

**Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida) and Feeding NE
Florida Support Corporation
Independent Auditor's Report
and
Consolidated Financial Statements
For the Year Ended December 31, 2021
*(With Summarized Comparative Information for 2020)***



THE NICHOLS GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

**Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida) and Feeding NE FL Support Corporation
Independent Auditor’s Report and Consolidated Financial Statements
December 31, 2021
(With Summarized Comparative Information for 2020)**

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Feeding Northeast Florida
Jacksonville, Florida

Opinion

We have audited the accompanying consolidated financial statements of Regional Food Bank of Northeast Florida, Inc. (DBA Feeding Northeast Florida) (Organization), a nonprofit organization, and Feeding NE FL Support Corporation (Supporting Organization) which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Organization and Supporting Organization as of December 31, 2021, and the consolidated changes in their net assets and their 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and Supporting Organization 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.

Management's Responsibility 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 consolidated 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 and Supporting 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 consolidated 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 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, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 and Supporting 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 consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's and Supporting 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* and Schedules of Source and Expenditure of City Grant Funds are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards and Schedules of Source and Expenditure of City Grant Funds are fairly stated in all material respects in relation to the consolidated 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 May 17, 2022, on our consideration of the Organization's and Supporting Organization's internal control over financial reporting and on our tests of their 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 the Organization's and Supporting Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's and Supporting Organization's internal control over financial reporting and compliance.

Report on Summarized Comparative Information

We have previously audited the Organization's 2020 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated May 18, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.



The Nichols Group, PA
Certified Public Accountants
Fleming Island, Florida

May 17, 2022

Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida)
Consolidated Statements of Financial Position
As of December 31, 2021 and 2020

	2021	2020
ASSETS		
Cash and cash equivalents	\$ 3,143,587	\$ 6,429,594
Accounts receivable	173,190	353,110
Grants receivable	254,502	73,135
Prepaid expenses and other assets	160,254	72,025
Contributions and promises to give, net	526,482	577,806
Inventories	976,202	623,032
Property and equipment, net	7,938,985	4,275,252
Total assets	\$ 13,173,202	\$ 12,403,954
 LIABILITIES AND NET ASSETS		
Liabilities:		
Accounts payable	\$ 169,793	\$ 261,133
Accrued expenses	164,126	139,250
Deferred revenue	15,428	61,664
Paycheck Protection Program loan	-	341,052
Feeding America loan	-	330,625
Total liabilities	349,347	1,133,724
Net assets:		
Without donor restrictions	12,358,796	10,635,154
With donor restrictions	465,059	635,076
Total net assets	12,823,855	11,270,230
Total liabilities and net assets	\$ 13,173,202	\$ 12,403,954

See accompanying notes.

Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida)
Consolidated Statements of Activities
For the Year Ended December 31, 2021
(With Summarized Comparative Totals for 2020)

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>2021</u>	<u>2020</u>
REVENUES, GAINS, AND OTHER SUPPORT:				
Private support revenue	\$ 2,775,122	\$ -	\$ 2,775,122	\$ 4,732,903
Grant applications revenue	1,350,985	289,191	1,640,176	5,291,676
Online giving revenue	640,242	-	640,242	1,260,823
Direct mail revenue	398,571	-	398,571	413,421
Special events revenue	72,501	-	72,501	58,854
Cause marketing revenue	858,756	-	858,756	393,666
Value of contributed inventory	53,625,955	-	53,625,955	52,619,378
Value of in-kind, other	75,785	-	75,785	112,278
Operating revenue	334,592	-	334,592	250,318
Investment return	1,221	-	1,221	51,404
Lease and rental income	21,500	-	21,500	12,000
Insurance proceeds	13,117	-	13,117	13,088
Miscellaneous	8,095	-	8,095	4,911
Loan forgiveness	614,177	-	614,177	-
Net assets released from restrictions:				
Satisfaction of time and program restrictions	459,208	(459,208)	-	-
Total revenues, gains, and other support	<u>\$ 61,249,827</u>	<u>\$ (170,017)</u>	<u>\$ 61,079,810</u>	<u>\$ 65,214,720</u>
EXPENSES:				
Program services	\$ 57,906,126	\$ -	\$ 57,906,126	\$ 58,011,055
Supporting activities:				
Management and general	618,858	-	618,858	446,134
Fundraising	1,001,201	-	1,001,201	668,817
Total expenses	<u>59,526,185</u>	<u>-</u>	<u>59,526,185</u>	<u>59,126,006</u>
Change in net assets	1,723,642	(170,017)	1,553,625	6,088,714
Net assets, beginning of year	10,635,154	635,076	11,270,230	5,181,516
Net assets, end of year	<u>\$ 12,358,796</u>	<u>\$ 465,059</u>	<u>\$ 12,823,855</u>	<u>\$ 11,270,230</u>

See accompanying notes.

Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida)
Consolidated Statements of Functional Expenses
For the Year Ended December 31, 2021
(With Summarized Comparative Totals for 2020)

	Program Services	Management and General	Fundraising	2021	2020
Salaries and wages	\$ 1,610,754	\$ 268,330	\$ 517,855	\$ 2,396,939	\$ 1,979,517
Employee benefits and payroll taxes	337,846	37,850	93,798	469,494	332,666
Total salaries and benefits	<u>1,948,600</u>	<u>306,180</u>	<u>611,653</u>	<u>2,866,433</u>	<u>2,312,183</u>
Building maintenance	191,517	-	-	191,517	266,026
Special events	-	-	15,173	15,173	22,935
Donated food and non-food redistributed	53,238,282	-	-	53,238,282	53,087,744
Purchased food distributed and direct program supplies	1,086,190	-	-	1,086,190	1,178,603
Insurance	34,823	60,258	10,695	105,776	86,362
Accounting, banking and audit fees	-	86,280	-	86,280	73,739
Maintenance and rental of equipment	318,309	-	-	318,309	364,694
Meetings, conferences, and transportation	12,672	15,365	7,462	35,499	33,825
Miscellaneous	5,344	4,326	49,515	59,185	8,058
Dues and subscriptions	30,232	10,747	9,448	50,427	36,615
Occupancy	87,345	-	-	87,345	80,831
Office expenses and supplies	22,920	42,235	674	65,829	189,843
Postage and shipping	-	-	1,598	1,598	7,675
Printing and publications	-	20,986	132,365	153,351	108,238
Professional and contractual fees	70,157	50,207	19,250	139,614	454,861
Marketing and advertising	-	-	134,675	134,675	99,029
IT Support and telephone	129,356	22,274	8,693	160,323	127,659
Trucking, freight, and fuel costs	265,389	-	-	265,389	146,935
Utility costs	143,016	-	-	143,016	148,484
Interest expense	11,334	-	-	11,334	-
Loss on disposals of equipment	-	-	-	-	49,788
Total expenses before depreciation:	57,595,486	618,858	1,001,201	59,215,545	58,884,127
Depreciation of property and equipment	310,640	-	-	310,640	241,879
Total expenses	<u>\$ 57,906,126</u>	<u>\$ 618,858</u>	<u>\$ 1,001,201</u>	<u>\$ 59,526,185</u>	<u>\$ 59,126,006</u>

See accompanying notes.

Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida)
Consolidated Statements of Cash Flows
For the Years Ended December 31, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 1,553,625	\$ 6,088,714
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	310,640	241,879
Loan forgiveness	(614,177)	-
Donation of exchange traded products and stock	-	(4,719)
Loss on disposal of equipment	-	49,788
Net realized and unrealized gain on investments	-	(18,731)
Net increase (decrease) in cash flow from changes in:		
Accounts receivable	179,920	(306,108)
Grants and contributions receivable	(130,043)	157,543
Prepaid expenses and other assets	(88,229)	(26,386)
Accounts payable and accrued expenses	(66,464)	88,797
Deferred revenue	(46,236)	(1,552)
Inventory	(353,170)	245,739
Net cash provided by operating activities	745,866	6,514,964
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(3,974,373)	(1,104,408)
Proceeds from sale of investments	-	115,881
Net cash used in investing activities	(3,974,373)	(988,527)
CASH FLOWS FROM FINANCING ACTIVITIES		
Paydown on Feeding America loan	(57,500)	(172,500)
Proceeds from Paycheck Protection Program loan	-	341,052
Net cash provided by (used in) financing activities	(57,500)	168,552
Net increase (decrease) in cash and cash equivalents	(3,286,007)	5,694,989
Cash and cash equivalents at beginning of year	6,429,594	734,605
Cash and cash equivalents at end of year	\$ 3,143,587	\$ 6,429,594
 SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
NON-CASH INVESTING ACTIVITIES		
Donated vehicle lease	\$ 167,400	\$ -
Total non-cash investing activities	\$ 167,400	\$ -
NON-CASH FINANCING ACTIVITIES		
Loan forgiveness - Paycheck Protection Program loan	\$ 341,052	\$ -
Loan forgiveness - Feeding America loan	273,125	-
Total non-cash financing activities	\$ 614,177	\$ -

See accompanying notes.

Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida)
Notes to Consolidated Financial Statements
December 31, 2021
(With Summarized Comparative Totals for 2020)

1. Nature of Organization

Regional Food Bank of Northeast Florida, Inc. (DBA Feeding Northeast Florida) referred to herein as the Organization, a Florida not-for-profit corporation organized on March 5, 2014 to serve as a clearing house to collect, store, and redistribute surplus food to charitable 501(c)(3) organizations that operate on-site or emergency food distribution services.

Donors, such as processors, wholesalers, distributors, restaurants and resorts, provide the Organization with usable food that is not saleable because the food has been overproduced, discontinued, or will soon be out-of-date.

Feeding NE Florida Support Corporation (Supporting Organization) was organized on December 3, 2021 to serve as a real estate holding company of certain property located at 5245 Old Kings Road, Jacksonville, Florida, 32254. The Supporting Organization was formed as a requirement of the New Markets Tax Credit Program (NMTC Program). The purpose of the NMTC Program is to attract private capital by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in low-income communities. The Supporting Organization will operate as a not-for-profit corporation exclusively for purposes that are described in Sections 170 (c)(2) and 501(c)(3) of the Internal Revenue Code. The Supporting Organization is operated exclusively for the benefit of, to perform the functions of, and to carry out the purposes of the Organization.

This Supporting Organization is consolidated in the Organization's financial statements. All significant interorganizational accounts and transactions have been eliminated in consolidation. In these Notes to Consolidated Financial Statements, "Organization" refers to both the Organization and the Supporting Organization, when applicable.

2. Summary of Significant Accounting Policies

A. Basis of Accounting and Use of Estimates

The accompanying consolidated financial statements are presented on the accrual basis of accounting in accordance with U.S. generally accepted accounting principles. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

B. Functional Allocation of Expenses

The costs of providing program services and supporting activities have been summarized on a functional basis in the Consolidated Statement of Activities and Consolidated Statement of Functional Expenses. Expenses are recorded at the time they are incurred in the program directly benefiting for the costs. Certain other costs incurred for the benefit of the entire organization such as employee benefits, space occupancy, insurance, and technology are allocated to the programs and supporting services benefited. Expenses that are common to program services, management and general and fundraising are allocated based on management's determination.

C. Comparative Financial Information

The financial statements include certain prior-year summarized comparative information in total

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but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended December 31, 2020, from which the summarized information was derived.

D. Income Tax Status

The Organization is exempt from federal income tax under provision of Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization has been determined by the Internal Revenue Service (IRS) not to be a private foundation within the meaning of Section 509(a) of the Code. However, income from certain activities not directly related to the tax-exempt purpose may be subject to taxation as unrelated business income.

The Organization's IRS filings are subject to review and examination by federal authorities. The Organization is not aware of any activities that would jeopardize its tax-exempt status. The IRS filings for the years ended December 31, 2019 and later will be open to examination by federal authorities. For the years ended December 31, 2021 and 2020, there were no interest or penalties recorded or included in the financial statements.

E. Cash and Cash Equivalents and Investments

For the purposes of the Consolidated Statement of Cash Flows, the Organization considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

The Organization's investment securities consist of money market funds, common stock and exchange-traded funds. Investment securities are exposed to various risks, such as interest rate, credit, and overall market volatility. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of the Organization's investments could occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

It is the policy of the Organization, under the guidance of its Finance Committee, to follow an investment practice that balances the following fundamental goals:

- Assure minimal principal risk
- Achieve the highest investment returns
- Match present and future liquidity needs
- Foster mutually beneficial relationships with Jacksonville-based financial institutions

The Finance Committee reviews its investment policies on an annual basis.

F. Accounts Receivable

Accounts receivable are carried at their estimated collectible amounts and are recorded net of contractual adjustments and an allowance for doubtful accounts. The allowance for doubtful accounts is estimated by management based on the Organization's prior years' experience when available and a review of the current status of the existing receivables. Adjustments to the allowance for doubtful accounts are recorded to an expense account. When management determines that a receivable is uncollectible, it is removed from accounts receivable and is charged to the allowance for doubtful accounts. No allowance is established at December 31, 2021 or 2020 as management believes all amounts are collectible.

G. Inventories

Purchased food inventory is stated at the lower of cost (determined on first-in, first-out basis) or

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(DBA Feeding Northeast Florida)
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market. Donated food inventory continues to be valued at the approximate average wholesale value of one pound of donated product at the national level which was determined to be \$1.79 and \$1.74, respectively, during 2021 and 2020, based on a study performed by Feeding America.

H. Compensated Absences

The Organization accrues accumulated paid time off (PTO) when earned by the employee. Generally, PTO must be taken during the calendar year earned. However, up to 120 hours may be carried forward per calendar year. Eligible employees who end their employment with the Organization are reimbursed for unused PTO, which is capped at 120 hours.

I. Revenue Recognition

The Organization's resources as presented on the consolidated statements of activities and consolidated changes in net assets include revenue, gains, and other support. Revenue consists of fees earned for the performance of Organization services, public support such as contributions and grants, investment income which consists of interest, rents and other revenue or support. Public support such as contributions and grants are unconditional gifts to the Organization of cash or other assets in a voluntary nonreciprocal transfer by another entity.

Revenue, gains, and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses and losses are reported as decreases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. 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 classes of net assets. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as "unrestricted" support without donor restrictions.

Contributions, including unconditional promises to give, less an allowance for uncollectible accounts, are recognized as revenue in the period made or received. Pledges are discounted, using a market discount rate, to present value for collections expected in future years. Accretion of the discount in subsequent years is also recorded as contribution revenue. At December 31, 2021 and 2020, there were \$535,000 and \$589,515 in undiscounted pledges outstanding, respectively. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. The Organization also receives indications of intent to support, which are commitments that are open-ended and subject to unilateral change by the donor. The amounts are not measurable since the commitments do not express a term or period. Thus, they are not considered to be unconditional promises to give and are not recognized prior to the receipt of the contribution. The Organization believes that all pledges receivable at December 31, 2021 and 2020, which are scheduled to be collected during 2022 and 2021, respectively, will be fully collected. Accordingly, no allowance for uncollectible accounts is required.

J. Property and Equipment

Purchased property and equipment are stated at cost. Donated property and equipment are stated at estimated fair market value at the date of donation. It is the policy of the Organization to expense assets in the period purchased if the assets cost \$2,000 or less individually. Assets, defined as those items purchased or donated with a probable future economic benefit to the organization, costing in excess of \$2,000 individually will be capitalized and depreciated in accordance with the Organization's depreciation policies. Repairs and improvements to real property and leasehold improvements will be capitalized if they cost in excess of \$5,000

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individually.

Depreciation is computed on a straight-line method over the estimated useful lives of the related assets which may range from 3 to 40 years.

K. Concentration of Credit Risk

The Organization solicits food on behalf of participating local social service agencies or programs, substantially all of which are 501(c)3 organizations. These agencies contribute to the costs of food collection and storage by paying the Organization a "handling fee" for items received. The fee is determined through a combination of a maximum limit determined by Feeding America and Organization discretion as to mix of products assessed and level of fee charged.

The Federal Deposit Insurance Corporation insures accounts at each institution up to \$250,000. At December 31, 2021 and 2020, the Organization had \$2,446,639 and \$5,169,842 uninsured funds at Bank of America, respectively.

At December 31, 2021 and 2020, the Organization's largest receivables are for four unconditional promises to give due from one individual and four foundations totaling \$535,000 and for four unconditional promises to give due from two individuals and two foundations totaling \$589,515, respectively. In addition, the Organization receives a substantial amount of its support from private agencies. A significant reduction in funding from these sources, if it were to occur, may have an effect on the Organization's programs and activities.

L. Fair Value of Financial Instruments

The Organization's financial instruments are cash and cash equivalents, investments, prepaid expenses and deposits, short-term receivables, long-term receivables, accounts payable and accrued expenses. These are recorded at their fair values.

M. Long-Lived Assets

The Organization follows the policy of lifting restrictions on contributions of cash and other assets received for the acquisition of long-lived assets when the long-lived assets are acquired. In accordance with generally accepted accounting principles, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Organization first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market value and third-party independent appraisals, as considered necessary. No impairment charges have been recorded in the accompanying financial statements related to long-lived assets.

N. New Accounting Pronouncements

In February 2016, FASB issued ASU 2016-02, *Leases*. ASU 2016-02 requires entities to recognize all leased assets as assets on the statement of financial position with a corresponding liability resulting in a gross up of the statement of financial position. Entities will also be required to present additional disclosures regarding the nature and extent of leasing activities. The requirements of this statement, originally effective for the Organization for the year ending December 31, 2020, have been extended to be effective for the year ending December 31,

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2022. The Organization is currently evaluating the impact of ASU 2016-02 may have on its financial statements.

In September 2020, FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, requiring entities to present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash or other financial assets. The standard also increases the disclosure requirements around contributed nonfinancial assets, including disaggregating by category the types of contributed nonfinancial assets an entity has received. The new standard is effective for the Organization for the year ending December 31, 2022. The Organization is currently evaluating the impact of ASU 2020-07 may have on its financial statements.

O. Reclassifications

For comparability, certain 2020 amounts have been reclassified to conform with classifications adopted in 2021. The reclassifications have no effect on reported amounts of net assets or change in net assets.

3. Restrictions on net assets

The long-term portions of contributions receivable are temporarily restricted due to the future payments supporting future organizational activities, therefore, implying time restrictions. Net assets with time restrictions were \$196,482 and \$258,291 at December 31, 2021 and 2020 respectively. Net assets with donor restrictions available for specific purposes were \$268,577 and \$376,785 at December 31, 2021 and 2020, respectively.

4. Liquidity and availability of financial assets

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

	2021	2020
Cash and cash equivalents	\$ 3,143,587	\$ 6,429,594
Accounts receivable	173,190	353,110
Grants receivable	254,502	73,135
Contributions receivable	526,482	577,806
Subtotal of financial assets	4,097,761	7,433,645
Amounts unavailable for general expenditures within one year:		
Feeding America loan debt service	-	(158,125)
Time restricted:		
Contributions receivable, long-term portion	(196,482)	(258,291)
Donor-restricted for program expenses:		-
Restricted - Jim Moran Foundation	(190,001)	(91,308)
Restricted - Florida Blue	(78,576)	(83,979)
Restricted - Feeding America Grant	-	(201,498)
Total donor-restricted for program expenses	(268,577)	(376,785)
Total restricted	(465,059)	(635,076)
Total unavailable for general expenditures within one year	(465,059)	(793,201)
Financial assets available to meet cash needs for general expenditures within one year	\$ 3,632,702	\$ 6,640,444

As part of the Organization's liquidity management, management has chosen to put \$300,000 in various interest-bearing accounts as a cash reserve to protect the organization against short-term interruptions of cash flow.

Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida)
Notes to Consolidated Financial Statements
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Inventories

Inventories consisted of the following for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Donated food	\$ 847,062	\$ 447,378
Purchased food	<u>129,140</u>	<u>175,654</u>
	<u>\$ 976,202</u>	<u>\$ 623,032</u>

5. Contributions and promises to give

Contributions and promises to give as of December 31, 2021 and 2020 are as follows:

	<u>2021</u>	<u>2020</u>
Within one year	\$ 330,000	\$ 319,515
Between one and five years	<u>205,000</u>	<u>270,000</u>
	\$ 535,000	\$ 589,515
Less:		
Discount to present value	<u>(8,518)</u>	<u>(11,709)</u>
Total contributions and promises to give, net	<u>\$ 526,482</u>	<u>\$ 577,806</u>

At December 31, 2021 and 2020, contributions and promises to give to be received between one and five years are discounted using a 2.00% rate through the expected term of the contribution and promises to give receivable.

6. Property and Equipment

The following is a summary of the components of property and equipment for the years ended December 31, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Land - Industrial Boulevard	\$ 146,270	\$ 146,270
Land - Old Kings Road	1,028,001	-
Building and improvements - Industrial Boulevard	2,440,561	2,345,207
Construction in progress - Old King Road	2,703,364	-
Construction in progress - Beaver Street Farmers Market	21,469	-
Leasehold improvements	28,020	28,020
Vehicles	1,418,039	1,323,754
Warehouse equipment	997,481	965,581
Less: Accumulated depreciation	<u>(844,220)</u>	<u>(533,580)</u>
Total	<u>\$ 7,938,985</u>	<u>\$ 4,275,252</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$310,640 and \$241,879 respectively.

Regional Food Bank of Northeast Florida, Inc.
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Notes to Consolidated Financial Statements
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7. In-kind Donations

Contributions of assets, materials, and facilities are recorded at their estimated fair value at the date of gift. Such values are recorded in the financial statements as an asset or expense and revenue. For the years ended December 31, 2021 and 2020, in-kind contributions included donated food inventory valued at approximately \$53,625,955 and \$52,619,378, respectively. Contributed food inventory was redistributed to charitable organizations at a value of approximately \$53,238,282 and \$53,074,967, respectively for the years ended December 31, 2021 and 2020. In addition, the Organization receives contributed time related to various program services and construction projects. These contributed services are recorded at their estimated fair value at the date of service if they meet the following criteria: (a) the services would have otherwise been purchased by the Organization, and (b) the services required specialized skills. For the years ended December 31, 2021 and 2020, the Organization recognized contributed services, meeting the above criteria, in the amount of \$75,785 and \$112,278, respectively. Donated use of facilities is recognized as expense and revenue. There was no donated use of facilities for the year ended December 31, 2021 or 2020.

A substantial number of unpaid volunteers have made significant contributions of their time to provide assistance to the Organization in its program and support activities. During the years ended December 31, 2021 and 2020, part-time volunteers provided 21,600 hours and 18,795 hours valued at \$324,000 and \$281,925, respectively to the Organization. The value of contributed time has not been recorded in the accompanying financial statements since specialized skills were not required.

8. Deferred Revenue

Deferred revenue includes payments made by agencies in advance of shopping in the warehouse to purchase food from the Organization for \$15,428 and \$49,664 at December 31, 2021 and 2020, respectively. At December 31, 2021 and 2020, deferred revenue also includes prepaid rental of office space at the Industrial Boulevard warehouse in the amount of \$0 and \$12,000, respectively.

9. Compensated Absences

The Organization's liability for compensated absences was \$51,504 and \$51,757 and was included in accrued expenses as of December 31, 2021 and 2020, respectively. This represents amounts owed to employees under the Organization's paid leave policy.

10. Long-term debt

Feeding America

The Organization executed a loan agreement with Feeding America on May 22, 2014 that provided for borrowings of up to \$750,000 as a revolving line of credit. The line of credit was made available to finance the development of the Organization's warehouse, food distribution and administrative facilities in Jacksonville, Florida. The Organization was not required to pay interest on any principal outstanding under the loan agreement for the first two years. The Organization was to pay Libor plus 2% interest on any principal outstanding in year three and forward. The line of credit was available until December 31, 2017 unless otherwise terminated as provided in the Agreement.

As of December 31, 2016, the Organization had used all \$750,000 of the line of credit. No

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principal and interest payments were made during 2016 or 2017, which caused the loan to go into default. On December 27, 2017, a forbearance agreement and first amendment was entered into by and between the Organization and Feeding America.

Under the terms of the agreement, the parties agreed to amend the loan agreement as follows:

The Organization may repay the principal amount of the loan without prepayment premium. Any principal amount of the loan that is repaid or prepaid may not be re-borrowed.

The line of credit matures and is due and payable in full on December 31, 2022.

The Organization is required to pay principal every quarter beginning March 31, 2019 until the expiration date of December 31, 2022 or, if earlier, until the remaining unpaid balance is paid in full.

During the forbearance period, the loan shall not bear interest and the Organization shall not be required to pay interest on the outstanding principal amount of the Loan.

For the year ended December 31, 2021 and 2020, the Organization paid \$57,500 and \$172,500, respectively of principal amount.

At June 30, 2021, Feeding America made the decision to forgive the remaining amount of the debt.

Paycheck Protection Program

On April 15, 2020, the Organization entered into a Loan Agreement with Bank of America pursuant to the Paycheck Protection Program (PPP) under the Coronavirus Aid, Relief, and Economic Security Act in the amount of \$341,052. The note and related interest were subject to forgiveness when the proceeds of the loan were used to fund payroll and other allowable expenses as defined by the PPP. Loan proceeds were received April 17, 2020. On January 20, 2021, the loan was paid in full (including applicable interest) by the Small Business Administration.

The Organization's long-term debt consists of the following:

	2021	2020
Feeding America loan	\$ -	\$ 330,625
Paycheck Protection Program loan	-	341,052
Less current portion	-	(158,125)
	\$ -	\$ 513,552

11. Donated Vehicle Lease

On June 25, 2021, the Darden Restaurants Inc. Foundation, with support from Penske Truck Leasing and Lineage Logistics, donated an International MV 4x2 Truck through a vehicle leasing agreement to the Organization. The lease matures in 2026, at which time the Organization has the option to purchase the vehicle for \$1.00. The original agreed value of the vehicle is \$94,285. The fixed lease charge is \$2,790 per month with a lease term of 60 months for a value of \$167,400. The funds were submitted to Feeding America who then distributed the funds in the

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(With Summarized Comparative Totals for 2020)

form of a grant to the Organization. The funds are held in a prepaid account and each month a withdrawal is made by Penske to pay the entirety of the truck lease. The difference between the value of the vehicle of \$94,285 and the amount recognized as grant revenue of \$167,400 is reported as prepaid interest in the amount of \$73,115 which is to be amortized over the life of the lease.

Amortization of prepaid interest for the year 2021 was \$11,719, reported as interest expense. Depreciation expense of the vehicle for the year 2021 was \$9,429.

12. Operating Leases (lessee)

On March 27, 2014, the Organization entered into a one- year operating lease agreement for approximately 21,000 square feet of warehouse space commencing on May 1, 2014. This agreement has been extended annually since its inception and is currently set to end on April 30, 2023. As of December 31, 2021, the future minimum lease payments total \$111,191, payable through April 30, 2023.

The Organization leases trucks under month-to-month operating leases with 60 days notice to terminate. These leases include four refrigeration trailers and two refrigeration trucks.

Beginning in October 2018, the Organization is leasing copier equipment under a 63-month lease term which automatically renews for successive one-year periods, subject to annual increases. The monthly payment for the year ended December 31, 2021 was \$528.

Rental expense for all operating leases was \$167,278 and \$198,083 for the years ended December 31, 2021 and 2020, respectively.

13. Operating Lease (lessor)

The Organization, as lessor, has entered into an operating lease with Beach Trading Company, a Florida Corporation that occupies a portion of the Organization's warehouse located at 1814 Industrial Boulevard for the right to use, for storage purposes, portions of the garage and of the freezer and cooler space. The lease is for approximately 27 months, ending on December 31, 2021. Lease payments remaining for which the lease had been negotiated was \$12,000 for the year ended December 31, 2021.

14. Related Party Transactions

As discussed in Note 12, Feeding America, the Organization has an outstanding balance due to Feeding America for the years ended December 31, 2021 and 2020 of \$0 and \$330,625 respectively.

For the years ended December 31, 2021 and 2020, the Organization recorded \$208,097 and \$155,558 respectively, in cash donations, pledges and in-kind services from companies and foundations that have representatives who are members of the Organization's board of directors.

For the year ended December 31, 2021 and 2020, the Organization recorded invoices from Wingard (whose CEO is a member of the Organization's board of directors) for public relation services of \$37,800 and \$27,396, respectively. At December 31, 2021, the Organization had an outstanding balance due to Wingard of \$3,150 which was less than 30 days outstanding.

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December 31, 2021
(With Summarized Comparative Totals for 2020)

15. Impact of the Corona Virus

In March of 2020, the Coronavirus pandemic caused significant shifts in how the Organization meets the needs of those facing hunger in Northeast Florida. These shifts have been accompanied by significant increases in short and long-term operating expenses as a result.

During 2020, the shifts included:

- An unprecedented spike in the number of those facing hunger as a result of the economy shutting down, and the slow economic recovery for those hit hardest.
- Severe reductions in food donations at the retail level resulting from increased demand and supply chain issues, and, at the community level with a nearly complete elimination of food drives and food collections. Both factors resulted in the need to purchase millions of pounds of food outside normal operations.
- The need to add a large number of temporary full-time staff to process millions of pounds of more food than previous years.
- Transitioning the Organization's standard food distribution processes to adhere to new social distancing guidelines.
- Fees normally charged to agencies were waived beginning in March 2020 through the end of the year, resulting in food distributed at no cost to the agencies. This included both food that was donated to and purchased by the Organization, as well as delivery fees.

During 2021:

- Employment increased, however inflationary pressures exceeded wage gains due to increases in:
 - food prices and freight associated with it
 - fuel and vehicle costs
 - lack of affordable housing, and
 - evictions.

The impact of the Coronavirus pandemic on the Organization, its partner agencies in the emergency food network, and those who are looking for help, many for the first time, is profound. The only constant is the need to adapt and pivot to the unpredictable nature of the pandemic to make sure that the needs of those served are being met now, and in the weeks and months ahead. Increased need will be a reality long after the pandemic has subsided.

16. Subsequent Events

On March 14, 2022, the Organization entered into a loan agreement with the Florida Community Loan Fund, Inc. in the amount of \$4,030,000 to finance renovation costs of the Old Kings Road property. The term loan is interest only at 4.5% payable monthly and has a maturity date of March 31, 2025. The term loan may be renewed as a permanent loan for an additional 7 years from initial maturity at an interest rate of 5.5% and a 35-year amortization. Monthly payments of interest are due and payable beginning March 31, 2022, with all subsequent interest payments to be due on the last day of each month thereafter until the initial maturity date. If renewed, monthly payments of principal and interest based on the outstanding loan balance of the permanent loan will be payable until the renewal maturity date, at which time the entire principal balance and any unpaid interest will be due in full.

On March 14, 2022, the Organization entered into a 3- year bridge loan agreement with Florida

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Community Loan Fund, Inc. in the amount of \$2,970,000 at 4.5% interest only. The bridge loan is collateralized by the unencumbered property located at 1814 Industrial Blvd. and will mature at the earlier of March 25, 2025, or upon sale of the collateral property.

On March 15, 2022, the Supporting Organization entered into a New Markets Tax Credit Transaction with various undersigned parties and US Bank as tax credit investor that created an investment fund for purposes to make a Qualified Equity Investment (QEI) of \$14,000,000 to the Supporting Organization to refurbish costs related to the Old Kings Road property.

In preparing these consolidated financial statements, the Organization has evaluated subsequent events and transactions for potential recognition and disclosure through May 17, 2022, which is the date the consolidated financial statements were available to be issued.

**Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida)
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021**

<u>Federal Grantor/Pass Through Grantor/Program or Cluster</u>	<u>Federal Assistance Listing Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Expenditures</u>	<u>Pass Through to Subrecipients</u>
United States Department of Agriculture/ Passed through: Florida Department of Agriculture and Consumer Services/ Food distribution cluster:				
Emergency Food Assistance Program (Administrative Costs)	10.568	225FL818Y8105	\$ 253,951	-
Emergency Food Assistance Program (Food Commodities)	10.569	225FL818Y8105	1,104,688 *	886,649 **
Total Federal Awards			<u>\$ 1,358,639</u>	<u>\$ 886,649</u>

* In kind value of donated food distributed (See Note 4 to the Schedule)

** See Note 5 to the Schedule

Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida)
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2021

(1) Basis of Presentation

The above schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2021. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

(2) Summary of Significant Accounting Policies

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

(3) Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

(4) Donated Commodities

The amounts reported as federal expenditures represents federal commodities distributed to pantries and other qualified agencies during the fiscal year under the programs with CFDA number 10.569 and are valued at the weighted-average wholesale value of one pound of donated product based on the national per pound price as provided by the most recent Feeding America Product Valuation Survey of \$1.74 for the calendar year 2020. The value of federal commodities on hand for these programs at December 31, 2021 was \$191,555.

(5) Subrecipients

The Organization passes through certain Food Commodities to other governments or not-for-profit agencies (subrecipients). As described in Note (2), the Organization records expenditures of Federal awards to subrecipients on an accrual basis of accounting.

The subrecipient agencies have certain compliance responsibilities related to administering these Federal programs. Under the Uniform Guidance, the Organization is responsible for monitoring subrecipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida)
Schedule of Findings and Questioned Costs
For the year ended December 31, 2021

Section I - Summary of Auditors' Results

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the Organization were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award program are reported in the Report on Compliance of Each Major Program and on Internal control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The program tested as major program was:
Food Distribution Cluster:
 Emergency Food Assistance Program
 (Administrative Costs) Assistance Listing Number: 10.568
 (Food Commodities) Assistance Listing Number: 10.569
8. The dollar threshold used to distinguish between type A and type B programs was \$750,000.
9. The Organization did not qualify as a low- risk auditee.

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Awards Findings and Questioned Costs

No matters are reportable

**Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida)
Summary Schedule of Prior Audit Findings
For the year ended December 31, 2021**

There were no prior year audit findings.



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

To the Board of Directors of
Feeding Northeast Florida
Jacksonville, Florida

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 consolidated financial statements of Regional Food Bank of Northeast Florida, Inc., (DBA Feeding Northeast Florida) (Organization) and Feeding NE FL Support Corporation (Supporting Organization), which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon May 17, 2022.

Report on Internal Control over Financial Reporting

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

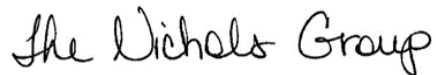
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 and Supporting Organization's financial statements are free from material misstatement, we performed tests of their 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 and Supporting 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 and Supporting Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

The Nichols Group

The Nichols Group, PA
Certified Public Accountants
Fleming Island, Florida

May 17, 2022



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

To the Board of Directors of
Feeding Northeast Florida

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Regional Food Bank of Northeast Florida, Inc., (DBA Feeding Northeast Florida) (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 December 31, 2021. 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 December 31, 2021.

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 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 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.

The Nichols Group

The Nichols Group, PA
Certified Public Accountants
Fleming Island, Florida

May 17, 2022

ADDITIONAL INFORMATION

**Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida)
Schedule of Source and Expenditure of City Grant Funds
Per Ordinance Code Chapter 118
City of Jacksonville Public Service Grants for Fiscal Year 2020/2021 Audit**

	City FY 2020- 2021 Grant # 616270-21 Mobile Market Program (MMP) Grant
RECEIPT OF CITY FUNDS	
Amount of award (per City budget ordinance)	\$ 149,966
Actual funds received from City in last audit period	(68,586)
Actual amount received this period	(81,380)
Amount due from the City	-
Amount remaining to be distributed	\$ -

	(Unaudited) Budgeted	Actual 01/01/2020- 12/31/2020	Actual 01/01/2021- 12/31/2021	Remaining Balance
EXPENDITURES OF CITY FUNDS				
Direct Client Expenses				
Client food	\$ 139,212	\$ 63,209	\$ 76,003	\$ -
Total equipment expenses	139,212	63,209	76,003	-
Employee compensation:				
Sr. Manager of Agency Relations	5,423	2,712	2,711	-
Client Services Specialist	5,331	2,665	2,666	-
Total employee compensation	10,754	5,377	5,377	-
TOTAL EXPENDITURES OF CITY FUNDS	\$ 149,966	\$ 68,586	\$ 81,380	\$ -

**Regional Food Bank of Northeast Florida, Inc.
(DBA Feeding Northeast Florida)
Schedule of Source and Expenditure of City Grant Funds
Per Ordinance Code Chapter 118
City of Jacksonville Public Service Grants for Fiscal Year 2020/2021 Audit**

**City FY 2020-
2021 Grant #
633986-22
Pandemic
Extended
Response Mobile
Pantries**

RECEIPT OF CITY FUNDS

Amount of award (per City budget ordinance)	\$	149,966
Actual funds received from City in last audit period		-
Actual amount received this period		-
Amount due from the City		(99,172)
Amount remaining to be distributed	\$	<u>50,794</u>

EXPENDITURES OF CITY FUNDS	(Unaudited) Budgeted	Actual 01/01/2021- 12/31/2021	Remaining Balance
Direct client expenses			
Client food	\$ 137,783	\$ 94,162	\$ 43,621
Total direct client expenses	<u>137,783</u>	<u>94,162</u>	<u>43,621</u>
Employee compensation:			
Sr. Manager of Programs & Partnerships	6,292	2,648	3,644
Manager of Programs & Partnerships	5,891	2,362	3,529
Total employee compensation	<u>12,183</u>	<u>5,010</u>	<u>7,173</u>
TOTAL EXPENDITURES OF CITY FUNDS	<u>\$ 149,966</u>	<u>\$ 99,172</u>	<u>\$ 50,794</u>