

FOOD FOR LANE COUNTY, INC.

**FINANCIAL STATEMENTS AND
SINGLE AUDIT INFORMATION**

For the Years Ended June 30, 2021 and 2020

Jones & Roth



CPAs & Business Advisors

FOOD FOR LANE COUNTY, INC.
FINANCIAL STATEMENTS AND SINGLE AUDIT INFORMATION
For the Years Ended June 30, 2021 and 2020

TABLE OF CONTENTS

	<u>Page</u>
Introductory Section:	
Board of Directors	i
Independent Auditor's Report	1 - 2
Financial Statements:	
Statements of Financial Position	3 - 4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9 - 10
Notes to Financial Statements	11 - 21
Single Audit Information:	
Schedule of Expenditures of Federal Awards	22 - 23
Notes to Schedule of Expenditures of Federal Awards	24
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 <i>Government Auditing Standards</i>	25 - 26
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	27 - 28
Schedule of Findings and Questioned Costs	29
Summary Schedule of Prior Audit Findings	30

INTRODUCTORY SECTION

FOOD FOR LANE COUNTY, INC.
BOARD OF DIRECTORS
June 30, 2021

Rachel Ulrich
Chair

Diana Bray
Vice Chair

Tiffany Mellow
Treasurer

Katharine Ryan
Secretary

Mike Drennan
Past Chair

Benj Epstein
Director

Keri Garcia
Director

Laurie Hauber
Director

Chris Hemmings
Director

Justin King
Director

Weston McClain
Director

Samantha Snyder
Director

Charles Stanton
Director

Sarah Stapleton
Director

Jossi Stokes
Director

Michelle Thurston
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, 2021 and 2020, 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.

The Right People Beside You.

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EUGENE 260 Country Club Road
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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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other 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 November 18, 2021 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
November 18, 2021

FINANCIAL STATEMENTS

FOOD FOR LANE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
Assets		
Current assets		
Cash and cash equivalents	\$ 2,987,587	\$ 2,538,106
Investments (Note 3)	1,642,017	1,313,866
Grants and program receivables	325,034	506,437
Promises to give receivable, current (Note 4)	578,000	317,936
Inventory (Note 5)	2,299,227	1,999,742
Prepaid expenses	120,986	69,500
Certificates of deposit, short-term	2,161,690	151,950
Total current assets	10,114,541	6,897,537
Property and equipment		
Buildings	9,107,336	9,038,842
Land	696,492	696,492
Leasehold improvements	107,292	28,384
Equipment	1,057,622	1,018,855
Vehicles	713,410	688,333
Intangible assets	57,109	57,109
Construction in process	49,340	83,222
	11,788,601	11,611,237
Accumulated depreciation	(2,881,523)	(2,667,137)
Property and equipment, net	8,907,078	8,944,100
Other assets		
Beneficial interest in the assets of the Oregon Community Foundation (OCF) (Note 6)	2,015,503	1,560,528
Promises to give receivable, long-term (Note 4)	300,000	818,500
Certificates of deposit, long-term	154,330	403,183
Restricted investments held for endowment fund	74,244	63,832
Total other assets	2,544,077	2,846,043
Total assets	\$ 21,565,696	\$ 18,687,680

	<u>2021</u>	<u>2020</u>
Liabilities and Net Assets		
Current liabilities		
Accounts payable and other liabilities	\$ 196,788	\$ 115,311
Accounts payable, construction	-	52,997
Accrued payroll, vacation and related payroll liabilities	518,618	208,706
Current maturities of long-term debt	<u>-</u>	<u>41,200</u>
Total current liabilities	715,406	418,214
Long-term liabilities		
Long-term debt, net of current maturities (Note 7)	<u>-</u>	<u>1,889,742</u>
Total liabilities	<u>715,406</u>	<u>2,307,956</u>
Net assets		
Without donor restrictions:		
Undesignated	4,542,172	2,693,133
Held as property and equipment, net of debt	8,907,078	7,013,158
Board-designated (Note 9)	<u>4,087,169</u>	<u>3,837,458</u>
Total without donor restrictions	17,536,419	13,543,749
With donor restrictions (Note 10)	<u>3,313,871</u>	<u>2,835,975</u>
Total net assets	<u>20,850,290</u>	<u>16,379,724</u>
Total liabilities and net assets	<u>\$ 21,565,696</u>	<u>\$ 18,687,680</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, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support			
Contributions and promises to give	\$ 4,474,177	\$ 318,597	\$ 4,792,774
Capital campaign contributions	-	1,531,381	1,531,381
Corporate and foundation grants	886,797	1,049,825	1,936,622
Government grants	560,792	807,973	1,368,765
Government program contracts	651,017	-	651,017
Wholesale revenue and program sales	182,657	-	182,657
Donated goods and services	67,471	7,767	75,238
Donated goods and services - capital campaign contributions	-	25,889	25,889
Donated food (Note 11)	-	6,989,325	6,989,325
Government commodities (Note 11)	-	4,203,174	4,203,174
Miscellaneous income	84,790	-	84,790
Investment and interest income, net	296,830	15,384	312,214
Change in beneficial interest in the assets of the OCF	521,471	-	521,471
Net assets released from restrictions	<u>14,471,419</u>	<u>(14,471,419)</u>	<u>-</u>
 Total revenue and other support	 <u>22,197,421</u>	 <u>477,896</u>	 <u>22,675,317</u>
Expenses			
Food and hunger programs	16,734,988	-	16,734,988
Resource development	945,791	-	945,791
Administration	<u>523,972</u>	<u>-</u>	<u>523,972</u>
 Total expenses	 <u>18,204,751</u>	 <u>-</u>	 <u>18,204,751</u>
 Change in net assets	 <u>3,992,670</u>	 <u>477,896</u>	 <u>4,470,566</u>
 Net assets, beginning of year	 <u>13,543,749</u>	 <u>2,835,975</u>	 <u>16,379,724</u>
 Net assets, end of year	 <u>\$ 17,536,419</u>	 <u>\$ 3,313,871</u>	 <u>\$ 20,850,290</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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenue and other support			
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	506,081	1,007,552	1,513,633
Government program contracts	586,433	-	586,433
Wholesale revenue and program sales	224,170	-	224,170
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	69,546	-	69,546
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	15,123,702	(15,123,702)	-
 Total revenue and other support	 21,368,432	 848,610	 22,217,042
 Expenses			
Food and hunger programs	16,082,730	-	16,082,730
Resource development	910,815	-	910,815
Administration	404,284	-	404,284
 Total expenses	 17,397,829	 -	 17,397,829
 Change in net assets	 3,970,603	 848,610	 4,819,213
 Net assets, beginning of year	 9,573,146	 1,987,365	 11,560,511
 Net assets, end of year	 \$ 13,543,749	 \$ 2,835,975	 \$ 16,379,724

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, 2021

	<u>Food and Hunger Programs</u>	<u>Resource Development</u>	<u>Administration</u>	<u>Total</u>
Operating expenses				
Personnel expenses:				
Salaries	\$ 2,397,488	\$ 460,957	\$ 336,974	\$ 3,195,419
Payroll taxes	222,032	39,847	33,571	295,450
Health and pension benefits	<u>440,341</u>	<u>78,371</u>	<u>48,318</u>	<u>567,030</u>
Total personnel expenses	<u>3,059,861</u>	<u>579,175</u>	<u>418,863</u>	<u>4,057,899</u>
Non-personnel expenses:				
Donated goods distributed	10,825,700	-	-	10,825,700
Food purchases	1,231,290	-	-	1,231,290
Non-food purchases	17,275	-	-	17,275
Delivery and vehicle expenses	71,545	29	16	71,590
Program supplies and services	214,658	1,023	7,049	222,730
Insurance	26,019	4,020	3,752	33,791
Facilities rental	12,922	-	-	12,922
Repairs and maintenance	70,486	4,284	2,911	77,681
Equipment, rentals, and leases	71,730	1,325	801	73,856
Office expense	16,240	2,614	6,220	25,074
Telecommunications	21,990	1,912	410	24,312
Dues, publications, and awards	479	756	2,467	3,702
Travel, training, and conferences	16,379	2,546	2,563	21,488
Consultants and contractual services	116,063	35,653	22,541	174,257
Special events, direct mail, and promotional	6,564	160,666	-	167,230
Utilities	174,968	2,728	1,649	179,345
Miscellaneous	2,124	297	39,127	41,548
Grants to partner agencies	189,712	-	-	189,712
Capital campaign expenses	-	92,498	-	92,498
In-kind services and supplies	30,448	35,398	1,625	67,471
Interest expense	49,553	-	-	49,553
Depreciation and amortization	<u>508,982</u>	<u>20,867</u>	<u>13,978</u>	<u>543,827</u>
Total non-personnel expenses	<u>13,675,127</u>	<u>366,616</u>	<u>105,109</u>	<u>14,146,852</u>
Total operating expenses	<u>\$ 16,734,988</u>	<u>\$ 945,791</u>	<u>\$ 523,972</u>	<u>\$ 18,204,751</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 and Hunger Programs</u>	<u>Resource Development</u>	<u>Administration</u>	<u>Total</u>
Operating expenses				
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>
Total operating expenses	<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.
STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities		
Change in net assets	\$ 4,470,566	\$ 4,819,213
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	543,827	413,287
(Gain) loss on asset disposal	31,520	(600)
Donated property and equipment	(7,767)	(165,022)
Unrealized gains on investments	(245,636)	(7,850)
Net change in beneficial interest in the assets of OCF	(521,471)	(42,244)
Contribution of investments	(817,195)	(79,233)
(Increase) decrease in operating assets:		
Grants and program receivables	181,403	(177,752)
Bequest receivable	-	634,364
Promises to give receivable	258,436	(461,433)
Inventory	(299,485)	(980,209)
Prepaid expenses	(51,486)	(17,407)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	81,477	(12,182)
Accrued payroll, vacation, and related payroll liabilities	<u>309,912</u>	<u>29,208</u>
 Net cash provided by operating activities	 <u>3,934,101</u>	 <u>3,952,140</u>
 Cash flows from investing activities		
Purchases of investments	(2,596,944)	(36,436)
Proceeds from sales of investments	3,331,623	140,230
Purchases of certificate of deposits	(1,913,552)	(555,133)
Proceeds from maturity of certificate of deposit	152,665	-
Proceeds from sale of equipment	6,801	600
Purchase of property and equipment	(590,355)	(2,182,976)
Net change in restricted investments held for endowment	(10,412)	(1,265)
Proceeds from beneficial interest in assets of OCF	<u>66,496</u>	<u>65,057</u>
 Net cash used by investing activities	 <u>(1,553,678)</u>	 <u>(2,569,923)</u>
 Cash flows from financing activities		
Proceeds from long-term debt	-	1,145,593
Principal payments on long-term debt	<u>(1,930,942)</u>	<u>(989,759)</u>
 Net cash (used) provided by financing activities	 <u>(1,930,942)</u>	 <u>155,834</u>

	<u>2021</u>	<u>2020</u>
Net increase in cash and cash equivalents	449,481	1,538,051
Cash and cash equivalents, beginning of year	<u>2,538,106</u>	<u>1,000,055</u>
Cash and cash equivalents, end of year	<u>\$ 2,987,587</u>	<u>\$ 2,538,106</u>
Supplemental disclosure of cash flow information		
Cash paid for interest, net of capitalized amount	<u>\$ 49,553</u>	<u>\$ 103,238</u>
Supplemental disclosure of noncash investing and financing activities		
Total increase in property and equipment	\$ 545,125	\$ 1,790,572
Donated property and equipment	(7,767)	(165,022)
Change in accounts payable, construction	<u>52,997</u>	<u>557,426</u>
Cash paid for purchase of property and equipment	<u>\$ 590,355</u>	<u>\$ 2,182,976</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 8,503,000 pounds and 8,672,000 pounds of food were distributed in the years ended June 30, 2021 and 2020, 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) 2014-09 *Revenue from Contracts with Customers* (Topic 606) and related subsequently issued and clarifying ASUs. Topic 606 and related ASUs supersede previous revenue recognition principles for exchange transactions and establish a core principle requiring the recognition of revenue to depict that transfer of promised goods or services to customers in an amount that reflects consideration to which the entity expects to be entitled for such goods or services. The Organization adopted the new standard effective July 1, 2020, using the full retrospective approach. Based on the Organization's evaluation process and revenue of its contracts with customers, the timing and amount of revenue recognized previously are consistent with how revenue is recognized under the new standard. No change to previously reported net assets was required due to the adoption of the standard, and the adoption has not resulted in the recognition of additional assets or liabilities.

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, 2021, receivables from four agencies accounted for 74 percent of the total grants and program receivable balance. As of June 30, 2020, receivables from five agencies accounted for 89 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 and certificate of deposit 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 2021 and 2020, bank balances exceeded FDIC insurance limits at various times during the year. At June 30, 2021 and 2020, cash and certificate of deposit balances held in excess of federally insured limits were \$1,053,070 and \$223,016, 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, 2021 and 2020, investment and cash equivalent balances held in excess of insured limits were \$3,640,011 and \$2,811,431, 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, 2021 and 2020, 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, 2021 and 2020, 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, 2021, FFLC received approximately 32,900 volunteer hours from several thousand people. Valued at \$15.50 per hour, this would be \$509,950. 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.

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, 2021 and 2020, total donated goods and services, excluding donated food and government commodities, were comprised of:

	2021	2020
Donated goods, excluding food and government commodities	\$ 50,426	\$ 234,514
Donated services	50,701	87,237
Total donated goods and services	\$ 101,127	\$ 321,751

In-kind contributions for the years ended June 30, 2021 and 2020, include capital campaign contributions in the amounts of \$25,889 and \$188,077, respectively.

Program contracts and sales revenue – Program contract revenue is comprised from amounts received for meal delivery and other program services. Program contract revenue is recognized based on prices specified in the contracts and is recognized at the point in time the services are performed and/or the goods are delivered under the contract terms, which is considered satisfaction of the performance obligation. Revenue from sales of goods is recognized at the time the sale is made and the goods are delivered, which is considered satisfaction of the performance obligation. There are no elements of variable consideration incorporated into the contracts and there are no significant estimates required related to recognition of the revenues.

Share Contribution and USDA Reimbursement

Oregon Food Bank is the statewide distribution network for food donations. FFLC 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. FFLC does not charge a share contribution fee to its partner agencies; all agencies receive food free of charge.

Expense Allocation

FFLC 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

FFLC's advertising costs are expensed as incurred. Advertising costs totaled \$13,946 and \$29,465 for the years ended June 30, 2021 and 2020, 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, 2021 and 2020, reduced by amounts not available for general expenditures within one year:

	<u>2021</u>	<u>2020</u>
Total financial assets	\$ 10,238,406	\$ 7,674,338
Less those unavailable for general expenditure within one year due to:		
Purpose or time restrictions	(1,028,927)	(916,614)
Perpetual endowment	(48,017)	(48,017)
Board designations	<u>(4,087,169)</u>	<u>(3,837,458)</u>
Financial assets available for general expenditure within one year	<u>\$ 5,074,293</u>	<u>\$ 2,872,249</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>2021</u>	<u>2020</u>
Interest and dividends	\$ 76,484	\$ 58,327
Unrealized gains	245,636	7,850
Realized losses	(2,214)	(723)
Investment expenses	<u>(7,692)</u>	<u>(6,387)</u>
Total investment and interest income, net	<u>\$ 312,214</u>	<u>\$ 59,067</u>

4. Promises to Give Receivable

Promises to give receivable are restricted for use in a capacity-building capital campaign for FFLC. At June 30, promises to give receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
Amounts due in:		
Less than one year	578,000	\$ 317,936
One to five years	<u>300,000</u>	<u>818,500</u>
Total promises to give receivable	<u>\$ 878,000</u>	<u>\$ 1,136,436</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, 2021 and 2020, was stated at \$1.73 and \$1.66 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>2021</u>	<u>2020</u>
Interest and dividends	\$ 10,217	\$ 9,896
Realized gains	63,579	20,122
Unrealized gains	460,536	23,954
Investment management and OCF fees	<u>(12,861)</u>	<u>(11,728)</u>
Net change before distributions	521,471	42,244
Approved distributions to FFLC	<u>(66,496)</u>	<u>(65,057)</u>
Net increase (decrease) in beneficial interest	454,975	(22,813)
Beginning balance	<u>1,560,528</u>	<u>1,583,341</u>
Ending balance	<u>\$ 2,015,503</u>	<u>\$ 1,560,528</u>

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

7. Long-term Debt

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

	2021	2020
Mortgage note payable, Umpqua Bank, with monthly installments of \$8,421, including interest at 4.06%, secured by real property. Paid in full in February 2021.	\$ -	\$ 1,463,225
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, secured by real property. Paid in full in November 2020.	-	467,717
Current maturities	-	1,930,942
	-	(41,200)
Long-term debt, net of current maturities	\$ -	\$ 1,889,742

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. 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. Interest is charged on borrowings at a variable interest rate equal to the Prime Rate as published in the Wall Street Journal, with a floor of 3.25 percent. The rate on the line of credit at June 30, 2021 was 3.25 percent. There was no balance on the line of credit at June 30, 2021 and 2020.

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.

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

9. Board Designated Net Assets, continued

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>2021</u>	<u>2020</u>
Board designated endowment fund	\$ 2,015,502	\$ 1,560,528
Capital campaign reserve	216,981	216,981
Food and hunger programs reserve	1,427,750	1,500,000
Gardens program reserve	<u>426,936</u>	<u>559,949</u>
Total board-designated net assets	<u>\$ 4,087,169</u>	<u>\$ 3,837,458</u>

10. Restrictions of Net Assets

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

	<u>2021</u>	<u>2020</u>
Food distribution:		
Donated food inventory	\$ 1,336,941	\$ 940,567
USDA food inventory	<u>899,985</u>	<u>930,777</u>
Total food distribution	2,236,926	1,871,344
Meals on Wheels program	639,046	516,402
For other programs	<u>389,882</u>	<u>400,212</u>
Total net assets with purpose restrictions	3,265,854	2,787,958
Perpetual endowment	<u>48,017</u>	<u>48,017</u>
Total net assets with donor restrictions	<u>\$ 3,313,871</u>	<u>\$ 2,835,975</u>

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

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, 2021 and 2020, were valued at estimated fair market value at the date of donation. For the years ended June 30, 2021 and 2020, the estimated fair market values used to record food donations was \$1.73 and \$1.66, 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, 2021 and 2020, was \$11,192,499 and \$11,719,400, respectively.

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

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, 2021 and 2020, FFLC contributed \$65,595 and \$56,444, 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.

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.

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

14. Fair Value Measurement, continued

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, 2021 and 2020.

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 (Level 2 inputs).

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 (Level 3 inputs).

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, 2021			
	Level 1	Level 2	Level 3	Total
Mutual fund – balanced index fund	\$ 74,244	\$ -	\$ -	\$ 74,244
Mutual fund – stock market index	3,515	-	-	3,515
Mutual funds – bonds	732,197	-	-	732,197
Mutual funds – equities	906,305	-	-	906,305
Certificates of deposit	-	2,316,020	-	2,316,020
Beneficial interest in the assets of OCF	-	-	2,015,503	2,015,503
Total assets at fair value	\$ 1,716,261	\$ 2,316,020	\$ 2,015,503	\$ 6,047,784

	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
Total assets at fair value	\$ 1,377,698	\$ 555,133	\$ 1,560,528	\$ 3,493,359

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

15. Economic Uncertainties

As a result of the ongoing COVID-19 coronavirus pandemic, 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.

Due to the COVID-19 coronavirus pandemic, during the year ended June 30, 2020, FFLC received and distributed to the community a significantly greater volume of government food commodities. This increased distribution continued for part of the fiscal year ended June 30, 2021. Additionally, in response to the pandemic, during the year ended June 30, 2020, 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.

SINGLE AUDIT INFORMATION

FOOD FOR LANE COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Contract Number</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
U.S. Department of Agriculture				
Passed through Oregon Food Bank, Inc.:				
Trade Mitigation Program Eligible Recipient Agency Operational funds		10.178	\$ 21,838	\$ -
Passed through Lane County:				
Special Supplemental Nutrition Program for Women, Infants and Children	53277	10.557	1,400	-
Food Distribution Cluster:				
Passed through Oregon Food Bank, Inc.:				
Commodity Supplemental Food Program		10.565	176,405	-
Emergency Food Assistance Program - Administration		10.568	301,900	-
Emergency Food Assistance Program - Food Commodities		10.569	2,442,007	2,338,254
Total Food Distribution Cluster			2,920,312	2,338,254
Child Nutrition Cluster:				
Passed through Oregon Department of Education:				
Summer Food Service Program for Children	2006004	10.559	194,467	-
Total U.S. Department of Agriculture			3,138,017	2,338,254
U.S. Department of Housing and Urban Development				
CDBG - Entitlement Grants Cluster:				
Passed through Lane County:				
Community Development Block Grant - City of Eugene	55569	14.218	156,562	-
Community Development Block Grant - City of Springfield	55568	14.218	19,770	-
Total U.S. Department of Housing and Urban Development			176,332	-
U.S. Department of the Treasury				
Passed through Oregon Health Authority:				
COVID-19 Coronavirus Relief Fund		21.019	113,310	-

FOOD FOR LANE COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS, Continued
For the Year Ended June 30, 2021

<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>
U.S. Department of Health and Human Services				
477 Cluster				
Passed through Lane County:				
Community Services Block Grant		93.569	<u>75,000</u>	<u>-</u>
U.S. Department of Homeland Security				
Passed through Lane County Emergency Food and Shelter Board:				
Emergency Food and Shelter National Program	712800	97.024	<u>163,222</u>	<u>-</u>
Total federal awards			<u>\$ 3,665,881</u>	<u>\$ 2,338,254</u>

FOOD FOR LANE COUNTY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2021

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, 2021. 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, 2021, FFLC had government food commodities totaling \$899,985 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, 2021, 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 November 18, 2021.

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.

A handwritten signature in cursive script that reads "Jones & Roth P.C.".

Jones & Roth, P.C.
Eugene, Oregon
November 18, 2021

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

To the Board of Directors
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, 2021. 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.

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, 2021.

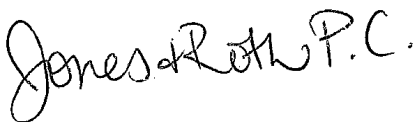
Report on Internal Control Over Compliance

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
November 18, 2021

FOOD FOR LANE COUNTY, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2021

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:

	Assistance Listing #
Food Distribution Cluster:	
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, 2021

Prior Year Findings – Financial Statements Audit

None.

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

None.