

**FOOD FOR LANE COUNTY, INC.**

**FINANCIAL STATEMENTS AND  
SINGLE AUDIT INFORMATION**

**For the Years Ended June 30, 2020 and 2019**

*Jones & Roth*  
  
CPAs & Business Advisors

FOOD FOR LANE COUNTY, INC.  
FINANCIAL STATEMENTS AND SINGLE AUDIT INFORMATION  
For the Years Ended June 30, 2020 and 2019

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## INTRODUCTORY SECTION

FOOD FOR LANE COUNTY, INC.  
BOARD OF DIRECTORS  
June 30, 2020

Mike Drennan  
Chair

Rachel Ulrich  
Vice Chair

Keri Garcia  
Treasurer

Benj Epstein  
Development Chair

Diana Bray  
Secretary

Linda Eaton  
Past Chair

Ashley Espinoza  
Director

Tiffany Mellow  
Director

Greg Hazarabedian  
Director

Katherine Ryan  
Director

Justin King  
Director

Charles Stanton  
Director

Jossi Stokes  
Director

Sarah Stapleton  
Director

Michelle Thurston  
Director

Chris Hemmings  
Director

## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
FOOD for Lane County, Inc.  
Eugene, Oregon

### Report on the Financial Statements

We have audited the accompanying financial statements of FOOD for Lane County, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FOOD for Lane County, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Other Information*

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

## Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020 on our consideration of FOOD for Lane County, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 FOOD for Lane County, Inc.'s internal control over financial reporting and compliance.



Jones & Roth, P.C.  
Eugene, Oregon  
December 11, 2020

## FINANCIAL STATEMENTS

FOOD FOR LANE COUNTY, INC.  
STATEMENTS OF FINANCIAL POSITION  
June 30, 2020 and 2019

	2020	2019
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,538,106	\$ 1,000,055
Investments (Note 3)	1,313,866	1,330,577
Grants and program receivables	506,437	328,685
Bequest receivable	-	634,364
Promises to give receivable, current (Note 4)	317,936	507,703
Inventory (Note 5)	1,999,742	1,019,533
Prepaid expenses	69,500	52,093
Certificates of deposit, short-term	151,950	-
Total current assets	6,897,537	4,873,010
<b>Property and equipment</b>		
Buildings	9,038,842	5,352,032
Land	696,492	696,492
Leasehold improvements	28,384	28,384
Equipment	1,018,855	653,613
Vehicles	688,333	535,069
Intangible assets	57,109	36,959
Construction in process	83,222	2,614,323
	11,611,237	9,916,872
Accumulated depreciation	(2,667,137)	(2,350,058)
Property and equipment, net	8,944,100	7,566,814
<b>Other assets</b>		
Beneficial interest in the assets of the Oregon Community Foundation (OCF) (Note 6)	1,560,528	1,583,341
Promises to give receivable, long-term (Note 4)	818,500	167,300
Certificates of deposit, long-term	403,183	-
Restricted investments held for endowment fund	63,832	62,567
Total other assets	2,846,043	1,813,208
<b>Total assets</b>	<b>\$ 18,687,680</b>	<b>\$ 14,253,032</b>



	<u>2020</u>	<u>2019</u>
<b>Liabilities and Net Assets</b>		
<b>Current liabilities</b>		
Accounts payable and other liabilities	\$ 115,311	\$ 127,492
Accounts payable, construction	52,997	610,423
Accrued payroll, vacation and related payroll liabilities	208,706	179,498
Current maturities of long-term debt	<u>41,200</u>	<u>39,300</u>
Total current liabilities	418,214	956,713
<b>Long-term liabilities</b>		
Long-term debt, net of current maturities (Note 7)	<u>1,889,742</u>	<u>1,735,808</u>
Total liabilities	<u>2,307,956</u>	<u>2,692,521</u>
<b>Net assets</b>		
Without donor restrictions:		
Undesignated	2,693,133	1,863,999
Held as property and equipment, net of debt	7,013,158	5,791,706
Board-designated (Note 9)	<u>3,837,458</u>	<u>1,917,441</u>
Total without donor restrictions	13,543,749	9,573,146
With donor restrictions (Note 10)	<u>2,835,975</u>	<u>1,987,365</u>
Total net assets	<u>16,379,724</u>	<u>11,560,511</u>
<b>Total liabilities and net assets</b>	<u>\$ 18,687,680</u>	<u>\$ 14,253,032</u>

The accompanying notes are an integral part of these statements.

FOOD FOR LANE COUNTY, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>Revenue and other support</b>			
Contributions and promises to give	\$ 3,884,236	\$ 636,478	\$ 4,520,714
Capital campaign contributions	-	1,292,586	1,292,586
Corporate and foundation grants	750,163	1,117,335	1,867,498
Government grants and contracts	1,092,514	1,007,552	2,100,066
Wholesale revenue and program sales	229,110	-	229,110
Donated goods and services	127,903	5,771	133,674
Donated goods and services - capital campaign contributions	-	188,077	188,077
Donated food (Note 11)	-	7,685,801	7,685,801
Government commodities (Note 11)	-	4,033,599	4,033,599
Miscellaneous income	64,606	-	64,606
Investment and interest income, net	53,954	5,113	59,067
Change in beneficial interest in the assets of the OCF	42,244	-	42,244
Net assets released from restrictions	<u>15,123,702</u>	<u>(15,123,702)</u>	<u>-</u>
 Total revenue and other support	 <u>21,368,432</u>	 <u>848,610</u>	 <u>22,217,042</u>
<b>Expenses</b>			
Food & hunger programs	16,082,730	-	16,082,730
Resource development	910,815	-	910,815
Administration	<u>404,284</u>	<u>-</u>	<u>404,284</u>
 Total expenses	 <u>17,397,829</u>	 <u>-</u>	 <u>17,397,829</u>
 <b>Change in net assets</b>	 <u>3,970,603</u>	 <u>848,610</u>	 <u>4,819,213</u>
 Net assets, beginning of year	 <u>9,573,146</u>	 <u>1,987,365</u>	 <u>11,560,511</u>
 Net assets, end of year	 <u>\$ 13,543,749</u>	 <u>\$ 2,835,975</u>	 <u>\$ 16,379,724</u>

The accompanying notes are an integral part of these statements.

FOOD FOR LANE COUNTY, INC.  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>Revenue and other support</b>			
Contributions and promises to give	\$ 2,984,006	\$ 236,479	\$ 3,220,485
Capital campaign contributions	-	1,683,760	1,683,760
Corporate and foundation grants	333,975	712,657	1,046,632
Government grants and contracts	858,026	491,237	1,349,263
Wholesale revenue and program sales	210,657	-	210,657
Donated goods and services	139,453	89,600	229,053
Donated goods and services - capital campaign contributions	-	181,918	181,918
Donated food (Note 11)	-	10,245,427	10,245,427
Government commodities (Note 11)	-	1,531,026	1,531,026
Miscellaneous income	59,221	-	59,221
Investment and interest income, net	69,820	5,269	75,089
Change in beneficial interest in the assets of the OCF	103,533	-	103,533
Net assets released from restrictions	<u>15,820,260</u>	<u>(15,820,260)</u>	<u>-</u>
Total revenue and other support	<u>20,578,951</u>	<u>(642,887)</u>	<u>19,936,064</u>
<b>Expenses</b>			
Food & hunger programs	15,818,540	-	15,818,540
Resource development	1,042,132	-	1,042,132
Administration	<u>419,535</u>	<u>-</u>	<u>419,535</u>
Total expenses	<u>17,280,207</u>	<u>-</u>	<u>17,280,207</u>
<b>Change in net assets</b>	3,298,744	(642,887)	2,655,857
Net assets, beginning of year	<u>6,274,402</u>	<u>2,630,252</u>	<u>8,904,654</u>
Net assets, end of year	<u>\$ 9,573,146</u>	<u>\$ 1,987,365</u>	<u>\$ 11,560,511</u>

The accompanying notes are an integral part of these statements.

FOOD FOR LANE COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2020

	<u>Food &amp; Hunger Programs</u>	<u>Resource Development</u>	<u>Administration</u>	<u>Total</u>
<b>Operating expenses</b>				
Personnel expenses:				
Salaries	\$ 2,085,884	\$ 363,632	\$ 278,932	\$ 2,728,448
Payroll taxes	176,584	29,951	30,588	237,123
Health and pension benefits	<u>439,782</u>	<u>66,990</u>	<u>47,464</u>	<u>554,236</u>
Total personnel expenses	<u>2,702,250</u>	<u>460,573</u>	<u>356,984</u>	<u>3,519,807</u>
Non-personnel expenses:				
Donated goods distributed	10,859,354	-	-	10,859,354
Food purchases	1,196,300	-	-	1,196,300
Non-food purchases	10,772	-	-	10,772
Delivery and vehicle expenses	81,092	15	21	81,128
Program supplies and services	182,234	1,085	663	183,982
Insurance	24,301	3,736	2,937	30,974
Facilities rental	4,937	-	-	4,937
Repairs and maintenance	66,518	2,437	1,513	70,468
Equipment, rentals, and leases	53,518	3,386	715	57,619
Office expense	11,195	5,474	4,308	20,977
Telecommunications	20,228	1,650	890	22,768
Dues, publications, and awards	560	2,073	1,996	4,629
Travel, training, and conferences	27,823	4,268	6,185	38,276
Consultants and contractual services	100,214	26,045	10,637	136,896
Special events, direct mail, and promotional	7,918	237,150	-	245,068
Utilities	158,174	2,498	1,913	162,585
Miscellaneous	2,245	396	7,985	10,626
Grants to partner agencies	29,956	-	-	29,956
Capital campaign expenses	-	66,280	-	66,280
In-kind services and supplies	46,597	80,878	427	127,902
Interest expense	103,238	-	-	103,238
Depreciation and amortization	<u>393,306</u>	<u>12,871</u>	<u>7,110</u>	<u>413,287</u>
Total non-personnel expenses	<u>13,380,480</u>	<u>450,242</u>	<u>47,300</u>	<u>13,878,022</u>
<b>Total operating expenses</b>	<u>\$ 16,082,730</u>	<u>\$ 910,815</u>	<u>\$ 404,284</u>	<u>\$ 17,397,829</u>

The accompanying notes are an integral part of these statements.

FOOD FOR LANE COUNTY, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
For the Year Ended June 30, 2019

	<u>Food &amp; Hunger Programs</u>	<u>Resource Development</u>	<u>Administration</u>	<u>Total</u>
<b>Operating expenses</b>				
Personnel expenses:				
Salaries	\$ 1,945,959	\$ 404,318	\$ 278,781	\$ 2,629,058
Payroll taxes	173,628	30,748	32,190	236,566
Health and pension benefits	<u>387,818</u>	<u>69,914</u>	<u>29,806</u>	<u>487,538</u>
Total personnel expenses	<u>2,507,405</u>	<u>504,980</u>	<u>340,777</u>	<u>3,353,162</u>
Non-personnel expenses:				
Donated goods distributed	11,719,710	-	-	11,719,710
Food purchases	635,157	-	-	635,157
Non-food purchases	10,865	-	-	10,865
Delivery and vehicle expenses	87,547	3	15	87,565
Program supplies and services	181,216	1,484	1,036	183,736
Insurance	17,033	2,546	3,744	23,323
Facilities rental	6,235	-	-	6,235
Repairs and maintenance	34,588	2,204	1,940	38,732
Equipment, rentals, and leases	44,935	3,492	1,794	50,221
Office expense	13,997	3,770	3,488	21,255
Telecommunications	16,816	1,494	1,351	19,661
Dues, publications, and awards	1,554	1,035	2,212	4,801
Travel, training, and conferences	30,814	1,507	9,550	41,871
Consultants and contractual services	88,595	22,149	35,148	145,892
Special events, direct mail, and promotional	2,076	289,134	-	291,210
Utilities	101,568	2,599	1,999	106,166
Miscellaneous	17,022	1,000	9,554	27,576
Grants to partner agencies	5,630	-	-	5,630
Capital campaign expenses	-	91,404	-	91,404
In-kind services and supplies	24,212	104,042	1,198	129,452
Interest expense	62,729	-	-	62,729
Depreciation and amortization	<u>208,836</u>	<u>9,289</u>	<u>5,729</u>	<u>223,854</u>
Total non-personnel expenses	<u>13,311,135</u>	<u>537,152</u>	<u>78,758</u>	<u>13,927,045</u>
<b>Total operating expenses</b>	<u>\$ 15,818,540</u>	<u>\$ 1,042,132</u>	<u>\$ 419,535</u>	<u>\$ 17,280,207</u>

The accompanying notes are an integral part of these statements.

FOOD FOR LANE COUNTY, INC.  
 STATEMENTS OF CASH FLOWS  
 For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<b>Cash flows from operating activities</b>		
Change in net assets	\$ 4,819,213	\$ 2,655,857
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	413,287	223,854
(Gain) loss on asset disposal	(600)	548
Donated property and equipment	(165,022)	(230,293)
Unrealized gains on investments	(7,850)	(14,099)
Net change in beneficial interest in the assets of OCF	(42,244)	(103,533)
Contribution of investments	(79,233)	(63,747)
(Increase) decrease in operating assets:		
Grants and program receivables	(177,752)	(65,753)
Bequest receivable	634,364	(634,364)
Promises to give receivable	(461,433)	(185,840)
Inventory	(980,209)	(37,761)
Prepaid expenses	(17,407)	247
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	(12,182)	(71,410)
Accrued payroll, vacation, and related payroll liabilities	29,208	(18,877)
	<u>3,952,140</u>	<u>1,454,829</u>
<b>Net cash provided by operating activities</b>		
<b>Cash flows from investing activities</b>		
Purchases of investments	(36,436)	(286,442)
Proceeds from sales of investments	140,230	218,487
Purchases of certificate of deposits	(555,133)	-
Proceeds from sale of equipment	600	150
Purchase of property and equipment	(2,182,976)	(2,090,459)
Net change in restricted investments held for endowment	(1,265)	(2,094)
Proceeds from beneficial interest in assets of OCF	65,057	63,778
	<u>(2,569,923)</u>	<u>(2,096,580)</u>
<b>Net cash used by investing activities</b>		

	<u>2020</u>	<u>2019</u>
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	1,145,593	272,124
Principal payments on long-term debt	<u>(989,759)</u>	<u>(38,320)</u>
Net cash provided by financing activities	<u>155,834</u>	<u>233,804</u>
<b>Net increase (decrease) in cash and cash equivalents</b>	1,538,051	(407,947)
Cash and cash equivalents, beginning of year	<u>1,000,055</u>	<u>1,408,002</u>
Cash and cash equivalents, end of year	<u>\$ 2,538,106</u>	<u>\$ 1,000,055</u>
<b>Supplemental disclosure of cash flow information</b>		
Cash paid for interest, net of capitalized amount	<u>\$ 103,238</u>	<u>\$ 62,729</u>
<b>Supplemental disclosure of noncash investing and financing activities</b>		
Total increase in property and equipment	\$ 1,790,572	\$ 2,931,175
Donated property and equipment	(165,022)	(230,293)
Change in accounts payable, construction	<u>557,426</u>	<u>(610,423)</u>
Cash paid for purchase of property and equipment	<u>\$ 2,182,976</u>	<u>\$ 2,090,459</u>

The accompanying notes are an integral part of these statements.

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies**

**Nature of Organization**

FOOD for Lane County, Inc. (FFLC), a nonprofit organization, is a regional food bank serving all of Lane County, Oregon. FFLC solicits, grows, rescues, and collects food which is then distributed through nonprofit member agencies providing food box programs, emergency shelters, soup kitchens, and residential treatment services. FFLC strives to increase public awareness of hunger. Approximately 8,672,000 pounds and 8,295,000 pounds of food were distributed in the years ended June 30, 2020 and 2019, respectively.

A substantial amount of support comes from donated food, including donations of commodities received through Oregon Food Bank; food rescued from restaurants, grocery stores, and the University of Oregon; and donations of food by the general public.

**Recent Accounting Standard Adopted**

FFLC adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 2018-08 *Not-for-Profit Entities* (Topic 605) to clarify the scope and accounting guidance for contributions made and received. ASU 2018-08 assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions. The standard effectively excludes contributions from the requirements of ASU 2014-09 *Revenue from Contracts with Customers* (Topic 606) and related subsequently issued clarifying ASUs. FFLC adopted the new standard effective July 1, 2019, using a modified prospective approach in these financial statements. No change to previously recognized revenue was required as a result of adopting ASU No. 2018-08. FFLC elected to delay implementation of ASU No. 2014-09 pursuant to ASU No. 2020-05 which delayed the implementation date for FFLC to July 1, 2020.

**Financial Statement Preparation**

The financial statements of FFLC have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. In accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), FFLC reports financial information regarding its financial position and activities according to two classes of net assets: net assets with donor restrictions and net assets without donor restrictions.

**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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Income Tax Status**

FFLC is an exempt organization under Section 501(c)(3) of the Internal Revenue Code (IRC). In addition, FFLC qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2). FFLC files required informational returns with both the U.S. federal jurisdiction and the state of Oregon.



FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies, continued**

**Financial Instruments**

***Concentration of Credit Risk Due to Grants and Program Receivables***

Concentrations of credit risk with respect to grants receivable are limited to governmental agencies in the state of Oregon, including some pass-through nonprofit and federal grants and grants from charitable foundations. As of June 30, 2020, receivables from five agencies accounted for 89 percent of the total grants and program receivable balance. As of June 30, 2019, receivables from four agencies accounted for 77 percent of the total grants and program receivable balance. Concentrations of credit risk with respect to pledges receivable are limited to supporters of FFLC.

***Concentrations of Credit Risk Arising from Deposits in Excess of Insured Limits***

FFLC maintains cash balances at several financial institutions located in Eugene, Oregon. Accounts at each institution are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. In 2020 and 2019, bank balances exceeded FDIC insurance limits at various times during the year. At June 30, 2020, and 2019, cash balances held in excess of federally insured limits were \$223,016 and \$675,909 respectively.

Additionally, FFLC maintains investment and cash equivalent balances which are insured by the Securities Investor Protection Corporation (SIPC) up to \$500,000 at each financial institution. Balances exceeded SIPC insurance limits at various times during the year. At June 30, 2020, and 2019, investment and cash equivalent balances held in excess of insured limits were \$2,811,431 and \$841,873 respectively.

**Cash and Cash Equivalents**

For purposes of the statements of cash flows, FFLC considers all highly liquid investments with an initial maturity of three months or less and without donor restriction to be cash equivalents. Cash and cash equivalents include savings, checking accounts, money market funds, and certificates of deposit with less than three months original maturity.

**Investments**

Investments are measured at fair value in the statements of financial position. Investment income or loss (including gains and losses on investments, interest and dividends) is included in the statements of activities as increases or decreases in net assets without donor restriction, unless the income or loss is restricted by donor or law.

**Grants and Program Receivables**

Grants and program receivables are primarily comprised of amounts receivable from state and local governments and other agencies that provide assistance to FFLC for its programs. Management considers historical write-offs when assessing the need for an allowance. As of June 30, 2020 and 2019, management considers the amounts fully collectible; therefore, management has elected not to record an allowance. Receivables are not secured.

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies, continued**

**Promises to Give Receivable**

Promises to give receivable are uncollateralized and recognized when the unconditional promises to give are made. Management has assessed the collectability of promises to give receivable and as of June 30, 2020 and 2019, management considers the amount fully collectible; therefore, management has elected not to record an allowance. Promises to give receivable are stated at the amount FFLC expects to collect.

**Property and Equipment**

Property and equipment are carried at cost or, if donated, at the approximate fair market value at the date of donation. Depreciation is computed using the straight-line method over the estimated lives of the assets. Property and equipment with a cost of \$2,500 or more are capitalized.

Donations of property and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, FFLC reports expirations of donor restrictions when the donated or acquired assets are placed in service. FFLC reclassifies net assets with donor restrictions to net assets without donor restrictions at that time.

**Revenue and Support**

*Contributions and grants* – Contribution and grant revenue is recognized when the contribution or grant is promised or made and are recorded as support that is either with or without donor restrictions. Classifications based on the existence and nature of any donor restrictions on the contribution. Support that is restricted by the donor is reported as restricted revenue and is released to net assets without donor restrictions when the restriction is met. Contract revenue is recognized when services are provided under the terms of the contract; contract revenue is considered to be without donor restrictions.

*Donated assets* – Donated marketable securities and other non-cash donations are recorded as contributions at their estimated fair market value at the date of donation. Donated marketable securities are immediately sold and gain or loss, if significant, is recognized for the change in value from the date of donation to the date of sale.

*Donated Goods and Services* – Contributions for goods and services are recorded at their estimated fair market value at the date of contribution. No amounts have been reflected in the financial statements for donated services, other than services requiring specific expertise or which create or enhance non-financial assets. However, many individuals volunteer their time and perform a variety of tasks that assist FFLC with specific programs and various committee assignments. During the year ended June 30, 2020, FFLC received approximately 54,400 volunteer hours from several thousand people. Valued at \$14.50 per hour, this would be \$788,800. During the year ended June 30, 2019, FFLC received approximately 75,000 volunteer hours from several thousand people. Valued at \$14 per hour, this would be \$1,050,000.

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**1. Organization and Summary of Significant Accounting Policies, continued**

**Revenue and Support, continued**

Donations of services requiring specific expertise or that create or enhance non-financial assets are recorded as in-kind contributions at their estimated fair market value at the date of donation. For the years ended June 30, 2020 and 2019, respectively, total donated goods and services, excluding donated food and government commodities, were comprised of:

	<u>2020</u>	<u>2019</u>
Donated goods, excluding food and government commodities	\$ 234,514	\$ 351,529
Donated services	<u>87,237</u>	<u>59,442</u>
Total donated goods and services	<u>\$ 321,751</u>	<u>\$ 410,971</u>

In-kind contributions for the years ended June 30, 2020 and 2019, include capital campaign contributions in the amounts of \$188,077 and \$181,918, respectively.

**Share Contribution and USDA Reimbursement**

Oregon Food Bank is the statewide distribution network for food donations. FFCLC pays a share contribution fee at \$.04 per pound to help Oregon Food Bank offset a portion of the handling and redistribution costs they incur. FFCLC does not charge a share contribution fee to its partner agencies; all agencies receive food free of charge.

**Expense Allocation**

FFCLC allocates its expenses on a functional basis among its various programs and support services. Expenses that can be identified with a specific program and support service are allocated directly to that program or service according to their natural expenditure classification. Other expenses that are common to several functions are allocated based on employee hours worked in each program or support area.

**Advertising Costs**

FFCLC's advertising costs are expensed as incurred. Advertising costs totaled \$29,465 and \$36,078 for the years ended June 30, 2020 and 2019, respectively, and are included in fundraising and promotional expense on the statements of functional expenses.

**Reclassifications**

Certain prior year amounts have been reclassified to conform to current year presentation. Such reclassification had no effect on previously reported net assets or change in net assets.

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**2. Liquidity and Availability of Resources**

FFLC has a policy to manage its liquidity and reserves in order to meet its needs to fund operating expenditures. The following table reflects FFLC's current financial assets (cash, investments, and receivables) as of June 30, 2020 and 2019, reduced by amounts not available for general expenditures within one year:

	<u>2020</u>	<u>2019</u>
Total financial assets	\$ 7,674,338	\$ 5,614,592
Less those unavailable for general expenditure within one year due to:		
Purpose or time restrictions	(916,614)	(932,462)
Perpetual endowment	(48,017)	(48,017)
Board designations	<u>(3,837,458)</u>	<u>(1,917,441)</u>
Financial assets available for general expenditure within one year	<u>\$ 2,872,249</u>	<u>\$ 2,716,672</u>

The Board reserves the right to release Board designations or to adjust the designated purpose based on changes of needs of FFLC's financial health or changes of the needs and opportunities in the community. Additionally, FFLC has access to a revolving line of credit up to \$400,000 that may be drawn upon to manage cash flow (Note 8).

**3. Investments**

Investments are comprised of index funds and mutual funds in the bond and equity markets.

At June 30, investment and interest income, net of related investment expenses, was comprised of the following:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 58,327	\$ 67,511
Unrealized gains	7,850	14,099
Realized losses	(723)	(205)
Investment expenses	<u>(6,387)</u>	<u>(6,316)</u>
Total investment and interest income, net	<u>\$ 59,067</u>	<u>\$ 75,089</u>

**4. Promises to Give Receivable**

Promises to give receivable are restricted for use in rehabilitation of a second warehouse for FFLC. At June 30, promises to give receivable consisted of the following:

	<u>2020</u>	<u>2019</u>
Amounts due in:		
Less than one year	\$ 317,936	\$ 507,703
One to five years	<u>818,500</u>	<u>167,300</u>
Total promises to give receivable	<u>\$ 1,136,436</u>	<u>\$ 675,003</u>

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**5. Inventory**

Inventory is valued on a first-in, first-out basis and consists of donated goods, United States Department of Agriculture (USDA) commodities received from the government, and purchased food. The donated goods inventory for the years ended June 30, 2020 and 2019, was stated at \$1.66 and \$1.68 per pound, respectively, and represents the estimated fair market value for food received through Oregon Food Bank or donated by the public. USDA commodities were stated at the values provided by the USDA. Purchased food inventory was stated at cost.

**6. Beneficial Interest in the Assets of the Oregon Community Foundation**

During 2010, FFLC established a Board-designated endowment fund with the Oregon Community Foundation (OCF). This fund is used by OCF as the source of grants without donor restriction for FFLC. The agreement with OCF stipulates OCF maintains variance power over the fund and that the fund shall be held and owned by OCF. OCF may distribute, on an annual basis, a fixed percentage of the fund assets. The percentage is determined by the Board of Directors of OCF. The agreement also provides that, upon written request from a supermajority of the Board of Directors of FFLC, additional distributions may be made from the fund assets, even to the exhaustion of the fund, if in the sole judgment of the Board of Directors of OCF the requested distribution is consistent with the objectives and purpose of FFLC. The balance of the endowment fund is considered an other asset and is included in Board-designated net assets without donor restrictions.

Income or loss on the investments held by OCF, including unrealized gains and losses on the investments, interest, and dividends, is included in the statements of activities as the net change in beneficial interest in the assets of OCF and is considered without donor restriction.

The following schedule summarizes the activity of this endowment fund, reported at fair value, for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 9,896	\$ 11,685
Realized gains	20,122	2,871
Unrealized gains	23,954	100,473
Investment management and OCF fees	<u>(11,728)</u>	<u>(11,496)</u>
Net change before distributions	42,244	103,533
Approved distributions to FFLC	<u>(65,057)</u>	<u>(63,778)</u>
Net increase (decrease) in beneficial interest	(22,813)	39,755
Beginning balance	<u>1,583,341</u>	<u>1,543,586</u>
Ending balance	<u>\$ 1,560,528</u>	<u>\$ 1,583,341</u>

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**7. Long-term Debt**

At June 30, long-term debt consisted of the following:

	2020	2019
Mortgage note payable, Umpqua Bank, with monthly installments of \$8,421, including interest at 4.06%, due July 2027, secured by real property.	\$ 1,463,225	\$ 1,502,984
Construction note payable, Umpqua Bank, total amount drawn was \$1,417,717, with 4.40% interest only payments until April 2021, with maximum monthly installments of \$11,077 thereafter until maturity in March 2025, secured by real property.	467,717	272,124
	1,930,942	1,775,108
Current maturities	(41,200)	(39,300)
Long-term debt, net of current maturities	\$ 1,889,742	\$ 1,735,808

The mortgage note payable to Umpqua Bank requires certain covenants related to cash flow, debt service coverage, and financial reporting to the lending institution. FFLC's management believes FFLC was in compliance with all relevant covenants as of June 30, 2020. Subsequent to year end, in November 2020, FFLC paid off the full balance of the construction note payable.

The following are amounts of maturities for the mortgage note payable for each of the next five years and thereafter:

Year Ending June 30,	
2021	\$ 41,200
2022	42,900
2023	44,700
2024	46,400
2025	48,500
Thereafter	1,239,525
Total	\$ 1,463,225

**8. Bank Line of Credit**

In July 2017, FFLC entered into a line of credit agreement with Umpqua Bank which permits borrowings of up to \$400,000 at a variable interest rate equal to the lender's prime rate, which was 3.25 percent at June 30, 2020. The line matured in July 2020 and was renewed for another three years and now matures in July 2023. The line of credit is collateralized by FFLC's accounts receivable, inventory, and equipment. There was no balance on the line of credit at June 30, 2020 and 2019.

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**9. Board Designated Net Assets**

In addition to the Board-designated endowment fund held with OCF (Note 6), during the year ended June 30, 2019, FFLC's Board of Directors voted to designate \$190,000 of accumulated net operating assets without donor restriction towards use in the capital campaign related to the Broadway warehouse acquisition and renovation. This was in addition to the \$250,000 designated by the board during the year ended June 30, 2018.

During the year ended June 30, 2020, FFLC's Board of Directors voted to designate \$1,500,000 of accumulated net operating assets without donor restriction as a food and hunger programs reserve in order to address the uncertainty of how COVID will impact their community and organization in the coming years.

During the year ended June 30, 2020, FFLC's Board of Directors voted to designate \$600,000 from a large bequest from a Garden Program donor to be used for ongoing Garden Program operations and future capital improvements.

The Board reserves the right to release Board designations or to adjust the designated purpose based on changes of needs of FFLC's financial health or changes of the needs and opportunities in the community.

At June 30, board-designated net assets without donor restriction were comprised of the following:

	<u>2020</u>	<u>2019</u>
Endowment fund	\$ 1,560,528	\$ 1,583,341
Capital campaign reserve	216,981	334,100
Food and hunger programs reserve	1,500,000	-
Gardens program reserve	<u>559,949</u>	<u>-</u>
Total board-designated net assets	<u>\$ 3,837,458</u>	<u>\$ 1,917,441</u>

**10. Restrictions of Net Assets**

At June 30, net assets with donor restrictions were available for the following purposes or periods:

	<u>2020</u>	<u>2019</u>
Food distribution:		
Donated food inventory	\$ 940,567	\$ 783,491
USDA food inventory	<u>930,777</u>	<u>223,396</u>
Total food distribution	1,871,344	1,006,887
Meals on Wheels program	516,402	468,664
For other programs	<u>400,212</u>	<u>463,797</u>
Total net assets with purpose restrictions	2,787,958	1,939,348
Perpetual endowment	<u>48,017</u>	<u>48,017</u>
Total net assets with donor restrictions	<u>\$ 2,835,975</u>	<u>\$ 1,987,365</u>

The income from the perpetual endowment assets is donor restricted and can be used to hire a part-time physically or mentally disabled individual to assist in the warehouse.

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**11. Donated Food and Commodities**

Donations of food and commodities are recorded as support at their estimated fair market value. Commodities received from the USDA are recorded at the estimated value provided by the USDA. Donations of non-USDA food commodities received through Oregon Food Bank and from other sources for the years ended June 30, 2020 and 2019, were valued at estimated fair market value at the date of donation. For the years ended June 30, 2020 and 2019, the estimated fair market values used to record food donations was \$1.66 and \$1.68, respectively, per pound. Inventory of current year food donations not distributed is reflected as net assets with donor restrictions. Total estimated value of donated food and commodities received during the years ended June 30, 2020 and 2019, was \$11,719,400 and \$11,776,453 respectively.

**12. Employee Benefit Plan**

**Tax-Deferred Retirement Plan**

Effective January 1, 2009, the Board of Directors of FFLC authorized a change from the tax-deferred retirement program under Section 403(b) to a SIMPLE IRA plan under Section 408(p) of the IRC (the Plan). The Plan is administered by FFLC and offers participating employees a choice of several different investment funding options. In addition to FFLC contributions to the Plan, employees may elect to contribute to the Plan through salary deferrals. Under the Plan, FFLC matches employee contributions dollar-for-dollar from 1 percent to 3 percent of employee salary.

An employee is eligible to receive FFLC contributions the first day of the month after 90 days of continuous employment. Only employees earning \$5,000 or more in wages annually are eligible to participate in the Plan and receive FFLC contributions. For the years ended June 30, 2020 and 2019, FFLC contributed \$56,444 and \$59,328, respectively, to the Plan.

**13. Grants**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by such agencies. Any disallowed costs could become a liability of FFLC. Management believes there are no such unallowable costs.

**14. Fair Value Measurement**

Accounting principles generally accepted in the United States of America define fair value, establish a framework for measuring fair value, and establish a fair value hierarchy that prioritizes the inputs to valuation techniques. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction to sell the asset or transfer the liability occurs in the principal market for the asset or liability; in the absence of a principal market, the most advantageous market.

Valuation techniques that are consistent with the market, income, or cost approach are used to measure fair value.



FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**14. Fair Value Measurement**, continued

The fair value hierarchy prioritizes the inputs to valuation techniques used to measure fair value into three broad levels:

- Level 1: Inputs are quoted prices in active markets for identical assets or liabilities for which the Organization has the ability to access at the measurement date.
- Level 2: Inputs (other than quoted prices included within Level 1) that are observable for the asset or liability, either directly or indirectly.
- Level 3: Unobservable inputs for the asset or liability that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2020 and 2019.

*Mutual funds:* Valued at the daily closing price as reported by the fund. All mutual funds held by FFLC are open-ended funds that are registered with the SEC and are deemed to be actively traded.

*Certificates of deposit:* Valued at cost plus interest earned which approximates fair value using inputs that are observable in an inactive market.

*Beneficial interest in the assets of OCF:* Valued at the net present value of the estimated future amount to be received from such assets based on the value provided by OCF.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following tables set forth by level, within the fair value hierarchy, FFLC's investments at fair value as of June 30:

	Assets at Fair Value as of June 30, 2020			
	Level 1	Level 2	Level 3	Total
Mutual fund – balanced index fund	\$ 63,832	\$ -	\$ -	\$ 63,832
Mutual fund – stock market index	2,435	-	-	2,435
Mutual funds – bonds	683,214	-	-	683,214
Mutual funds – equities	628,217	-	-	628,217
Certificates of deposit	-	555,133	-	555,133
Beneficial interest in the assets of OCF	-	-	1,560,528	1,560,528
<b>Total assets at fair value</b>	<b>\$ 1,377,698</b>	<b>\$ 555,133</b>	<b>\$ 1,560,528</b>	<b>\$ 3,493,359</b>

FOOD FOR LANE COUNTY, INC.  
NOTES TO FINANCIAL STATEMENTS

**14. Fair Value Measurement, continued**

	Assets at Fair Value as of June 30, 2019			
	Level 1	Level 2	Level 3	Total
Mutual fund – balanced index fund	\$ 62,567	\$ -	\$ -	\$ 62,567
Mutual fund – stock market index	2,287	-	-	2,287
Mutual funds – bonds	721,108	-	-	721,108
Mutual funds – equities	607,182	-	-	607,182
Beneficial interest in the assets of OCF	-	-	1,583,341	1,583,341
 Total assets at fair value	 <u>\$ 1,393,144</u>	 <u>\$ -</u>	 <u>\$ 1,583,341</u>	 <u>\$ 2,976,485</u>

**15. Economic Uncertainties**

As a result of the COVID-19 coronavirus pandemic, for the year ended June 30, 2020, FFLC received and distributed to the community a significantly greater volume of government food commodities. FFLC's management does not anticipate adverse impacts to FFLC due to the ongoing COVID-19 coronavirus pandemic. However, as of the date of the independent auditor's report, there still exists certain economic uncertainties related to the COVID-19 coronavirus pandemic. These continuing uncertainties have the potential to result in a significant impact to FFLC's future financial condition and operating results. However, any such future financial impact and duration of such impact cannot be reasonably estimated at this time. As described in Note 9, the Board designated \$1,500,000 for future food and hunger programs' use due to the economic uncertainties stemming from COVID-19.

**16. Subsequent Events**

Management evaluates events and transactions that occur after the statement of financial position date as potential subsequent events. Management has performed this evaluation through the date of the independent auditor's report.

Subsequent to year-end, FFLC converted \$1,750,000 of cash equivalents to short-term investments held as certificates of deposit with various financial institutions.

SINGLE AUDIT INFORMATION

FOOD FOR LANE COUNTY, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Year Ended For the Year Ended June 30, 2020

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Agriculture</b>				
Passed through Oregon Food Bank, Inc.:				
Trade Mitigation Program Eligible Recipient Agency Operational funds		10.178	\$ 86,823	\$ -
Passed through Lane County:				
Special Supplemental Nutrition Program for Women, Infants and Children	53277	10.557	3,310	-
<b>SNAP Cluster:</b>				
Passed through Oregon Food Bank, Inc.:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program		10.561	5,808	-
<b>Food Distribution Cluster:</b>				
Passed through Oregon Food Bank, Inc.:				
Commodity Supplemental Food Program		10.565	164,540	-
Emergency Food Assistance Program - Administration		10.568	159,504	-
Emergency Food Assistance Program - Food Commodities		10.569	2,798,240	2,687,618
Total Food Distribution Cluster			3,122,284	2,687,618
<b>Child Nutrition Cluster:</b>				
Passed through Oregon Department of Education:				
Summer Food Service Program for Children	2006004	10.559	204,440	-
Total U.S. Department of Agriculture			3,422,665	2,687,618
<b>U.S. Department of Housing and Urban Development</b>				
<b>CDBG - Entitlement Grants Cluster:</b>				
Passed through Lane County:				
Community Development Block Grant - City of Eugene	53464	14.218	146,562	-
Community Development Block Grant - City of Springfield	53461	14.218	19,770	-
Total U.S. Department of Housing and Urban Development			166,332	-

FOOD FOR LANE COUNTY, INC.  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued  
 For the Year Ended June 30, 2020

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>U.S. Department of Homeland Security</b>				
Passed through Lane County Emergency Food and Shelter Board:				
Emergency Food and Shelter National Program	712800	97.024	<u>157,886</u>	<u>-</u>
Total federal awards			<u>\$ 3,746,883</u>	<u>\$ 2,687,618</u>

FOOD FOR LANE COUNTY, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Year Ended June 30, 2020

**1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of FOOD for Lane County, Inc. (FFLC) under programs of the federal government for the year ended June 30, 2020. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the financial statements. The Schedule is not intended to and does not present the financial position, changes in net assets, or cash flows of FFLC.

**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.

Expenditures reported on the Schedule include non-monetary assistance in the form of food and other commodities received through the USDA Food Distribution Cluster of federal programs. The amount expended is determined based on the pounds of such commodities distributed using the per pound value provided by USDA. At June 30, 2020, FFLC had government food commodities totaling \$794,264 in inventory which were not reported as expenditures in the Schedule as the food commodities were not yet distributed.

FFLC has elected to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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  
FOOD for Lane County, Inc.  
Eugene, Oregon

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 FOOD for Lane County, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 30, 2020, 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 December 11, 2020.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered FOOD for Lane County, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of FOOD for Lane County, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of FOOD for Lane County, Inc.'s internal control.

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

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

## Compliance and Other Matters

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

## Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Jones & Roth, P.C.  
Eugene, Oregon  
December 11, 2020



**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  
FOOD for Lane County, Inc.  
Eugene, Oregon

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

We have audited FOOD for Lane County, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of FOOD for Lane County, Inc.'s major federal programs for the year ended June 30, 2020. FOOD for Lane County, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of FOOD for Lane County, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about FOOD for Lane County, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**The Right People Beside You.**

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

In our opinion, FOOD for Lane County, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

### **Report on Internal Control Over Compliance**

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

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

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

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



Jones & Roth, P.C.  
Eugene, Oregon  
December 11, 2020

FOOD FOR LANE COUNTY, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended June 30, 2020

**Summary of Auditor's Results**

- The independent auditor's report expresses an unmodified opinion on the financial statements of FFLC.
- No significant deficiencies and no material weaknesses in internal control were disclosed by the audit of the financial statements.
- No instances of noncompliance material to the financial statements of FFLC, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
- No significant deficiencies and no material weaknesses were disclosed during the audit of the internal control over major federal award programs.
- The independent auditor's report on compliance for the major federal award programs for FFLC expresses an unmodified opinion on all major federal programs.
- There are no audit findings or questioned costs that are required to be reported in this schedule in accordance with the Uniform Guidance.
- The programs tested as major programs include:

Food Distribution Cluster:	CFDA #
Commodity Supplemental Food Program	10.565
Emergency Food Assistance Program – Administration	10.568
Emergency Food Assistance Program – Food Commodities	10.569
- The threshold for distinguishing between Type A and B programs was \$750,000.
- FFLC qualified as a low-risk auditee.

**Findings – Financial Statements Audit**

None.

**Findings and Questioned Costs – Major Federal Award Programs Audit**

None.

FOOD FOR LANE COUNTY, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
For the Year Ended June 30, 2020

**Prior Year Findings – Financial Statements Audit**

None.

**Prior Year Findings and Questioned Costs – Major Federal Award Programs Audit**

**Finding 2019-001**

*Type of Finding:* Significant deficiency in internal controls over compliance

*Federal program:* Child Nutrition Cluster - Summer Food Service Program for Child Nutrition (CFDA #10.559)

*Federal Agency:* U.S. Department of Agriculture

*Pass-through Entity:* Oregon Department of Education

*Criteria:* In accordance with the Uniform Guidance 2 CFR Part 200.318, non-federal entities must have documented procurement procedures that conform to the Uniform Guidance 2 CFR 200 Parts 318 through 326.

*Condition:* During audit procedures, we noted FOOD for Lane County, Inc. had not revised its procurement policy to conform to the requirements as outlined in 2 CFR Part 200 sections 318 through 326, specifically the methods of procurement to be followed pursuant to 2 CFR Part 200.320.

*Current Status:* Resolved.