



WHISMAN GIORDANO  
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

FOOD BANK OF DELAWARE, INC.

SINGLE AUDIT PACKAGE

JUNE 30, 2020

FOOD BANK OF DELAWARE, INC.

SINGLE AUDIT PACKAGE

TABLE OF CONTENTS

SECTION I	FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
SECTION II	SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SECTION III	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
	INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE
SECTION IV	SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOOD BANK OF DELAWARE, INC.

SECTION I

FINANCIAL STATEMENTS AND  
INDEPENDENT AUDITOR'S REPORT



## INDEPENDENT AUDITOR'S REPORT

Food Bank of Delaware, Inc.  
Newark, Delaware

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Food Bank of Delaware, Inc., which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, cash flows and functional expenses for the years then ended, and the related notes to the financial statements.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

## **Opinion**

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

## **Emphasis of Matter**

As discussed in the notes to the financial statements, the Organization adopted the new accounting guidance required by generally accepted accounting principles from Accounting Standards Update (ASU) 2018-08, *Contributions Received and Contributions Made* and ASC 606 *Revenue from Contracts with Customers*. These changes in accounting principles have been applied to all periods presented. Our opinion is not modified with respect to these matters.

## **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2020 on our consideration of Food Bank of Delaware, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food Bank of Delaware, Inc.'s internal control over financial reporting and compliance.

*Whisman Giordano & Associates, LLC*

Newark, Delaware

November 6, 2020

FOOD BANK OF DELAWARE, INC.  
STATEMENTS OF FINANCIAL POSITION  
JUNE 30, 2020 AND 2019

ASSETS

	2020	2019
Current Assets		
Cash and cash equivalents	\$ 9,030,182	\$ 3,591,554
Accounts and grants receivable	340,226	586,151
Promises to give - current	1,842	135,766
Inventory	4,331,672	4,111,528
Prepaid expenses	10,648	12,243
Total current assets	13,714,570	8,437,242
Property and Equipment	17,128,145	16,502,501
Promises to give - long-term, net of discount	190,475	172,969
TOTAL ASSETS	\$ 31,033,190	\$ 25,112,712

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts payable	\$ 494,068	\$ 273,363
Accrued payroll and related costs	127,946	117,892
Accrued vacation	86,904	80,084
Deferred revenue	-	13,250
Total current liabilities	708,918	484,589
Long-term debt - Paycheck Protection Program	565,312	-
TOTAL LIABILITIES	1,274,230	484,589
Net Assets		
Without Donor Restriction	29,385,006	24,471,292
With Donor Restriction	373,954	156,831
Total net assets	29,758,960	24,628,123
TOTAL LIABILITIES AND NET ASSETS	\$ 31,033,190	\$ 25,112,712

*See accompanying notes to financial statements.*

FOOD BANK OF DELAWARE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2020

	Without Donor Restriction	With Donor Restriction	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
<b>Public Support</b>			
Contributions	\$ 7,977,939	\$ 1,213,632	\$ 9,191,571
Contributions - donated product	21,787,307	-	21,787,307
Contributions - capital campaign	-	533,919	533,919
Fees and grants from government agencies	-	2,532,517	2,532,517
Total public support	29,765,246	4,280,068	34,045,314
<b>Revenue</b>			
Food sales	532,558	-	532,558
Shared maintenance	28,789	-	28,789
Shoppers choice	451	-	451
Transporation	22,818	-	22,818
Membership dues	6,700	-	6,700
Interest income	13,204	-	13,204
Gain on sale of building	-	-	-
Miscellaneous	35,072	-	35,072
Total revenue	639,592	-	639,592
Net assets released from restriction	4,062,945	(4,062,945)	-
TOTAL PUBLIC SUPPORT AND REVENUE	34,467,783	217,123	34,684,906
<b>EXPENSES</b>			
<b>Program Services</b>			
Food distribution	25,372,858	-	25,372,858
Community development	2,260,690	-	2,260,690
Total program services	27,633,548	-	27,633,548
<b>Support Services</b>			
General and adminisitrative	803,880	-	803,880
Fund raising	1,116,641	-	1,116,641
Total support services	1,920,521	-	1,920,521
TOTAL EXPENSES	29,554,069	-	29,554,069
<b>CHANGE IN NET ASSETS</b>			
	4,913,714	217,123	5,130,837
<b>NET ASSETS - BEGINNING OF YEAR</b>			
	24,471,292	156,831	24,628,123
<b>NET ASSETS - END OF YEAR</b>			
	\$ 29,385,006	\$ 373,954	\$ 29,758,960

*See accompanying notes to financial statements.*

FOOD BANK OF DELAWARE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2019

	Without Donor Restriction	With Donor Restriction	Total
<b>PUBLIC SUPPORT AND REVENUE</b>			
Public Support			
Contributions	\$ 2,654,684	\$ 1,090,003	\$ 3,744,687
Contributions - donated product	15,007,256	-	15,007,256
Contributions - capital campaign	-	2,760,976	2,760,976
Fees and grants from government agencies	-	2,419,971	2,419,971
Total public support	17,661,940	6,270,950	23,932,890
Revenue			
Food sales	602,955	-	602,955
Shared maintenance	117,075	-	117,075
Shoppers choice	14,785	-	14,785
Transporation	38,609	-	38,609
Membership dues	7,000	-	7,000
Interest income	38,057	-	38,057
Gain on sale of building	715,270	-	715,270
Miscellaneous	38,429	-	38,429
Total revenue	1,572,180	-	1,572,180
Net assets released from restriction	8,224,742	(8,224,742)	-
<b>TOTAL PUBLIC SUPPORT AND REVENUE</b>	<b>27,458,862</b>	<b>(1,953,792)</b>	<b>25,505,070</b>
<b>EXPENSES</b>			
Program Services			
Food distribution	16,111,397	-	16,111,397
Community development	2,669,408	-	2,669,408
Total program services	18,780,805	-	18,780,805
Support Services			
General and adminisitrative	827,790	-	827,790
Fund raising	1,062,972	-	1,062,972
Total support services	1,890,762	-	1,890,762
<b>TOTAL EXPENSES</b>	<b>20,671,567</b>	<b>-</b>	<b>20,671,567</b>
CHANGE IN NET ASSETS	6,787,295	(1,953,792)	4,833,503
NET ASSETS - BEGINNING OF YEAR	17,683,997	2,110,623	19,794,620
NET ASSETS - END OF YEAR	<u>\$ 24,471,292</u>	<u>\$ 156,831</u>	<u>\$ 24,628,123</u>

See accompanying notes to financial statements.



FOOD BANK OF DELAWARE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2020

	Program Services			Support Services			Total Expenses
	Food Distribution	Community Services	Total Program Services	General & Administration	Fund Raising	Total Support Services	
Personnel							
Salaries	\$ 1,037,590	\$ 1,082,115	\$ 2,119,705	\$ 446,381	\$ 361,448	\$ 807,829	\$ 2,927,534
Payroll taxes	76,704	80,156	156,860	40,406	24,976	65,382	222,242
Employee benefits	127,258	129,586	256,844	27,212	38,369	65,581	322,425
Total personnel	1,241,552	1,291,857	2,533,409	513,999	424,793	938,792	3,472,201
Professional fees	-	170	170	15,684	-	15,684	15,854
Association, conference dues	7,419	2,497	9,916	1,718	3,850	5,568	15,484
Copying, printing and advertising	976	25,020	25,996	2,565	82,627	85,192	111,188
Insurance	120,588	5,359	125,947	4,020	4,020	8,040	133,987
Rental of equipment	47,723	4,338	52,061	4,940	-	4,940	57,001
Postage and freight	23,290	5,590	28,880	1,032	482,542	483,574	512,454
Occupancy	43,643	13,691	57,334	139,204	2,100	141,304	198,638
Grant expense	237,642	-	237,642	-	2,961	2,961	240,603
Contract services	178,478	97,257	275,735	83,980	74,074	158,054	433,789
Food	22,445,582	627,607	23,073,189	-	-	-	23,073,189
Travel	7,421	13,816	21,237	3,307	3,095	6,402	27,639
Office and building supplies	131,907	57,672	189,579	8,110	9,878	17,988	207,567
Vehicle fuel and supplies	45,152	48,406	93,558	-	1,380	1,380	94,938
Vehicle repairs	81,868	-	81,868	-	-	-	81,868
Education supplies	-	33,649	33,649	-	-	-	33,649
Total expenses before depreciation	24,613,241	2,226,929	26,840,170	778,559	1,091,320	1,869,879	28,710,049
Depreciation	759,617	33,761	793,378	25,321	25,321	50,642	844,020
TOTAL EXPENSES	\$ 25,372,858	\$ 2,260,690	\$ 27,633,548	\$ 803,880	\$ 1,116,641	\$ 1,920,521	\$ 29,554,069

*See accompanying notes to financial statements.*

FOOD BANK OF DELAWARE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	Program Services			Support Services			Total Expenses
	Food Distribution	Community Services	Total Program Services	General & Administration	Fund Raising	Total Support Services	
Personnel							
Salaries	\$ 816,875	\$ 1,157,386	\$ 1,974,261	\$ 346,792	\$ 378,844	\$ 725,636	\$ 2,699,897
Payroll taxes	60,641	86,590	147,231	23,070	26,619	49,689	196,920
Employee benefits	104,984	167,902	272,886	49,605	37,771	87,376	360,262
Total personnel	982,500	1,411,878	2,394,378	419,467	443,234	862,701	3,257,079
Professional fees	-	-	-	14,213	-	14,213	14,213
Association, conference dues	6,630	4,176	10,806	7,126	1,192	8,318	19,124
Copying, printing and advertising	7,141	15,777	22,918	2,487	538,061	540,548	563,466
Insurance	107,767	4,790	112,557	3,592	3,592	7,184	119,741
Rental of equipment	19,577	3,896	23,473	3,692	-	3,692	27,165
Postage and freight	3,105	922	4,027	805	12,546	13,351	17,378
Occupancy	47,361	2,130	49,491	278,566	2,100	280,666	330,157
Grant expense	388,832	-	388,832	-	3,198	3,198	392,030
Contract services	117,610	66,888	184,498	70,121	37,248	107,369	291,867
Food	13,953,929	902,066	14,855,995	-	-	-	14,855,995
Travel	1,187	20,692	21,879	3,583	3,613	7,196	29,075
Office and building supplies	64,519	139,491	204,010	7,748	5,008	12,756	216,766
Vehicle fuel and supplies	30,055	73,637	103,692	5,518	1,334	6,852	110,544
Vehicle repairs	56,798	-	56,798	-	-	-	56,798
Education supplies	-	8,648	8,648	59	1,033	1,092	9,740
Total expenses before depreciation	15,787,011	2,654,991	18,442,002	816,977	1,052,159	1,869,136	20,311,138
Depreciation	324,386	14,417	338,803	10,813	10,813	21,626	360,429
<b>TOTAL EXPENSES</b>	<b>\$ 16,111,397</b>	<b>\$ 2,669,408</b>	<b>\$ 18,780,805</b>	<b>\$ 827,790</b>	<b>\$ 1,062,972</b>	<b>\$ 1,890,762</b>	<b>\$ 20,671,567</b>

*See accompanying notes to financial statements.*

FOOD BANK OF DELAWARE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from public support	\$ 11,840,506	\$ 8,917,381
Cash received from sales and program service fees	872,313	579,509
Cash paid to suppliers, vendors, and employees	(6,383,043)	(9,662,485)
Cash received from interest and dividends	13,204	38,057
Net cash provided by (used for) operating activities	<u>6,342,980</u>	<u>(127,538)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property and equipment	(1,469,664)	(7,102,572)
Disposal of property and equipment	-	3,168,690
Net cash (used for) investing activities	<u>(1,469,664)</u>	<u>(3,933,882)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from debt - Paycheck Protection Program	565,312	-
Net cash provided by financing activities	<u>565,312</u>	<u>-</u>
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,438,628	(4,061,420)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>3,591,554</u>	<u>7,652,974</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 9,030,182</u>	<u>\$ 3,591,554</u>
SUPPLEMENTAL SCHEDULE OF NONCASH INVESTING ACTIVITY:		
Construction in progress included in accounts payable	<u>\$ -</u>	<u>\$ 1,060,893</u>

*See accompanying notes to financial statements.*

## FOOD BANK OF DELAWARE, INC.

### NOTES TO FINANCIAL STATEMENTS

#### NOTE A – NATURE OF ACTIVITIES

The Food Bank of Delaware, Inc. (the Entity) is a nonprofit organization, whose mission is a community free from hunger. The Entity strives to minimize hunger, primarily in Delaware, by: providing low-cost and no-cost food and other products to qualified organizations, informing the community about hunger issues, and mobilizing support for anti-hunger efforts. It is governed by an uncompensated volunteer board which oversees the activities of the Entity.

The programs currently operated by the Food Bank of Delaware, Inc. are as follows:

- The Food Distribution Program maintains food and related products obtained through donations, which are then made available to qualified member agencies for a shared maintenance fee.
- The Community Development Program assists new and current member agencies in maximizing the benefits the Food Bank offers in low-cost and no-cost food and in developing and operating hunger prevention programs, as well as collecting information on hunger and anti-hunger programs, partnering with community organizations, legislators, and citizens interested in hunger prevention efforts.

#### NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### *Financial Reporting Framework*

The financial position and results of activities of Food Bank of Delaware, Inc. have been reported on an acceptable financial reporting framework. The financial reporting framework used by Food Bank of Delaware, Inc. is U.S. generally accepted accounting principles (GAAP). Under this financial reporting framework, revenues are recognized in the period when earned and expenses are recorded when a liability is incurred.

##### *Basis of Financial Statement Presentation*

The financial statement presentation follows the recommendation of the Financial Accounting Standards Board (FASB). FASB codification pertaining to *Not-for-Profit Entities*, ASU No. 2016-14, (*Topic 958*): *Presentation of Financial Statements of Not-for-Profit Entities* requires the Organization to report information regarding its financial position and activities according to two classes of net assets: with donor restrictions and without donor restrictions. The net assets and revenues, expenses, gains and losses are classified based on the existence of, or absence of, donor-imposed restrictions. Accordingly, net assets and changes therein are classified as described below.

FOOD BANK OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Basis of Financial Statement Presentation (Continued)*

*Classification of Net Assets* - Separate line items may be reported within net assets with donor restrictions or in notes to financial statements to distinguish between various types of donor-imposed restrictions, including the following:

- a) Support of particular operating activities,
- b) Use in a specified future period, and
- c) Acquisition of long-lived assets.

*Allocation of Expenses by Nature and Function* - The cost of providing various program and supporting activities have been summarized on a functional basis in the statements of activities and the statements of functional expenses. Activities that represent direct conduct or direct supervision of program or other supporting activities are allocated to such programs and generally from management and general expense. Additionally, certain costs benefit more than one function, and, therefore allocated accordingly. The allocation of overhead items such as information technology, occupancy cost, transportation and depreciation are allocated based on payroll costs, square footage or programming based.

*Pervasiveness of 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 the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results. Changes in estimates are recorded in the period identified. Accounting measurements that are most affected by management's estimates of future events include the realization of accounts receivable, the fair value of inventory, the useful lives selected for depreciating property and equipment, and the timing of the recognition of certain revenue.

Management does not believe that any of its estimates involve assumptions that are highly uncertain or that different, reasonable estimates, or changes in accounting estimates that are reasonably likely to occur, would have a material impact on the financial statements. To the extent there are material differences between management's estimates and actual results, future results of operations will be affected.

FOOD BANK OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Cash and Cash Equivalents*

The Entity considers all highly liquid investments, which are to be used for current operations and which have an original maturity of three months or less, to be cash and cash equivalents. All other highly liquid instruments which are to be used for the long-term purposes are classified as investments.

*Risks and Uncertainties*

The entity, from time to time, invests in various securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the statement of activities.

*Inventory*

Purchased inventory is recorded at cost. Donated inventory is recorded at the estimated wholesale value determined by Feeding America.

Inventory consists of the following:

	<u>2020</u>	<u>2019</u>
Donated Products	\$ 3,643,176	\$ 3,872,162
Purchased Products	<u>688,496</u>	<u>239,366</u>
Total Inventory	<u>\$ 4,331,672</u>	<u>\$ 4,111,528</u>

*Promises to Give*

Unconditional promises to give, are recognized as revenue when the donor's commitment has been received. Unconditional promises to give are recognized at the present value of future cash flows, net of allowances for uncollectible pledges. Contributions, which are received subject to restrictions imposed by donors, are reported as net assets with donor restriction in the accompanying consolidated financial statements. Contributions for which the restrictions expire with the passage of time or occurrence of specific events are classified as net assets with donor restriction. When the restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported as net assets released from restrictions. Net assets with donor restrictions funds expended in the fiscal year in which received are recorded as net assets without donor restriction.

FOOD BANK OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Promises to Give (Continued)*

During the year, the entity adopted the new accounting guidance required by generally accepted accounting principles issued in ASU 2018-08 – *Not-For-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Key provisions in this guidance include clarification of accounting for grants and contracts as exchange transactions or contributions and improve guidance to distinguish between conditional and unconditional contributions. The entity has updated these statements accordingly. The implementation of this guidance resulted in no changes to the prior year information as previously presented.

*Property and Equipment*

Property and equipment are stated at cost. Expenditures for maintenance and repairs are charged to expense as incurred; costs of renewals and betterments are capitalized. When assets are sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any gain or loss is included in the statement of activities.

Depreciation is computed using the straight-line method based upon the estimated useful life of the related assets. The useful lives for purposes of computing depreciation on property and equipment ranges from three to ten years.

*Revenue Recognition*

The entity adopted ASU 2014-09 – *Revenue from Contracts with Customers (Topic 606)*. ASU 2014-09 applies to substantially all entities including non-profit entities. The fundamental principle of this new accounting guidance is that non-profit entities should recognize revenue in a manner that reflects the timing of the transfer of goods and services to customers in an amount that reflects the consideration that the entity expects to receive from such transfers.

ASU 2014-09 establishes a five-step approach for the recognition of revenue. The entity adopted this guidance using the modified retrospective approach which applies to any entity that had remaining obligations as of July 1, 2019 and any new contracts entered into subsequent thereto. Under the modified approach, non-profit entities are not required to restate comparative periods in the financial statements.

As a result of this change in accounting guidance, the entity updated its revenue recognition policies and procedures. The implementation of ASU 2014-09 did not impact the amount of revenue recognized in previous years nor did it impact the revenue recognized during 2020.

FOOD BANK OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Revenue Recognition (Continued)*

The Entity adheres to ASC 958-605, *Not for Profit Entities Revenue Recognition*, in recording contributions received. Contributions received are recorded as with or without donor restricted support, depending on the existence and, if applicable, the nature of donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restriction if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restriction, depending on the nature of the restriction. When a restriction expires, net assets with donor restriction are reclassified to net assets without donor restriction and reported in the Statement of Activities as net assets released from restrictions.

*Compensated Absences*

The Entity recorded a vacation accrual for the years ended June 30, 2020 and 2019 of \$86,904 and \$80,084, respectively.

*Functional Allocation of Expenses*

The costs of providing various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

*Advertising*

The Entity expenses the costs of advertising when incurred.

*Income Taxes*

Food Bank of Delaware, Inc. is exempt from federal and state income taxes under the provisions of Section 501(c)(3) of the Internal Revenue Code; therefore no provision for income taxes has been made in the financial statements. In addition, the entity has been classified as one that is not a private foundation within the meaning of Section 509 (a) of the Internal Revenue Code and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi).



FOOD BANK OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

*Income Taxes (Continued)*

Although the entity is not subject to federal and state income taxes, the entity is required to adhere to Accounting Standards Codification (ASC) 740, “*Accounting for Income Taxes*”, which applies to all entities including those that are tax exempt under 501(c)(3). ASC 740 clarifies the accounting and reporting for income taxes where interpretation of the tax law may be uncertain. ASC 740 prescribes a comprehensive model for the financial statements recognition, measurement, presentation and disclosure of income tax uncertainties with respect to positions taken or expected to be taken in income tax returns.

Management has reviewed its current and past federal income tax positions and has determined, based on clear and unambiguous tax law and regulations, that the tax positions taken are certain and that there is no likelihood that a material tax assessment would be made if the respective government agency examined tax returns subject to audit. Accordingly, no provision for the effects of uncertain tax positions has been recorded.

Currently, the June 30, 2017, 2018, and 2019 tax years are open and subject to examination by the Internal Revenue Service. However, the entity is not currently under audit nor has the entity been contacted by this jurisdiction. Any interest and penalties related to income taxes would be recorded as income tax expense. There are no interest and penalties as of June 30, 2020 and 2019.

NOTE C – CONCENTRATION OF CREDIT RISK ARISING FROM CASH DEPOSITS

Financial instruments which potentially subject the Entity to significant concentrations of credit risk are principally cash deposits. Cash deposits are maintained in highly rated financial institutions. Generally, accounts at such institutions are insured by the Federal Deposit Insurance Corporation up to \$250,000. Cash balances may exceed the federally insured limit at various times during the year. Management continually monitors the financial strength of the institutions and the quality of its investments.

FOOD BANK OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE D – PROMISES TO GIVE

Promises to give as of June 30, 2020, consisted of the following:

Promises to give - current portion	\$ 1,842
Promises to give - restricted to future periods	207,766
Unconditional promise to give before amortized discount	209,608
Unamortized discount	(17,291)
Net unconditional promises to give	\$ 192,317

Amounts due by:

June 30, 2020	\$ 1,842
June 30, 2021	149,359
June 30, 2022	58,407
Unconditional promise to give before amortized discount	209,608
Unamortized discount	(17,291)
Net unconditional promises to give	\$ 192,317

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2020 and 2019 is as follows:

	2020	2019
Land and land improvements	\$ 66,444	\$ 66,444
Building and improvements	17,714,168	3,062,775
Farm and farm equipment	343,972	309,914
Trucks and trailers	1,576,733	1,334,790
Warehouse equipment	435,678	371,196
Computers	123,844	123,844
Furniture and fixtures	243,556	231,777
Construction in progress	-	13,533,991
	20,504,395	19,034,731
Less: Accumulated depreciation	3,376,250	2,532,230
	\$ 17,128,145	\$ 16,502,501

Depreciation expense for the years ended June 30, 2020 and 2019 amounted to \$844,020 and \$360,429, respectively.

FOOD BANK OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE F – NET ASSETS WITH DONOR RESTRICTION

As of June 30, 2020 and 2019 restricted net assets were available for the following:

	2020	2019
Member Agencies	\$ 211,605	\$ 120,746
School Pantry	-	36,085
Backpack	104,084	-
Culinary School	18,229	-
Mobile Pantry	40,036	-
	\$ 373,954	\$ 156,831

NOTE G – NATIONAL AFFILIATION

The Entity is an affiliate of and accredited by Feeding America, the National Food Bank Network. Membership dues paid to Feeding America are based on pounds of Feeding America solicited product received and amounted to \$6,330 and \$8,440 for the years ended 2020 and 2019.

NOTE H – PENSION PLAN

The Entity has a Simple Retirement Plan for all full-time employees who have at least one year of service. The Entity contributes up to three percent of wages for participating, eligible employees. Employer contributions for the years ended June 30, 2020 and 2019 amounted to \$53,265 and \$58,163, respectively.

NOTE I – LEASES

The Entity leases certain equipment under various operating arrangements. Total rent expense related to long-term leases for the years ended 2020 and 2019 amounted to \$57,001 and \$27,165, respectively.

Future minimum lease payments are as follows:

June 30	Amount
2021	\$ 1,764
2022	1,764
2023	1,764
2024	1,764
Thereafter	147
	\$ 7,203

FOOD BANK OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE J – LIQUIDITY

As part of liquidity management, a policy has been established to structure financial assets to be available for its general expenditures, liabilities, and other obligations as they come due. Food Bank of Delaware, Inc.’s financial assets available within one year of the statement of financial position date (June 30, 2020) for general expenditures as follows:

Description	Amount
Cash and equivalents	\$ 9,030,182
Accounts and grants receivable	340,226
Unconditional promises to give available next year	1,842
Total liquid assests available	9,372,250
Less: Donor restricted assets	373,954
Total financial assets available to management for general expenditures within one year	\$ 8,998,296

NOTE K – IMPACT OF RECENT ACCOUNTING PRONOUNCEMENTS

In February 2016, the FASB issued new guidance on Leases to increase transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. The new standard establishes a right-of-use (ROU) model that requires a lessee to record a ROU asset and lease liability on the balance sheet for all leases with terms longer than 12 months. Leases will be classified as either finance or operating with classification affecting the pattern of expense recognition in the income statement. The new standard is effective for fiscal years beginning after December 15, 2021. In July 2018, the FASB issued ASU 2018-11: *Targeted Improvements*, which addresses certain transition and implementation issues regarding implementation of the new lease standards, including, among other things the comparative reports requirements on initial adoption. This pronouncement allows an entity the option of a modified retrospective or a cumulative effect transition approach.

Management is currently evaluating the impact of its adoption of the new standard, which includes compiling a list of all contracts that meet the definition of a lease under the new standard and determine the proper classification and accounting treatment to determine the ultimate impact the new standard will have on the combined financial statements.

FOOD BANK OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE L – RISK AND UNCERTAINTY

The outbreak of a novel strain of coronavirus (COVID-19) has spread throughout the United States beginning in March of 2020. Multiple jurisdictions in the U.S. have declared various levels of States of Emergency. In response, the Organization has been following social distancing and remote work directives wherever possible. The Organization has temporarily closed some of its operations, such as retail stores, pursuant to government mandates in Delaware and Pennsylvania, resulting in an adverse impact to cash flows. Other operations, such as business services, have continued functioning as an ‘*essential business*.’ Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the Organization is not able to estimate any adverse effects the COVID-19 outbreak may have on its results of operations, financial condition, or liquidity periods ending after June 30, 2020.

Included in the Phase III COVID-19 Relief Bill, a bill passed by Congress in response to the coronavirus pandemic, is a provision known as the “*Paycheck Protection Program*”. This program is intended to provide federal insured, potentially forgivable loans that can be used to cover short-term operating expenses during the economic crisis. On April 15, 2020, the Organization was awarded \$565,312 to be used as outlined in the Paycheck Protection Program and has recorded this as long-term debt on the accounting statement of financial position.

NOTE M – SUBSEQUENT EVENTS

Management has reviewed and evaluated all subsequent events through November 6, 2020, the date the financial statements were available to be issued and has determined there were no matters that require adjustment to or disclosure in the June 30, 2020 financial statements.

FOOD BANK OF DELAWARE, INC.

SECTION II

SCHEDULE OF EXPENDITURES OF  
FEDERAL AWARDS



## INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Food Bank of Delaware, Inc.  
Newark, Delaware

We have audited the financial statements of Food Bank of Delaware, Inc. as of and for the year ended June 30, 2020, and have issued our report thereon dated November 6, 2020, which contained an unmodified opinion on those financial statements. 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 is presented for purposes of additional analysis as required by the Uniform Guidance 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.

*Whisman Giordano & Associates, LLC*

Newark, Delaware  
November 6, 2020

FOOD BANK OF DELAWARE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<b>U. S. Department of Agriculture</b>				
Passed through the Delaware Department of Education (DOE)				
Total Emergency Food Assistance Program	10.569	N/A	\$ 212,867	\$ -
Rural Business Development Grant	10.351	N/A	50,000	-
Subtotal			262,867	-
Supplemental Nutrition Assistance Program (SNAP) Cluster				
Passed through the University of Delaware				
Food Stamp Nutrition Education Plan Program	10.551	N/A	351,750	-
Passed through Delaware Division of Health and Social Services				
State Administrative Matching Grants for The Supplemental Nutrition Assistance Program				
Commodity Supplemental Food Program	10.561	N/A	168,160	-
Outreach Program	10.561	N/A	78,403	-
Subtotal - SNAP Cluster			598,313	-
Passed through Delaware Division of Health and Social Services				
Food Benefit and Temporary Assistance for Needy Families	93.558	N/A	53,561	-
Passed through Delaware Department of Agriculture				
Agriculture Specialty Crop Block Grant Program	10.170	N/A	9,543	-
Supplemental Nutrition Program for Women, Infants and Children (WIC)				
Farmers Market Promotion Program	10.557	N/A	135,875	-
Farm to School Planning Grant	10.175	N/A	32,306	-
	10.575	N/A	4,330	-
Total U.S. Department of Agriculture			1,096,795	-
<b>Department of Homeland Security Direct Programs</b>				
Emergency Food and Shelter Program	97.024	N/A	133,791	-
Total Expenditures of Federal Awards			\$ 1,230,586	\$ -



FOOD BANK OF DELAWARE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2020

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Food Bank of Delaware, Inc. and is presented on the accrual basis of accounting. 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 the preparation of, the basic financial statements.

NOTE B – INDIRECT COST RATE

For the year ended June 30, 2020, Food Bank of Delaware, Inc. has elected to use a 16.8% indirect cost rate, as approved by the Delaware Division of Health and Social Services.

FOOD BANK OF DELAWARE, INC.

SECTION III

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*

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

Food Bank of Delaware, Inc.  
Newark, Delaware

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 Bank of Delaware, Inc., as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Food Bank of Delaware, Inc.'s basic financial statements, and have issued our report thereon dated November 6, 2020.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Food Bank of Delaware, Inc.'s internal control over financial reporting (internal control) to determine the 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 Bank of Delaware, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Food Bank of Delaware, Inc.'s internal control.

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

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

## **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Food Bank of Delaware, 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 determination of financial statement amounts. 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.

*Whisman Giordano & Associates, LLC*

Newark, Delaware  
November 6, 2020



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

Food Bank of Delaware, Inc.  
Newark, Delaware

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

We have audited Food Bank of Delaware, 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 Bank of Delaware, Inc.'s major federal programs for the year ended June 30, 2020. Food Bank of Delaware, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

### **Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Food Bank of Delaware, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; 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), *Audits of States, Local Governments, and Non-Profit Organizations*. 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 program occurred. An audit includes examining, on a test basis, evidence about Food Bank of Delaware, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

In our opinion, Food Bank of Delaware, 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 June 30, 2020.

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. 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.

*Whisman Giordano & Associates, LLC*

Newark, Delaware  
November 6, 2020

FOOD BANK OF DELAWARE, INC.

SECTION IV

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOOD BANK OF DELAWARE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of Auditor's Report issued:	<b>Unmodified</b>
Internal control over financial reporting:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Noncompliance material to the financial statements noted?	No

**Federal Awards**

Internal control over Major Programs:	
Material weakness(es) identified?	No
Significant deficiencies identified that are not considered to be material weaknesses?	No
Type of Auditor's Report issued on compliance for major programs:	<b>Unmodified</b>
Material non-compliance noted?	No
Instance(s) of non-compliance noted?	No



FOOD BANK OF DELAWARE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

JUNE 30, 2020

**Identification of Major Programs:**

**CFDA Numbers**

10.551 and 10.561

**Name of Federal Program**

Supplemental Nutrition Assistance Program Cluster, which includes Food Stamp Nutrition Education Plan Program, CFDA Number 10.551, and State Administration Matching Grants for the Supplemental Nutrition Assistance Program, CFDA Number 10.561.

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as Low-Risk Auditee

Yes

**II. FINDINGS**

**A. Current year findings - Financial Statements**

There were no current year findings.

**B. Current year findings - Federal Awards**

There were no current year findings.

**C. Prior year findings - Financial Statements**

There were no prior year findings.

**D. Prior year findings - Federal Awards**

There were no prior year findings.

*Whisman Giordano & Associates, LLC*

Newark, Delaware  
November 6, 2020