

***Food Bank of Lincoln, Inc.
and Food Bank of Lincoln Foundation
Lincoln, Nebraska***

June 30, 2023 and 2022

*Consolidated Financial Statements
and
Independent Auditor's Report*



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Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

Years ended June 30, 2023 and 2022

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INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Food Bank of Lincoln, Inc.
and Food Bank of Lincoln Foundation
Lincoln, Nebraska

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation, which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation as of June 30, 2023 and 2022, and the change in their net assets and their 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 (GAAS) 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 Consolidated Financial Statements section of our report. We are required to be independent of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation, 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 opinion.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation's ability to continue as a going concern for one year after the date that the consolidated financial statements are issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 consolidated financial statements.

In performing an audit in accordance with GAAS 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 consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation'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 consolidated financial statements as a whole. The accompanying consolidating statements of financial position, activities, and expenses and the schedule of capital activity are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirement of Title 2 U.S. Code of Federal Regulations (CFR), Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance) and is also not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 30, 2023 on our consideration of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation'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 Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation'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 Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation's internal control over financial reporting and compliance.

HBE LLP

Lincoln, Nebraska
October 30, 2023

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

June 30,

ASSETS

	<u>2023</u>	<u>2022</u>
CURRENT ASSETS		
Cash and cash equivalents, undesignated (note A)	\$ 4,160,227	\$ 5,001,024
Cash and cash equivalents, restricted (note A)	1,506	614,783
Certificates of deposit	1,614,538	1,585,185
Accounts receivable (note A)	52,346	10,335
Pledges receivable, current portion (notes A and C)	544,223	372,252
Grants receivable (note A)	790,051	491,355
Prepaid expenses	82,517	91,989
Inventory, purchased (note A)	808,510	493,747
Inventory, donated (notes A and D)	<u>351,693</u>	<u>658,510</u>
Total current assets	<u>8,405,611</u>	<u>9,319,180</u>
PROPERTY AND EQUIPMENT, net (notes A and E)	<u>10,518,800</u>	<u>10,387,818</u>
OTHER ASSETS		
Pledges receivable, less current portion (notes A and C)	117,926	232,617
Investments (notes A, D and F)	<u>1,368,004</u>	<u>1,236,045</u>
Total other assets	<u>1,485,930</u>	<u>1,468,662</u>
Total assets	<u><u>\$ 20,410,341</u></u>	<u><u>\$ 21,175,660</u></u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 134,426	\$ 807,623
Payroll taxes payable	2,966	4,836
Accrued wages	97,089	82,038
Accrued vacation	<u>86,112</u>	<u>67,989</u>
Total current liabilities	<u>320,593</u>	<u>962,486</u>
NET ASSETS (note A)		
Without donor restrictions		
Undesignated	18,705,573	18,151,332
Board designated (note B)	210,011	219,483
With donor restrictions (note B)	<u>1,174,164</u>	<u>1,842,359</u>
Total net assets	<u>20,089,748</u>	<u>20,213,174</u>
Total liabilities and net assets	<u><u>\$ 20,410,341</u></u>	<u><u>\$ 21,175,660</u></u>

See accompanying notes to consolidated financial statements.

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

CONSOLIDATED STATEMENTS OF ACTIVITIES

Years ended June 30,

	2023			2022		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND SUPPORT						
Value of contributed inventory (note A and I)	\$ 9,263,126	\$ -	\$ 9,263,126	\$ 10,843,333	\$ -	\$ 10,843,333
Contributions (note H)	3,982,760	1,780,049	5,762,809	3,585,623	3,249,896	6,835,519
In-kind goods and services (notes A and I)	160,251	-	160,251	83,586	-	83,586
Governmental program support	2,952,342	-	2,952,342	756,694	-	756,694
Investment income (note F)	314,547	-	314,547	(155,098)	-	(155,098)
Agency cooperative purchasing and fees	101,532	-	101,532	35,759	-	35,759
Gain on disposal of assets	2,927	-	2,927	819,302	-	819,302
Miscellaneous	9,340	-	9,340	15,806	-	15,806
Net assets released from restrictions (note A)	2,448,244	(2,448,244)	-	7,238,825	(7,238,825)	-
Total revenue and support	19,235,069	(668,195)	18,566,874	23,223,830	(3,988,929)	19,234,901
EXPENSES						
Program						
Operations	14,824,323	-	14,824,323	14,203,341	-	14,203,341
Child Hunger	2,082,489	-	2,082,489	1,976,097	-	1,976,097
SNAP	190,221	-	190,221	171,143	-	171,143
BOP	69,405	-	69,405	30,533	-	30,533
Management and general	584,243	-	584,243	536,728	-	536,728
Fundraising	939,619	-	939,619	846,096	-	846,096
Total expenses	18,690,300	-	18,690,300	17,763,938	-	17,763,938
INCREASE (DECREASE) IN NET ASSETS	544,769	(668,195)	(123,426)	5,459,892	(3,988,929)	1,470,963
Net assets at beginning of year	18,370,815	1,842,359	20,213,174	12,910,923	5,831,288	18,742,211
Net assets at end of year	\$ 18,915,584	\$ 1,174,164	\$ 20,089,748	\$ 18,370,815	\$ 1,842,359	\$ 20,213,174

See accompanying notes to consolidated financial statements.

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2023

	Program				Total Program	Management and General	Fundraising	Total
	Operations	Child Hunger	SNAP	BOP				
Cost of food distributed or discarded	\$ 12,927,314	\$ 1,666,939	\$ -	\$ -	\$ 14,594,253	\$ -	\$ -	\$ 14,594,253
Food freight, storage, and fees	55,805	-	-	-	55,805	-	-	55,805
Food costs	12,983,119	1,666,939	-	-	14,650,058	-	-	14,650,058
Employee compensation	898,828	221,702	110,226	45,581	1,276,337	393,015	428,712	2,098,064
Pension contribution and fees (note J)	26,238	6,688	3,373	1,125	37,424	11,541	13,479	62,444
Professional fees	65,717	12,414	45,238	2,552	125,921	64,169	34,732	224,822
Office expenses, supplies and postage	129,266	38,909	3,635	8,433	180,243	47,180	37,611	265,034
Occupancy	148,925	5,991	15,487	4,177	174,580	31,797	39,450	245,827
Printing and promotion	5,417	10,567			15,984		277,722	293,706
Travel	18,259	2,269	143	2,514	23,185	13,141	15,157	51,483
Transportation	167,762	38,486	3,187	266	209,701	2,922	4,515	217,138
In-kind goods and services (notes A and I)	2,010	178	178	-	2,366	307	58,940	61,613
Miscellaneous	14,115	159	-	-	14,274	4,030	2,280	20,584
Operating expenses	1,476,537	337,363	181,467	64,648	2,060,015	568,102	912,598	3,540,715
Depreciation (notes A and E)	364,667	78,187	8,754	4,757	456,365	16,141	27,021	499,527
Total expenses	<u>\$ 14,824,323</u>	<u>\$ 2,082,489</u>	<u>\$ 190,221</u>	<u>\$ 69,405</u>	<u>\$ 17,166,438</u>	<u>\$ 584,243</u>	<u>\$ 939,619</u>	<u>\$ 18,690,300</u>



See accompanying notes to consolidated financial statements.

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year ended June 30, 2022

	Program				Total Program	Management and General	Fundraising	Total
	Operations	Child Hunger	SNAP	BOP				
Cost of food distributed or discarded	\$ 12,399,625	\$ 1,535,541	\$ -	\$ -	\$ 13,935,166	\$ -	\$ 787	\$ 13,935,953
Food freight, storage, and fees	214,491	354	-	-	214,845	-	-	214,845
Food costs	12,614,116	1,535,895	-	-	14,150,011	-	787	14,150,798
Employee compensation	840,611	201,404	105,310	22,927	1,170,252	387,067	420,937	1,978,256
Pension contribution and fees (note J)	25,623	5,727	4,167	823	36,340	12,251	11,778	60,369
Professional fees	62,355	9,249	44,570	1,791	117,965	57,445	34,060	209,470
Office expenses, supplies and postage	179,135	19,994	5,214	482	204,825	36,054	35,670	276,549
Occupancy	100,291	141,254	5,919	2,405	249,869	11,190	12,984	274,043
Printing and promotion	9,794	10,045	765	-	20,604	195	260,538	281,337
Travel	5,925	403	330	1,788	8,446	5,045	8,211	21,702
Transportation	134,813	32,071	1,937	161	168,982	1,776	2,745	173,503
In-kind goods and services (notes A and I)	27,907	2,238	218	-	30,363	569	52,654	83,586
Miscellaneous	5,390	212	71	8	5,681	21,346	621	27,648
Agency	1,282	-	-	-	1,282	-	-	1,282
Operating expenses	1,393,126	422,597	168,501	30,385	2,014,609	532,938	840,198	3,387,745
Depreciation (notes A and E)	196,099	17,605	2,642	148	216,494	3,790	5,111	225,395
Total expenses	<u>\$ 14,203,341</u>	<u>\$ 1,976,097</u>	<u>\$ 171,143</u>	<u>\$ 30,533</u>	<u>\$ 16,381,114</u>	<u>\$ 536,728</u>	<u>\$ 846,096</u>	<u>\$ 17,763,938</u>



See accompanying notes to consolidated financial statements.

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

CONSOLIDATED STATEMENTS OF CASH FLOWS

Years ended June 30,

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from revenue and support	\$ 8,430,963	\$ 7,547,777
Cash paid to employees and suppliers	(9,410,690)	(6,904,110)
Investment income received	<u>184,187</u>	<u>27,874</u>
Net cash provided (used) by operating activities	<u>(795,540)</u>	<u>671,541</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(632,745)	(6,878,267)
Proceeds from sale of property and equipment	5,163	1,365,376
Purchase of investments	(129,070)	-
Proceeds from maturity or sale of investments	<u>98,118</u>	<u>-</u>
Net cash used by investing activities	<u>(658,534)</u>	<u>(5,512,891)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Contributions restricted for capital project	<u>-</u>	<u>2,058,631</u>
NET DECREASE IN UNDESIGNATED AND RESTRICTED CASH AND CASH EQUIVALENTS	<u>(1,454,074)</u>	<u>(2,782,719)</u>
Undesignated and restricted cash and cash equivalents, beginning of year	<u>5,615,807</u>	<u>8,398,526</u>
Undesignated and restricted cash and cash equivalents, end of year	<u>\$ 4,161,733</u>	<u>\$ 5,615,807</u>
RECONCILIATION OF INCREASE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Increase (decrease) in net assets	<u>\$ (123,426)</u>	<u>\$ 1,470,963</u>
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	499,527	225,395
Realized and unrealized gains (loss) on investments	(101,007)	187,659
Reinvested earnings	(29,353)	(4,687)
(Gain) loss on disposal of equipment	(2,927)	(819,302)
Contributions restricted for capital project	-	(1,648,896)
(Increase) decrease in assets		
Accounts receivable	(42,011)	(1,420)
Pledges receivable	(57,280)	382,022
Grants receivable	(298,696)	354,064
Prepaid expenses	9,472	(34,366)
Inventory	(7,946)	573,447
Increase (decrease) in liabilities		
Accounts payable	(673,197)	(31,448)
Agency credits	-	(1,073)
Payroll taxes payable	(1,870)	(2,910)
Accrued wages	15,051	14,925
Accrued vacation	<u>18,123</u>	<u>7,168</u>
Total adjustments to increase in net assets	<u>(672,114)</u>	<u>(799,422)</u>
Net cash provided by operating activities	<u>\$ (795,540)</u>	<u>\$ 671,541</u>
Undesignated and restricted cash and cash equivalents are reported within the consolidated statements of financial position as follows:		
Cash and cash equivalents, undesignated	\$ 4,160,227	\$ 5,001,024
Cash and cash equivalents, restricted	<u>1,506</u>	<u>614,783</u>
	<u>\$ 4,161,733</u>	<u>\$ 5,615,807</u>

See accompanying notes to consolidated financial statements.

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The Food Bank of Lincoln, Inc. is a nonprofit corporation organized to meet the emergency food needs for the sixteen counties it serves in southeast Nebraska.

The Food Bank of Lincoln Foundation is a nonprofit corporation formed for the purpose of supporting the mission of the Food Bank of Lincoln, Inc.

The Food Bank of Lincoln serves as a key organization for receiving, inspecting, storing, and distributing donated and purchased food to nonprofit partner agencies who re-distribute such food to low-income clients in their local areas. The Food Bank of Lincoln operates as a single program but uses several methods for connecting the community to meals.

Operations. The Food Bank Operations department distributes food through its 56 non-profit partners in southeast Nebraska and mobile pantry distributions. The department is charged with the safe delivery of food to around 28,000 – 34,000 households a month. Mobile pantry distributions occur an average of 40 times a month in Lincoln and 15 rural counties.

Child Hunger. The Food Bank of Lincoln's Child Hunger programs partner with 115 schools in a 16-county area to distribute food through School Food Market, School Pantry and Backpack programs. The Organization also operates a Summer Food Service Program, which provides healthy meals to children and teens in low-income areas during summer months when school is not in session. Combined, it is estimated that the Child Hunger programs serviced 13,625 total households during the year ended June 30, 2023.

Snap Outreach. The Food Bank has two full-time SNAP Outreach employees who provide food stamp assistance in the Food Bank's 16-county service area. The SNAP Outreach team connects people to an estimated 1 million meals annually through food stamp outreach.

Bridges Out of Poverty. The Bridges Out of Poverty training provides educational opportunities to explore the pervasiveness of poverty and offers a common language to improve our work in the community. These trainings are free to community groups, individuals, employers, and donors to provide a deeper understanding of poverty using language, lived experience, and meaningful discussions. The initiative also works with individuals who live in or near poverty through a workshop called Getting Ahead in a Just-Gettin' by World to help individuals empower themselves by building a future story that will ultimately serve to strengthen our community.

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting. The accompanying consolidated financial statements have been prepared on the accrual basis of accounting.

Principles of Consolidation. The accompanying consolidated financial statements include the accounts of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation, a controlled not-for-profit corporation (collectively referred to as the Organization). All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents. For purpose of the consolidated statements of cash flows, the Organization considers all undesignated and restricted highly liquid instruments purchased with an original maturity of three months or less to be cash equivalents.

Accounts Receivable. Accounts receivable are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the outstanding balances and current relationships with the entities involved, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Pledges Receivable. Contributions are recognized when the donor makes a pledge to give that is, in substance, unconditional. Unconditional pledges receivable that are expected to be collected or paid in more than one year are recognized at the present value of estimated future cash flows and included in pledges receivable.

Grants Receivable. The Organization is the recipient of grants to fund some of its programs. Reimbursement-basis grants are recorded as revenue when the related approved expenditures are made. Grants receivables are stated at the amount management expects to collect from balances outstanding at year-end. Based on management's assessment of the credit history of grantors having outstanding balances and current relationships with them, it has concluded that realization losses on balances outstanding at year-end will be immaterial.

Inventory. At June 30, 2023 and 2022, donated inventory items are valued at \$1.57 and \$1.53 per pound, respectively, which is the approximate average wholesale value of one pound of donated food at the national level as outlined in the Product Valuation Survey Methodology, December 31, 2022 and 2021, respectively, prepared by Feeding America, a national food bank network nonprofit corporation. RSM US LLP, has performed certain agreed-upon procedures in accordance with standards established by the American Institute of Certified Public Accountants solely to assist Feeding America with respect to determining the approximate average wholesale value of one pound of donated product at the national level. Their report is available upon request. Purchased inventory items are stated at the lower of cost or market. Cost is determined by the first-in, first-out (FIFO) method.

Investments. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the consolidated statement of financial position. Realized and unrealized gains and losses are included in the consolidated statements of activities.

Fair Value Measurements. 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 measurement date. The Organization utilizes a framework to prioritize the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**Fair Value Measurements - Continued.**

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Property and Equipment and Depreciation. Property and equipment is carried at cost, if purchased and at fair market value at the date of contribution, if received by donation, less accumulated depreciation. Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives computed on the straight-line method. It is the Organization's policy to capitalize property and equipment over \$2,500. Lesser amounts are expensed. Property and equipment is depreciated over the following estimated useful lives:

Building	5 to 40 years
Equipment	5 years
Vehicles	5 years
Computers	5 years
Land Improvements	15 years

Net Asset Classification. Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Without donor restrictions. Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve.

With donor restrictions. Net assets subject to donor- or grantor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both, and are reported in the statements of activities as net assets released from restrictions.

Contributions restricted by donors received in the same period when the associated stipulated time or purpose restriction is accomplished are reported as increases in net assets without donor restrictions. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions.

Revenue Recognition. The Organization is primarily funded through contributions, agency purchasing and governmental grants. Recognition policies are as follows:

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Contributions

Contributions are recognized when a donor makes a promise to give that is, in substance, unconditional. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. As of June 30, 2023 and 2022, there were no conditional contributions.

Agency Purchasing

The Organization enters into contracts with partner agencies to provide food product deliveries based on agency orders. Revenue is recognized for food purchases and product handling fees when the food products transfer upon delivery.

Governmental and Private Grants

The Organization is the recipient of federal, state, and private grants to fund its primary programs. Grants consist primarily of conditional grants, that is, those with a measurable performance or other barrier, and right of return. Grants are not recognized until the conditions on which they depend have been substantially met. Government grants are conditioned upon the incurrence of allowable qualifying expenses. Grants are recorded as revenue when the related approved expenditures are made. At June 30, 2023 and 2022, conditional reimbursement-basis grants of \$644,008 and \$88,563, respectively, for which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

Advertising. Advertising costs of the Organization are expensed as incurred. Advertising expense was \$269,310 and \$247,755 for the years ended June 30, 2023 and 2022, respectively.

In-Kind Donations. In-kind donations are recorded as contributions at their estimated fair values at the date of donation. Donated services are recognized as contributions if the services (a) create or enhance non-financial assets or (b) require specialized skills, are performed by people with those skills, and would have otherwise been purchased by the Organization.

It is the Organization's policy to sell all contributed assets immediately upon receipt at auction or for salvage value unless the asset is restricted for use in a specific program by the donor.

Expense Allocation. The costs of providing various programs and other activities have been summarized on a functional basis in the consolidated statement of activities and in the consolidated statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited on the following basis:

Personnel expenses are allocated on the basis of each job function.

Building and occupancy costs are allocated on the basis of square footage.

Income Taxes. Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation are exempt from Federal income taxes under Section 501(c)(3) of the Internal Revenue Code. As such, income earned in the performance of their exempt purpose is not subject to income tax. Any income earned through activities not related to their exempt purpose is subject to income tax at normal corporate rates. For the years ended June 30, 2023 and 2022, the Organization had no tax liability on unrelated business activity. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements.

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation's federal Returns of Organization Exempt from Income Tax (Form 990) for the years ended June 30, 2023, 2022 and 2021 are subject to examination by the IRS, generally for three years after they were filed.

Use of Estimates. The preparation of consolidated 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.

NOTE B - BOARD DESIGNATED AND NET ASSETS WITH DONOR RESTRICTIONS

Board designated net assets and net assets with donor restrictions consist of the following:

	<u>2023</u>	<u>2022</u>
Board designated net assets consist of the following:		
Board designated reserve fund (prepaid expenses)	\$ 82,517	\$ 91,989
Board designated reserve fund (capital expenses)	<u>127,494</u>	<u>127,494</u>
	<u>\$ 210,011</u>	<u>\$ 219,483</u>
Net assets with donor restrictions consist of the following:		
Subject to purpose restrictions:		
Child Hunger	\$ 246,413	\$ 1,049,548
Food Purchasing	377,714	232,770
Empty Bowls	-	3,500
Bridges Out of Poverty	214,068	294,164
Staff capacity	-	239,000
Hometown Fresh	135,969	-
Subject to time restrictions:		
Child Hunger	<u>200,000</u>	<u>23,377</u>
	<u>\$ 1,174,164</u>	<u>\$ 1,842,359</u>

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE C - PLEDGES RECEIVABLE

Pledges receivable are due in the following periods:

<u>Years ending June 30,</u>	
2023	\$ 544,223
2024	110,774
2025	<u>7,152</u>
	<u>\$ 662,149</u>

NOTE D - FAIR VALUE MEASUREMENTS

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value. There have been no changes in methodologies used during the years ended June 30, 2023 and 2022.

Donated inventory: Value determined based on the average wholesale value of one pound of donated product at the national level. See note A for further information on inventory valuation.

Bonds and equity securities: Valued at the closing price reported in the active market in which the security is traded.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following tables set forth the balances of assets and liabilities measured at fair value on a recurring basis as of June 30, 2023 and 2022.

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE D - FAIR VALUE MEASUREMENTS – CONTINUED

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
June 30, 2023				
Assets				
Inventory, donated	\$ 351,693	\$ -	\$ 351,693	\$ -
Investments				
Bonds				
Corporate short-term	266,119	266,119	-	-
Corporate high yield	25,073	25,073	-	-
Treasury intermediate-term	156,865	156,865	-	-
Treasury inflation-protected	47,942	47,942	-	-
Equity securities				
Domestic large blend	488,944	488,944	-	-
Domestic mid-cap blend	63,801	63,801	-	-
Domestic small blend	100,945	100,945	-	-
Global diversified emerging markets	59,271	59,271	-	-
Global foreign large blend	159,044	159,044	-	-
Total investments	1,368,004	1,368,004	-	-
	<u>\$ 1,719,697</u>	<u>\$ 1,368,004</u>	<u>\$ 351,693</u>	<u>\$ -</u>
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
June 30, 2022				
Assets				
Inventory, donated	\$ 658,510	\$ -	\$ 658,510	\$ -
Investments				
Bonds				
Corporate short-term	207,506	207,506	-	-
Corporate high yield	20,096	20,096	-	-
Treasury intermediate-term	126,060	126,060	-	-
Treasury world	19,866	19,866	-	-
Treasury inflation-protected	46,010	46,010	-	-
Equity securities				
Domestic large blend	480,762	480,762	-	-
Domestic mid-cap blend	64,476	64,476	-	-
Domestic small blend	90,007	90,007	-	-
Global diversified emerging markets	53,395	53,395	-	-
Global foreign large blend	127,867	127,867	-	-
Total investments	1,236,045	1,236,045	-	-
	<u>\$ 1,894,555</u>	<u>\$ 1,236,045</u>	<u>\$ 658,510</u>	<u>\$ -</u>

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE E - PROPERTY AND EQUIPMENT

Property and equipment consists of:

	2023	2022
Land	\$ 1,083,944	\$ 1,083,944
Building	8,431,674	8,462,204
Equipment	774,410	689,011
Vehicles	1,789,528	1,294,497
Computers	225,466	225,466
Land improvements	47,020	47,020
Capital expenses in progress	16,690	-
	12,368,732	11,802,142
Less accumulated depreciation	(1,849,932)	(1,414,324)
	<u>\$ 10,518,800</u>	<u>\$ 10,387,818</u>

The consolidated financial statements include depreciation expense of \$499,527 and \$225,395 for the years ended June 30, 2023 and 2022, respectively.

NOTE F - INVESTMENTS

Investments consist of:

	2023		2022	
	Cost	Fair Market Value	Cost	Fair Market Value
Bonds	\$ 535,992	\$ 495,999	\$ 452,581	\$ 419,538
Equity securities	484,692	872,005	508,039	816,507
Total investments	<u>\$ 1,020,684</u>	<u>\$ 1,368,004</u>	<u>\$ 960,620</u>	<u>\$ 1,236,045</u>
Gross unrealized gain		<u>\$ 347,320</u>		<u>\$ 275,425</u>

Investment income consist of:

	2023	2022
Interest and dividends	\$ 222,917	\$ 42,717
Realized gains on investments	29,211	-
Unrealized gains (losses) on investments	71,796	(187,659)
Investment fees	(9,377)	(10,156)
	<u>\$ 314,547</u>	<u>\$ (155,098)</u>

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE G - LETTER AND LINE OF CREDIT

The Organization has a \$45,000 operating letter of credit, which had not been drawn down as of June 30, 2023 and 2022. The interest rate is the bank base rate. The letter of credit expires April 15, 2024.

The Organization has a \$300,000 operating line of credit, which had not been drawn down as of June 30, 2023 and 2022. The interest rate is the prime rate, which was 4.75% at June 30, 2023. The line of credit expires on November 1, 2023.

NOTE H - CONTRIBUTIONS

Contributions to the Organization recognized from various groups during the years ended June 30, 2023 and 2022, are as follows:

	2023			2022
	With donor restrictions	Without donor restrictions	Total	
Church	\$ 201,989	\$ 38,963	\$ 240,952	\$ 290,887
Foundation	681,110	440,182	1,121,292	1,342,847
Corporate	295,721	882,842	1,178,563	1,741,355
Org/Group/Club/Civic	216,715	-	216,715	240,427
Individual	384,514	2,620,773	3,005,287	3,220,003
	<u>\$ 1,780,049</u>	<u>\$ 3,982,760</u>	<u>\$ 5,762,809</u>	<u>\$ 6,835,519</u>

NOTE I - IN-KIND CONTRIBUTIONS

For the years ended June 30, 2023 and 2022, contributed nonfinancial assets recognized as revenue within the statement of activities consist of the following:

	2023	2022
Food	\$ 9,263,126	\$ 10,843,333
Advertising services	56,778	51,260
Other services	-	2,000
Vehicle	87,930	-
Supplies	15,543	30,326
	<u>\$ 9,423,377</u>	<u>\$ 10,926,919</u>

Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions. See note A for the valuation of in-kind contributions.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE J - PENSION PLAN

The Organization sponsors a Simplified Employee Pension (SEP) plan. Any employee whose compensation during the year is greater than \$550, who is over the age of 19, and has worked in at least two years of the immediately preceding five years is eligible to participate effective January 1st following the year they meet the eligibility requirements. The Organization contributes 5% of each eligible employee's salary to the plan. All contributions are fully vested upon the employee's participation. The Organization contributed \$62,188 and \$59,515 for the years ended June 30, 2023 and 2022, respectively.

The Organization also sponsors a defined contribution pension plan under Internal Revenue Code Section 403(b), tax deferred annuity plan, covering substantially all employees. Employee contributions are optional.

NOTE K - CONCENTRATIONS

Distributed Goods

During the years ended June 30, 2023 and 2022, the Food Bank distributed 23% and 24%, respectively, of its total pounds to the Center for People in Need.

Financial Instruments

Financial instruments which potentially subject the Organization to concentrations of credit risk consist principally of checking and certificate of deposit accounts at a financial institution. Accounts at each institution are insured by the FDIC up to \$250,000. The Organization also holds short-term Federal investment trust (STFIT) accounts that are not FDIC insured but are secured by the underlying investment securities. As of June 30, 2023 and 2022, the bank accounts did not exceed the federally insured limits. Additionally, the STFIT accounts totaled \$4,079,915 and \$5,035,323 for the years ended June 30, 2023 and 2022, respectively. The Organization has not experienced any losses on such accounts.

NOTE L - CONTINGENCIES

Two reversion agreements existed as of June 30, 2023 that require the Organization to repay \$125,000 to two entities if the Organization ceases to exist.

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE M - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

	<u>2023</u>	<u>2022</u>
Cash and cash equivalents, undesignated and restricted	\$ 4,161,733	\$ 5,615,807
Certificates of deposit	1,614,538	1,585,185
Accounts receivable	52,346	10,335
Pledges receivable	544,223	372,252
Grants receivable	<u>790,051</u>	<u>491,355</u>
	7,162,891	8,074,934
Donor imposed restrictions:		
Subject to expenditure for specified purpose or time	<u>(1,174,164)</u>	<u>(1,842,359)</u>
Net financial assets after donor-imposed restrictions	5,988,727	6,232,575
Less:		
Board-designated funds for capital expenses	<u>(127,494)</u>	<u>(127,494)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,861,233</u>	<u>\$ 6,105,081</u>

As part of the liquidity management plan, the Board has set up an operation reserve for up to six months' operating expense based on current year monthly expense averages. Cash reserves exceeding daily cash requirements are invested in short-term investments and CDs and may be drawn upon in the event of financial distress or an immediate liquidity need resulting from events outside the typical life cycle of converting financial assets to cash or settling financial liabilities. In the event of an unanticipated liquidity need, the Organization also could draw upon \$345,000 of available line of credit or the Food Bank Foundation funds.

NOTE N - SUBSEQUENT EVENTS

Subsequent events have been evaluated through the audit report date, the date the consolidated financial statements were available to be issued.

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SUPPLEMENTAL INFORMATION

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2023

ASSETS

	Food Bank of Lincoln, Inc.	Food Bank of Lincoln Foundation	Consolidated
CURRENT ASSETS			
Cash and cash equivalents, undesignated	\$ 3,867,436	\$ 292,791	\$ 4,160,227
Cash and cash equivalents, restricted	1,506	-	1,506
Certificates of deposit	1,614,538	-	1,614,538
Accounts receivable	52,346	-	52,346
Pledges receivable, current portion	544,223	-	544,223
Grants receivable	790,051	-	790,051
Prepaid expenses	82,517	-	82,517
Inventory, purchased	808,510	-	808,510
Inventory, donated	351,693	-	351,693
Total current assets	8,112,820	292,791	8,405,611
PROPERTY AND EQUIPMENT, net	10,518,800	-	10,518,800
OTHER ASSETS			
Pledges receivable, less current portion	117,926	-	117,926
Investments	-	1,368,004	1,368,004
Total other assets	117,926	1,368,004	1,485,930
Total assets	\$ 18,749,546	\$ 1,660,795	\$ 20,410,341

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable	\$ 134,426	\$ -	\$ 134,426
Payroll taxes payable	2,966	-	2,966
Accrued wages	97,089	-	97,089
Accrued vacation	86,112	-	86,112
Total current liabilities	320,593	-	320,593
NET ASSETS			
Without donor restrictions			
Undesignated	17,044,778	1,660,795	18,705,573
Board designated	210,011	-	210,011
With donor restrictions	1,174,164	-	1,174,164
Total net assets	18,428,953	1,660,795	20,089,748
Total liabilities and net assets	\$ 18,749,546	\$ 1,660,795	\$ 20,410,341

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2022

ASSETS

	Food Bank of Lincoln, Inc.	Food Bank of Lincoln Foundation	Consolidated
CURRENT ASSETS			
Cash and cash equivalents, undesignated	\$ 4,596,218	\$ 404,806	\$ 5,001,024
Cash and cash equivalents, restricted	614,783	-	614,783
Certificates of deposit	1,585,185	-	1,585,185
Accounts receivable	10,335	-	10,335
Pledges receivable, current portion	372,252	-	372,252
Grants receivable	491,355	-	491,355
Prepaid expenses	91,989	-	91,989
Inventory, purchased	493,747	-	493,747
Inventory, donated	658,510	-	658,510
Total current assets	8,914,374	404,806	9,319,180
PROPERTY AND EQUIPMENT, net	10,387,818	-	10,387,818
OTHER ASSETS			
Pledges receivable, less current portion	232,617	-	232,617
Investments	-	1,236,045	1,236,045
Total other assets	232,617	1,236,045	1,468,662
Total assets	\$ 19,534,809	\$ 1,640,851	\$ 21,175,660

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES			
Accounts payable	\$ 806,608	\$ 1,015	\$ 807,623
Payroll taxes payable	4,836	-	4,836
Accrued wages	82,038	-	82,038
Accrued vacation	67,989	-	67,989
Total current liabilities	961,471	1,015	962,486
NET ASSETS			
Without donor restrictions			
Undesignated	16,511,496	1,639,836	18,151,332
Board designated	219,483	-	219,483
With donor restrictions	1,842,359	-	1,842,359
Total net assets	18,573,338	1,639,836	20,213,174
Total liabilities and net assets	\$ 19,534,809	\$ 1,640,851	\$ 21,175,660

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended June 30, 2023

	Food Bank of Lincoln, Inc.	Food Bank of Lincoln Foundation	Eliminations	Consolidated
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenue and support				
Value of contributed inventory	\$ 9,263,126	\$ -	\$ -	\$ 9,263,126
Contributions	4,095,206	12,554	(125,000)	3,982,760
In-kind goods and services	160,251	-	-	160,251
Governmental program support	2,952,342	-	-	2,952,342
Investment income	180,724	133,823	-	314,547
Agency cooperative purchasing and fees	101,532	-	-	101,532
Gain on disposal of assets	2,927	-	-	2,927
Miscellaneous	8,400	940	-	9,340
Total revenue and support	16,764,508	147,317	(125,000)	16,786,825
Net assets released from restrictions	2,448,244	-	-	2,448,244
Total revenue and support without donor restrictions	19,212,752	147,317	(125,000)	19,235,069
Expenses				
Program				
Operations	14,824,323	-	-	14,824,323
Child Hunger	2,082,489	-	-	2,082,489
SNAP	190,221	-	-	190,221
BOP	69,405	-	-	69,405
Management and general	582,885	126,358	(125,000)	584,243
Fundraising	939,619	-	-	939,619
Total expenses	18,688,942	126,358	(125,000)	18,690,300
Increase in net assets without donor restrictions	523,810	20,959	-	544,769
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Restricted grants and contributions	1,780,049	-	-	1,780,049
Net assets released from restrictions	(2,448,244)	-	-	(2,448,244)
Increase (decrease) in net assets with donor restrictions	(668,195)	-	-	(668,195)
INCREASE (DECREASE) IN NET ASSETS	(144,385)	20,959	-	(123,426)
Net assets at beginning of year	18,573,338	1,639,836	-	20,213,174
Net assets at end of year	\$ 18,428,953	\$ 1,660,795	\$ -	\$ 20,089,748

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

CONSOLIDATING STATEMENT OF ACTIVITIES

Year ended June 30, 2022

	Food Bank of Lincoln, Inc.	Food Bank of Lincoln Foundation	Eliminations	Consolidated
CHANGES IN NET ASSETS WITHOUT DONOR RESTRICTIONS				
Revenue and support				
Value of contributed inventory	\$ 10,843,333	\$ -	\$ -	\$ 10,843,333
Contributions	3,528,023	257,600	(200,000)	3,585,623
In-kind goods and services	83,586	-	-	83,586
Governmental program support	756,694	-	-	756,694
Investment income	14,528	(169,626)	-	(155,098)
Agency cooperative purchasing and fees	35,759	-	-	35,759
Gain on sale of assets	819,302	-	-	819,302
Miscellaneous	15,806	-	-	15,806
Total revenue and support	16,097,031	87,974	(200,000)	15,985,005
Net assets released from restrictions	7,238,825	-	-	7,238,825
Total revenue and support without donor restrictions	23,335,856	87,974	(200,000)	23,223,830
Expenses				
Program				
Operations	14,203,341	-	-	14,203,341
Child Hunger	1,976,097	-	-	1,976,097
SNAP	171,143	-	-	171,143
BOP	30,533	-	-	30,533
Management and general	535,713	201,015	(200,000)	536,728
Fundraising	846,096	-	-	846,096
Total expenses	17,762,923	201,015	(200,000)	17,763,938
Increase (decrease) in net assets without donor restrictions	5,572,933	(113,041)	-	5,459,892
CHANGES IN NET ASSETS WITH DONOR RESTRICTIONS				
Restricted grants and contributions	3,249,896	-	-	3,249,896
Total revenue and support with donor restrictions	3,249,896	-	-	3,249,896
Net assets released from restrictions	(7,238,825)	-	-	(7,238,825)
Increase in net assets with donor restrictions	(3,988,929)	-	-	(3,988,929)
INCREASE (DECREASE) IN NET ASSETS	1,584,004	(113,041)	-	1,470,963
Net assets at beginning of year	16,989,334	1,752,877	-	18,742,211
Net assets at end of year	\$ 18,573,338	\$ 1,639,836	\$ -	\$ 20,213,174

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

CONSOLIDATING STATEMENT OF EXPENSES

Year ended June 30, 2023

	Food Bank of Lincoln, Inc.	Food Bank of Lincoln Foundation	Eliminations	Consolidated
Cost of food distributed or discarded	\$ 14,594,253	\$ -	\$ -	\$ 14,594,253
Food freight, storage, and fees	55,805	-	-	55,805
Employee compensation	2,098,064	-	-	2,098,064
Pension contribution and fees	62,444	-	-	62,444
Professional fees	224,822	-	-	224,822
Office expenses, supplies and postage	264,094	940	-	265,034
Occupancy	245,827	-	-	245,827
Printing and promotion	293,706	-	-	293,706
Travel	51,483	-	-	51,483
Transportation	217,138	-	-	217,138
In-kind goods and services	61,613	-	-	61,613
Contributions	-	125,000	(125,000)	-
Miscellaneous	20,166	418	-	20,584
Depreciation	499,527	-	-	499,527
	<u>\$ 18,688,942</u>	<u>\$ 126,358</u>	<u>\$ (125,000)</u>	<u>\$ 18,690,300</u>

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

CONSOLIDATING STATEMENT OF EXPENSES

Year ended June 30, 2022

	Food Bank of Lincoln, Inc.	Food Bank of Lincoln Foundation	Eliminations	Consolidated
Cost of food distributed or discarded	\$ 13,935,953	\$ -	\$ -	\$ 13,935,953
Food freight, storage, and fees	214,845	-	-	214,845
Employee compensation	1,978,256	-	-	1,978,256
Pension contribution and fees	60,369	-	-	60,369
Professional fees	209,470	-	-	209,470
Office expenses, supplies and postage	275,609	940	-	276,549
Occupancy	274,043	-	-	274,043
Printing and promotion	281,337	-	-	281,337
Travel	21,702	-	-	21,702
Transportation	173,503	-	-	173,503
In-kind goods and services	83,586	-	-	83,586
Contributions	-	200,000	(200,000)	-
Miscellaneous	27,573	75	-	27,648
Agency	1,282	-	-	1,282
Depreciation	225,395	-	-	225,395
	<u>\$ 17,762,923</u>	<u>\$ 201,015</u>	<u>\$ (200,000)</u>	<u>\$ 17,763,938</u>

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2023

Federal Agency Cluster/Program	Pass Through Entity	Assistance Listing Number	Grant Identifying Number	Amount Expended
U.S. Department of Agriculture				
Food Distribution Cluster:				
			223NE826Y8105	
			228NE10011003	
Emergency Food Assistance Program - Administrative Costs	Nebraska Department of Health and Human Services	10.568	233NE826Y8105	\$ 246,896
Emergency Food Assistance Program - Food Commodities	Nebraska Department of Health and Human Services	10.569	223NE446Q2204	1,651,447
Commodity Supplemental Food Program - Administrative Costs	Nebraska Department of Health and Human Services	10.565	213NE813Y8005	61,625
Commodity Supplemental Food Program - Food Commodities	Nebraska Department of Health and Human Services	10.565	213NE813Y8005	<u>219,619</u>
Cluster total				<u>2,179,587</u>
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	Nebraska Department of Health and Human Services/ Food Bank for the Heartland	10.561	223NE406S2514	<u>67,615</u>
Child Nutrition Cluster:				
Summer Food Services Program for Children	Nebraska Department of Education	10.559	202120N109943	<u>355,243</u>
Federal Agency total				<u>2,602,445</u>
U.S. Department of Treasury				
COVID-19, Coronavirus State and Local Fiscal Recovery Funds	Nebraska Department of Health and Human Services	21.027	SLFPR3145	<u>2,135,253</u>
				<u>\$ 4,737,698</u>

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2023

Basis of Presentation. The accompanying schedule of federal awards includes the federal grant activity of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation and is presented on the accrual basis of accounting. Grant awards are considered expended when the expense transactions associated with the grant occur. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in preparation of, the basic consolidated financial statements.

The schedule includes noncash assistance totaling \$1,871,066 for Assistance Listing #10.569 and #10.565, which represents food commodities distributed to program beneficiaries.

Subrecipients. The Organization provided no federal awards to subrecipients.

Indirect Costs. The Organization did not elect to use the ten percent de minimis indirect cost rate as allowed in the Uniform Guidance, 2 CFR 200.414.



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SINGLE AUDIT SECTION

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

The Board of Directors
Food Bank of Lincoln, Inc.
and Food Bank of Lincoln Foundation
Lincoln, Nebraska

We have audited 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, the consolidated financial statements of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation, which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 30, 2023.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation'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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation's internal control. Accordingly, we do not express an opinion on the effectiveness of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation'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 consolidated 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, and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation's consolidated 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 consolidated 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

HBE LLP

Lincoln, Nebraska
October 30, 2023



CPAs & Consultants | Wealth Management

INDEPENDENT AUDITOR'S REPORT ON
COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

The Board of Directors
Food Bank of Lincoln, Inc.
and Food Bank of Lincoln Foundation
Lincoln, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation'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 Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation's major federal programs for the year ended June 30, 2023. Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation'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 terms and conditions of federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation'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; and 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 Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation'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 Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation's compliance.

Opinion on Each Major Federal Program

In our opinion, Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation 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.

Report on Internal Control over Compliance

Management of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation 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 Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation'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 Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation'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 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. 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.

ABE LLP

Lincoln, Nebraska
October 30, 2023

Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2023

Summary of Auditor's Results

- a) An unmodified audit report was issued on the consolidated financial statements of Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation.
- b) No deficiencies in internal control were disclosed by the audit of the consolidated financial statements.
- c) The audit did not disclose any noncompliance which would be material to the consolidated financial statements.
- d) No deficiencies in internal control over its major federal award programs were disclosed by the audit.
- e) An unmodified audit report was issued on compliance for Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation's major federal award programs.
- f) The audit disclosed no audit findings which were required to be reported relative to the major federal award programs.
- g) The programs tested as major programs included:
 - COVID-19, Coronavirus State and Local Fiscal Recovery Funds, Assistance Listing #21.027
- h) The dollar threshold used to distinguish between Type A and Type B programs was \$750,000.
- i) Food Bank of Lincoln, Inc. and Food Bank of Lincoln Foundation did not qualify as a low-risk auditee as defined by the Uniform Guidance.

Findings – Consolidated Financial Statements Audit

None

Findings - Major Federal Awards Program Audit

None



The mission of the Food Bank of Lincoln is to alleviate hunger in Southeast Nebraska.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2022

Findings – Consolidated Financial Statements Audit

2022 - 001 Preparation of the Consolidated Financial Statements

Condition: Due to material adjustments necessary to correct certain account balances, the Organization did not have an internal control system designed to provide for the preparation of the consolidated financial statements being audited.

Status: Corrected.

2022 – 002 Material Audit Adjustments

Condition: Material audit adjustments were proposed that were not identified by the Organization's internal control system.

Status: Corrected.

Findings - Major Federal Awards Program Audit

None