,771
Contributions federal donated materials - food	2,420,123
Total expenditures of federal awards per the Schedule of Expenditures of Federal Awards	<u>\$ 5,563,894</u>

**Fredericksburg Regional Food Bank**

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2023

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**Section I - Summary of Auditors' Results**

**Financial Statements**

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported

Type of auditors' report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR, Section 200.516(a)?	No
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Identification of major programs:

<u>Federal Assistance Listing #</u>	<u>Name of Federal Program or Cluster</u>
10.565/10.568/10.569	Food Distribution Cluster
14.228	COVID-19 Community Development Block Grants/State's program and Non-Entitlement Grants in Hawaii

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
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**Section II - Financial Statement Findings**

There are no financial statement findings to report.

**Section III - Federal Award Findings and Questioned Costs**

There are no federal award findings and questioned costs to report.