

FOOD FOR LANE COUNTY, INC.

**FINANCIAL STATEMENTS AND
SINGLE AUDIT INFORMATION**

For the Years Ended June 30, 2023 and 2022

Jones & Roth

CPAs & Business Advisors

FOOD FOR LANE COUNTY, INC.
FINANCIAL STATEMENTS AND SINGLE AUDIT INFORMATION
For the Years Ended June 30, 2023 and 2022

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INTRODUCTORY SECTION

FOOD FOR LANE COUNTY, INC.
BOARD OF DIRECTORS
June 30, 2023

Justin King
Chair

Chris Hemmings
Vice Chair

Samantha Snyder
Treasurer

Michelle Thurston
Secretary

Diana Bray
Past Chair

Tiffany Mellow
Director

Keri Garcia
Director

Laurie Hauber
Director

Rico Perez
Director

Caity Hatteras
Director

Weston McClain
Director

Colin Morgan
Director

Phyllis Swenson
Director

Sarah Stapleton
Director

Clinton Sandvick
Director

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

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, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of FOOD for Lane County, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of FOOD for Lane County, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of FOOD for Lane County, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about FOOD for Lane County, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 2023, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of FOOD for Lane County, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering FOOD for Lane County, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Jones & Roth P.C." in a cursive style.

Jones & Roth, P.C.
Eugene, Oregon
November 17, 2023

FINANCIAL STATEMENTS

FOOD FOR LANE COUNTY, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2023 and 2022

	2023	2022
Assets		
Current assets		
Cash and cash equivalents	\$ 1,049,691	\$ 2,491,497
Investments (Note 4)	4,650,777	2,584,631
Grants and program receivables	498,858	748,686
Promises to give receivable, current (Note 5)	62,232	1,978,542
Certificates of deposit, short-term	1,926,619	1,908,711
Inventory (Note 6)	1,066,347	1,507,375
Prepaid expenses	146,397	143,047
Total current assets	9,400,921	11,362,489
Property and equipment, net (Note 7)	11,319,274	10,504,918
Other assets		
Beneficial interest in the assets of OCF (Note 8)	2,080,068	1,721,657
Promises to give receivable, long-term (Note 5)	5,396	28,724
Certificates of deposit, long-term	-	415,154
Restricted investments held for endowment fund	60,076	60,014
Total other assets	2,145,540	2,225,549
Total assets	\$ 22,865,735	\$ 24,092,956
Liabilities and Net Assets		
Current liabilities		
Accounts payable and other liabilities	\$ 228,776	\$ 193,896
Accounts payable, construction	-	600,113
Accrued payroll, vacation and related payroll liabilities	403,126	332,483
Total current liabilities	631,902	1,126,492
Net assets		
Without donor restrictions:		
Undesignated	6,772,038	5,506,398
Held as property and equipment	11,319,274	10,504,918
Board-designated (Note 10)	2,473,510	3,456,781
Total without donor restrictions	20,564,822	19,468,097
With donor restrictions (Note 11)	1,669,011	3,498,367
Total net assets	22,233,833	22,966,464
Total liabilities and net assets	\$ 22,865,735	\$ 24,092,956

The accompanying notes are an integral part of these statements.

FOOD FOR LANE COUNTY, INC.
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2023

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Revenue and other support			
Contributions and promises to give	\$ 4,152,375	\$ 405,061	\$ 4,557,436
Capital campaign contributions	-	-	-
Corporate and foundation grants	1,069,020	359,598	1,428,618
Government grants	340,261	1,393,516	1,733,777
Government program contracts	567,571	-	567,571
Wholesale revenue and program sales	205,730	-	205,730
Donated food (Note 12)	-	9,558,261	9,558,261
Government food and commodities (Note 12)	-	1,911,738	1,911,738
Donated goods and services	107,317	315,409	422,726
Donated goods and services - capital campaign contributions	-	5,000	5,000
Miscellaneous income	69,853	-	69,853
Investment and interest income, net	211,653	-	211,653
Change in beneficial interest in the assets of the OCF	144,139	-	144,139
Net assets released from restrictions	<u>15,777,939</u>	<u>(15,777,939)</u>	<u>-</u>
 Total revenue and other support	 <u>22,645,858</u>	 <u>(1,829,356)</u>	 <u>20,816,502</u>
 Expenses			
Food and hunger programs	19,783,631	-	19,783,631
Resource development	1,141,826	-	1,141,826
Administration	<u>623,676</u>	<u>-</u>	<u>623,676</u>
 Total expenses	 <u>21,549,133</u>	 <u>-</u>	 <u>21,549,133</u>
 Change in net assets	 1,096,725	 (1,829,356)	 (732,631)
 Net assets, beginning of year	 <u>19,468,097</u>	 <u>3,498,367</u>	 <u>22,966,464</u>
 Net assets, end of year	 <u>\$ 20,564,822</u>	 <u>\$ 1,669,011</u>	 <u>\$ 22,233,833</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, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
Revenue and other support			
Contributions and promises to give	\$ 4,022,564	\$ 233,317	\$ 4,255,881
Capital campaign contributions	-	3,212,416	3,212,416
Corporate and foundation grants	827,671	387,856	1,215,527
Government grants	364,387	1,022,702	1,387,089
Government program contracts	745,253	-	745,253
Wholesale revenue and program sales	209,580	-	209,580
Donated food (Note 12)	-	8,495,294	8,495,294
Government food and commodities (Note 12)	-	1,718,855	1,718,855
Donated goods and services	122,666	166,640	289,306
Donated goods and services - capital campaign contributions	-	27,401	27,401
Miscellaneous income	73,219	-	73,219
Investment and interest income, net	(275,833)	-	(275,833)
Change in beneficial interest in the assets of the OCF	(224,584)	-	(224,584)
Net assets released from restrictions	<u>15,079,985</u>	<u>(15,079,985)</u>	<u>-</u>
 Total revenue and other support	 <u>20,944,908</u>	 <u>184,496</u>	 <u>21,129,404</u>
 Expenses			
Food and hunger programs	17,385,198	-	17,385,198
Resource development	974,937	-	974,937
Administration	<u>653,095</u>	<u>-</u>	<u>653,095</u>
 Total expenses	 <u>19,013,230</u>	 <u>-</u>	 <u>19,013,230</u>
 Change in net assets	 1,931,678	 184,496	 2,116,174
 Net assets, beginning of year	 <u>17,536,419</u>	 <u>3,313,871</u>	 <u>20,850,290</u>
 Net assets, end of year	 <u>\$ 19,468,097</u>	 <u>\$ 3,498,367</u>	 <u>\$ 22,966,464</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, 2023

	<u>Food and Hunger Programs</u>	<u>Resource Development</u>	<u>Administration</u>	<u>Total</u>
Operating expenses				
Personnel expenses:				
Salaries	\$ 2,890,527	\$ 511,339	\$ 394,967	\$ 3,796,833
Payroll taxes	321,082	52,967	31,216	405,265
Health and pension benefits	<u>555,178</u>	<u>101,894</u>	<u>69,454</u>	<u>726,526</u>
Total personnel expenses	<u>3,766,787</u>	<u>666,200</u>	<u>495,637</u>	<u>4,928,624</u>
Non-personnel expenses:				
Donated goods distributed	11,938,390	-	-	11,938,390
Food purchases	1,996,277	-	-	1,996,277
Non-food purchases	119,523	-	-	119,523
Delivery and vehicle expenses	107,942	-	-	107,942
Program supplies and services	228,916	1,741	1,249	231,906
Insurance	34,075	5,357	3,245	42,677
Facilities rental	35,436	4,310	-	39,746
Repairs and maintenance	138,369	5,359	3,801	147,529
Equipment, rentals, and leases	24,106	1,718	1,009	26,833
Office expense	23,977	5,727	7,875	37,579
Telecommunications	32,415	3,607	1,741	37,763
Dues, publications, and awards	3,378	2,943	1,010	7,331
Travel, training, and conferences	40,147	3,409	4,012	47,568
Consultants and contractual services	164,452	66,380	43,339	274,171
Special events, direct mail, and promotional	8,279	261,809	-	270,088
Utilities	210,865	3,127	2,239	216,231
Miscellaneous	7,191	1,339	26,088	34,618
Loss on disposal of assets	-	-	23,067	23,067
Grants to partner agencies	177,534	-	-	177,534
Capital campaign expenses	-	18,969	-	18,969
In-kind services and supplies	44,737	69,395	-	114,132
Bad debt expense	-	-	-	-
Depreciation and amortization	<u>680,835</u>	<u>20,436</u>	<u>9,364</u>	<u>710,635</u>
Total non-personnel expenses	<u>16,016,844</u>	<u>475,626</u>	<u>128,039</u>	<u>16,620,509</u>
Total operating expenses	<u>\$ 19,783,631</u>	<u>\$ 1,141,826</u>	<u>\$ 623,676</u>	<u>\$ 21,549,133</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, 2022

	<u>Food and Hunger Programs</u>	<u>Resource Development</u>	<u>Administration</u>	<u>Total</u>
Operating expenses				
Personnel expenses:				
Salaries	\$ 2,612,062	\$ 445,178	\$ 362,373	\$ 3,419,613
Payroll taxes	245,789	37,651	34,190	317,630
Health and pension benefits	<u>482,444</u>	<u>85,150</u>	<u>57,972</u>	<u>625,566</u>
Total personnel expenses	<u>3,340,295</u>	<u>567,979</u>	<u>454,535</u>	<u>4,362,809</u>
Non-personnel expenses:				
Donated goods distributed	10,956,525	-	-	10,956,525
Food purchases	1,239,312	-	-	1,239,312
Non-food purchases	57,142	-	-	57,142
Delivery and vehicle expenses	95,118	-	-	95,118
Program supplies and services	219,838	1,049	549	221,436
Insurance	29,312	4,613	2,794	36,719
Facilities rental	98,203	3,970	72	102,245
Repairs and maintenance	83,166	3,528	1,831	88,525
Equipment, rentals, and leases	19,918	1,304	683	21,905
Office expense	17,128	1,450	3,717	22,295
Telecommunications	25,978	2,627	1,026	29,631
Dues, publications, and awards	2,039	2,008	1,791	5,838
Travel, training, and conferences	28,811	2,086	2,727	33,624
Consultants and contractual services	147,744	38,984	75,387	262,115
Special events, direct mail, and promotional	7,273	171,258	-	178,531
Utilities	193,658	2,371	1,205	197,234
Miscellaneous	7,887	375	6,961	15,223
Loss on disposal of assets	-	-	95,891	95,891
Grants to partner agencies	168,950	-	-	168,950
Capital campaign expenses	-	78,565	-	78,565
In-kind services and supplies	90,399	32,267	-	122,666
Bad debt expense	-	50,000	-	50,000
Depreciation and amortization	<u>556,502</u>	<u>10,503</u>	<u>3,926</u>	<u>570,931</u>
Total non-personnel expenses	<u>14,044,903</u>	<u>406,958</u>	<u>198,560</u>	<u>14,650,421</u>
Total operating expenses	<u>\$ 17,385,198</u>	<u>\$ 974,937</u>	<u>\$ 653,095</u>	<u>\$ 19,013,230</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, 2023 and 2022

	2023	2022
Cash flows from operating activities		
Change in net assets	\$ (732,631)	\$ 2,116,174
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	710,635	570,931
Loss on asset disposal	23,067	95,891
Donated property and equipment	(313,594)	(166,640)
Unrealized (gains) losses on investments	(47,798)	365,755
Net change in beneficial interest in the assets of OCF	(144,139)	224,584
Contribution of investments	(54,621)	(896,234)
(Increase) decrease in operating assets:		
Grants and program receivables	249,828	(423,652)
Promises to give receivable	1,939,638	(1,129,266)
Inventory	441,028	791,852
Prepaid expenses	(3,350)	(22,061)
Increase (decrease) in operating liabilities:		
Accounts payable and other liabilities	34,880	(2,891)
Accrued payroll, vacation, and related payroll liabilities	70,643	(186,135)
	<u>2,173,586</u>	<u>1,338,308</u>
Net cash provided by operating activities		
Cash flows from investing activities		
Purchases of investments	(2,256,584)	(1,316,131)
Proceeds from sales of investments	292,857	903,996
Purchases of certificate of deposits	(1,511,465)	(2,169,535)
Proceeds from maturity of certificate of deposit	1,908,711	2,161,690
Proceeds from sale of equipment	3,899	8,500
Purchase of property and equipment	(1,838,476)	(1,506,410)
Net change in restricted investments held for endowment	(62)	14,230
Deposits to beneficial interest in assets of OCF	(250,000)	-
Proceeds from beneficial interest in assets of OCF	35,728	69,262
	<u>(3,615,392)</u>	<u>(1,834,398)</u>
Net cash used by investing activities		
Net decrease in cash and cash equivalents	(1,441,806)	(496,090)
Cash and cash equivalents, beginning of year	<u>2,491,497</u>	<u>2,987,587</u>
Cash and cash equivalents, end of year	<u>\$ 1,049,691</u>	<u>\$ 2,491,497</u>

	<u>2023</u>	<u>2022</u>
Supplemental disclosure of cash flow information		
Cash paid for interest	<u>\$ -</u>	<u>\$ -</u>
Supplemental disclosure of noncash investing and financing activities		
Total increase in property and equipment	\$ 1,551,957	\$ 2,273,163
Donated property and equipment	(313,594)	(166,640)
Change in accounts payable, construction	<u>600,113</u>	<u>(600,113)</u>
Cash paid for purchase of property and equipment	<u>\$ 1,838,476</u>	<u>\$ 1,506,410</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 8,042,000 pounds and 6,830,000 pounds of food were distributed in the years ended June 30, 2023 and 2022, 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.

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.

Recent Accounting Standard Adopted

During the year ended June 30, 2023, FFLC implemented the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 842, Leases, using the modified retrospective approach, with July 1, 2022 as the date of initial application. Lease disclosures for the year ended June 30, 2022 are made in accordance with the previous lease accounting guidance in FASB ASC 840. The most significant change in the new leasing guidance is the requirement for lessees to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position. FFLC elected the package of practical expedients permitted under the transition guidance within the new standard, which among other things, allowed FFLC to carry forward the historical lease classification for existing leases. FFLC elected the practical expedient to use hindsight in determining the lease term for existing leases. FFLC also elected to not apply the recognition requirements in ASC Topic 842 to short-term leases (leases with terms of 12 months or less). Additionally, FFLC established a threshold of \$25,000 for capitalization of leases. Adoption of the new standard did not have a material impact on FFLC's financial statements as all contracts with lease assets and lease liabilities are below the established \$25,000 capitalization threshold set by FFLC.

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.

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies, continued

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.

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, 2023, receivables from three agencies accounted for 73 percent of the total grants and program receivable balance. As of June 30, 2022, receivables from three agencies accounted for 78 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 2023 and 2022, bank balances exceeded FDIC insurance limits at various times during the year. At June 30, 2023 and 2022, cash and certificate of deposit balances held in excess of federally insured limits were \$462,746 and \$1,051,565, 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, 2023 and 2022, investment and cash equivalent balances held in excess of insured limits were \$4,025,176 and \$3,911,853, 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, treasury bills with less than 13 week original maturity, 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.

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies, continued

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. Receivables are uncollateralized. Management considers historical write-offs when assessing the need for an allowance. As of June 30, 2023 and 2022, management considers the amounts fully collectible; therefore, management has elected not to record an allowance. Receivables are not secured.

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, 2023 and 2022, 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.

Leases

FFLC assesses whether an arrangement qualifies as a lease at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the arrangement are changed.

FFLC has elected the short-term lease recognition exemption for all classes of underlying assets. Leases with an initial term of 12 months or less, that do not include an option to purchase the underlying asset that FFLC is reasonably certain to exercise, are not recorded on the statement of financial position. Lease expense is recognized for these leases on a straight-line basis over the lease term. When the implicit rate is not readily determinable for FFLC's leases, management has elected to use the risk-free rate at the commencement date for all classes of underlying assets in determining the present value of lease payments. Agreements with lease and non-lease components are generally accounted for separately with amounts allocated to the lease and non-lease components based on observable stand-alone prices.

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies, continued

Revenue and Support

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. Contract revenue is recognized when services are provided under the terms of the contract; contract revenue is considered to be without donor restrictions.

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.

Donated financial assets – Donated marketable securities and similar assets are recorded as contributions at their fair market value at the date of donation using information available for identical assets on an active market (level 1 inputs). Donated marketable securities are immediately sold (monetized) 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 – FFLC receives various forms of donated goods and services including food and government food and commodities, auction items, equipment and other items which are recorded at estimated fair market value. Donated government food and commodities are valued using the values provided by the United States Department of Agriculture (USDA) which approximate fair values. Other donated food is valued at a per pound estimated value that is based on values provided by Feeding America, which are derived by Feeding America based on studies performed which include a review of product categories and wholesale prices using a national wholesaler's pricing catalogue, as modified to reflect the actual the product mix of donated food received by FFLC. Other contributions for goods are valued based upon estimates of fair market value that would be received for selling the goods in their principal market considering their condition and utility at the time the goods are contributed by the donor. Values assigned to donated services are based upon estimates of fair market value for similar using standard industry pricing; typically, values are provided by those providing the donated services. Donated goods and services are generally utilized by FFLC in its programs and supporting services and are not generally monetized.

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.

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

1. Organization and Summary of Significant Accounting Policies, continued

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.

Subsequent Events

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

2. Donated Goods and Services

For the years ended June 30, 2023 and 2022, total donated goods and services, were comprised of the following:

	<u>2023</u>	<u>2022</u>
Food	\$ 9,558,261	\$ 8,495,294
Government food and commodities	1,911,738	1,718,855
Capital assets	313,594	166,640
Other goods	71,381	106,732
Consulting services	12,050	27,250
Printing services	16,640	11,288
Other services	<u>14,061</u>	<u>4,797</u>
Total donated goods and services	<u>\$ 11,897,725</u>	<u>\$ 10,530,856</u>

The goods and services were utilized by the following program and support services:

	<u>2023</u>	<u>2022</u>
Food and hunger programs	\$ 11,711,330	\$ 10,471,188
Resource development	69,395	59,668
Administration	<u>117,000</u>	<u>-</u>
Total donated goods and services	<u>\$ 11,897,725</u>	<u>\$ 10,530,856</u>

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, 2023, FFLC received approximately 53,500 volunteer hours from several thousand people. Valued at \$18.00 per hour, this would be \$963,000. During the year ended June 30, 2022, FFLC received approximately 45,200 volunteer hours from several thousand people. Valued at \$18.00 per hour, this would be \$813,600.

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

3. 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, 2023 and 2022, reduced by amounts not available for general expenditures within one year:

	<u>2023</u>	<u>2022</u>
Total financial assets	\$ 10,333,717	\$ 11,937,616
Less those unavailable for general expenditure within one year due to:		
Purpose or time restrictions	(590,301)	(1,953,125)
Perpetual endowment	(48,017)	(48,017)
Board designations	<u>(2,473,510)</u>	<u>(3,456,781)</u>
Financial assets available for general expenditure within one year	<u>\$ 7,221,889</u>	<u>\$ 6,479,693</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 9).

4. Investments

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

At June 30 2023 and 2022, investment and interest income, net of related investment expenses, was comprised of the following:

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 182,504	\$ 86,973
Unrealized gains (losses)	47,187	(365,755)
Realized gains (losses)	611	12,677
Investment expenses	<u>(18,649)</u>	<u>(9,728)</u>
Total investment and interest income (loss), net	<u>\$ 211,653</u>	<u>\$ (275,833)</u>

5. Promises to Give Receivable

Promises to give receivable are restricted for use in a capacity-building capital campaign for FFLC. At June 30, 2023 and 2022 promises to give receivable consisted of the following:

	<u>2023</u>	<u>2022</u>
Amounts due in:		
Less than one year	\$ 62,232	\$ 1,978,542
One to five years	<u>5,396</u>	<u>28,724</u>
Total promises to give receivable	<u>\$ 67,628</u>	<u>\$ 2,007,266</u>

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

6. 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, 2023 and 2022, was stated at \$1.91 and \$1.88 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.

7. Property and Equipment

At June 30, property and equipment, net was comprised of the following:

	<u>2023</u>	<u>2022</u>
Land	\$ 696,492	\$ 696,492
Buildings	11,382,761	8,947,847
Building and leasehold improvements	121,377	121,377
Equipment	1,931,040	1,049,693
Vehicles	804,978	824,604
Intangible assets	88,933	72,933
Construction in process	<u>19,590</u>	<u>1,920,628</u>
Total property and equipment	15,045,171	13,633,574
Accumulated depreciation	<u>(3,725,897)</u>	<u>(3,128,656)</u>
Total property and equipment, net	<u>\$ 11,319,274</u>	<u>\$ 10,504,918</u>

8. 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 reported as a beneficial interest in the assets of OCF 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.

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

8. Beneficial Interest in the Assets of the Oregon Community Foundation, continued

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

	<u>2023</u>	<u>2022</u>
Interest and dividends	\$ 12,217	\$ 9,957
Realized gains	102,559	19,969
Unrealized gains (losses)	42,370	(241,814)
Investment management and OCF fees	<u>(13,007)</u>	<u>(12,696)</u>
Net change before contributions and distributions	144,139	(224,584)
Contributions to OCF	250,000	-
Approved distributions to FFLC	<u>(35,728)</u>	<u>(69,262)</u>
Net increase (decrease) in beneficial interest	358,411	(293,846)
Beginning balance	<u>1,721,657</u>	<u>2,015,503</u>
Ending balance	<u>\$ 2,080,068</u>	<u>\$ 1,721,657</u>

9. Bank Line of Credit

FFLC has a line of credit agreement with Umpqua Bank which permits borrowings of up to \$400,000. FFLC The line of credit is collateralized by FFLC's accounts receivable, inventory, and equipment. The most recent renewal of the line of credit expires October 8, 2026. Interest is charged on borrowings at a variable interest equal to the Prime Rate as published in the Wall Street Journal, with a floor of 3.25 percent, through October 8, 2023. The rate on the line of credit at June 30, 2023 was 8.25 percent. Beginning October 11, 2023, the rate was adjusted to be equal to 1.00 percentage point under the Prime Rate as published in the Wall Street Journal, with a floor of 3.25 percent. There was no balance on the line of credit at June 30, 2023 and 2022.

10. Board Designated Net Assets

The Board-designated funds to be held as an endowment fund which is held with OCF (Note 8). In a prior year, FFLC's Board of Directors designated \$440,000 as a capital campaign reserve; all of which had been used as of June 30, 2022. Additionally, in a prior year, FFLC's Board of Directors designated \$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 would impact their community and organization. In January 2023, the Board of Directors released the remaining unused funds for the food and hunger programs reserve out of board designations. The Board of Directors has also designated \$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.

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

10. Board Designated Net Assets, continued

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

	<u>2023</u>	<u>2022</u>
Board designated endowment fund	\$ 2,080,068	\$ 1,721,657
Food and hunger programs reserve	-	1,340,665
Gardens program reserve	<u>393,442</u>	<u>394,459</u>
Total board-designated net assets	<u>\$ 2,473,510</u>	<u>\$ 3,456,781</u>

11. Restrictions of Net Assets

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

	<u>2023</u>	<u>2022</u>
Donated food and USDA food inventory for distribution	\$ 1,030,693	\$ 1,497,225
Meals on Wheels program	333,368	650,931
Capital campaign and capital improvements	-	938,882
For other programs	<u>256,933</u>	<u>363,312</u>
Total net assets with purpose restrictions	1,620,994	3,450,350
Perpetual endowment	<u>48,017</u>	<u>48,017</u>
Total net assets with donor restrictions	<u>\$ 1,669,011</u>	<u>\$ 3,498,367</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.

12. 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, 2023 and 2022, were valued at estimated fair market value at the date of donation. For the years ended June 30, 2023 and 2022, the estimated fair market values used to record food donations was \$1.91 and \$1.88, 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, 2023 and 2022, was \$11,469,999 and \$10,214,149, respectively.

13. Employee Benefit Plan

Effective January 1, 2022, FFLC converted its employee retirement plan from a SIMPLE IRA plan to a 401(k) plan. The 401(k) plan is administered by FFLC and offers participating employees a choice of several different investment funding options. In addition to FFLC contributions to the 401(k) plan, employees may elect to contribute to the 401(k) plan through salary deferrals. Under the 401(k) plan, FFLC matches employee contributions dollar-for-dollar from 1 percent to 3 percent of employee salary. Employees must be 18 years or older to participate in the retirement plan. They are eligible to participate and receive FFLC contributions the first day of the month after 3 months of continuous employment. For the years ended June 30, 2023 and 2022, FFLC contributed a total of \$78,940 and \$69,742, respectively, to the applicable retirement plans.

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

14. Advertising Costs

Advertising costs totaled \$30,462 and \$25,334 for the years ended June 30, 2023 and 2022, respectively, and are included in fundraising and promotional expense on the statements of functional expenses.

15. 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.

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, 2023 and 2022.

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 and U.S. Treasury bills: 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.

FOOD FOR LANE COUNTY, INC.
NOTES TO FINANCIAL STATEMENTS

15. Fair Value Measurement, continued

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, 2023			
	Level 1	Level 2	Level 3	Total
Mutual fund – balanced index fund	\$ 60,076	\$ -	\$ -	\$ 60,076
Mutual fund – stock market index	3,584	-	-	3,584
Mutual funds – bonds	2,257,709	-	-	2,257,709
Mutual funds – equities	1,888,925	-	-	1,888,925
U.S. Treasury bills (>13 weeks)	-	500,559	-	500,559
Certificates of deposit	-	1,926,619	-	1,926,619
Beneficial interest in the assets of OCF	-	-	2,080,068	2,080,068
Total assets at fair value	<u>\$ 4,210,294</u>	<u>\$ 2,427,178</u>	<u>\$ 2,080,068</u>	<u>\$ 8,717,540</u>

	Assets at Fair Value as of June 30, 2022			
	Level 1	Level 2	Level 3	Total
Mutual fund – balanced index fund	\$ 60,014	\$ -	\$ -	\$ 60,014
Mutual fund – stock market index	3,014	-	-	3,014
Mutual funds – bonds	1,482,242	-	-	1,482,242
Mutual funds – equities	1,099,375	-	-	1,099,375
Certificates of deposit	-	2,323,865	-	2,323,865
Beneficial interest in the assets of OCF	-	-	1,721,657	1,721,657
Total assets at fair value	<u>\$ 2,644,645</u>	<u>\$ 2,323,865</u>	<u>\$ 1,721,657</u>	<u>\$ 6,690,167</u>

16. Commitments and Contingencies

During the year ended June 30, 2022, FFLC entered into an agreement with a contractor to perform renovations to their Bailey Hill administrative headquarters and warehouse. The total contract amount is \$2,905,784 with \$1,254,246 remaining as of June 30, 2022. During the year ended June 30, 2023 renovations at the Bailey Hill administrative headquarters and warehouse were completed. The total contract amount outstanding at June 30, 2023 was \$0-.

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.

SINGLE AUDIT INFORMATION

FOOD FOR LANE COUNTY, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

<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 Lane County:				
Special Supplemental Nutrition Program for Women, Infants and Children	53277	10.557	\$ 1,250	\$ -
Food Distribution Cluster:				
Passed through Oregon Food Bank, Inc.:				
Commodity Supplemental Food Program		10.565	232,697	-
Emergency Food Assistance Program - Administration		10.568	178,529	-
Emergency Food Assistance Program - Food Commodities		10.569	<u>2,020,344</u>	<u>1,926,141</u>
Total Food Distribution Cluster			<u>2,431,570</u>	<u>1,926,141</u>
Child Nutrition Cluster:				
Passed through Oregon Department of Education:				
Summer Food Service Program for Children	2006004	10.559	<u>99,756</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>2,532,576</u>	<u>1,926,141</u>
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	155,549	-
Community Development Block Grant - City of Springfield	55568	14.218	<u>24,222</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>179,771</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>270,017</u>	<u>-</u>
Total federal awards			<u>\$ 2,982,364</u>	<u>\$ 1,926,141</u>

FOOD FOR LANE COUNTY, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2023

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, 2023. 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, 2023, FFLC had government food commodities totaling \$239,774 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, 2023, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 17, 2023.

Report on 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 the 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 or significant deficiencies may exist that were not identified.

Report on 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
November 17, 2023

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

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

Report on Compliance for Each Major Federal Program

Opinion on 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, 2023. 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.

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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding FOOD for Lane County, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of FOOD for Lane County, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of FOOD for Lane County, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

A handwritten signature in black ink that reads "Jones & Roth P.C." in a cursive, flowing script.

Jones & Roth, P.C.
Eugene, Oregon
November 17, 2023

FOOD FOR LANE COUNTY, INC.
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2023

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 were:

	Assistance Listing #
U.S. Department of Agriculture	
<i>Food Distribution Cluster:</i>	
Commodity Supplemental Food Program	10.565
Emergency Food Assistance Program – Administration	10.568
Emergency Food Assistance Program – Food Commodities	10.569
U.S. Department of Homeland Security	
Emergency Food & Shelter National Board Program	97.024

- 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, 2023

Prior Year Findings – Financial Statements Audit

None.

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

None.