



WHISMAN GIORDANO
CERTIFIED PUBLIC ACCOUNTANTS

Building Extraordinary Relationships

FOOD BANK OF DELAWARE, INC.
FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT
JUNE 30, 2023 AND 2022

FOOD BANK OF DELAWARE, INC.

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Food Bank of Delaware, Inc.
Newark, Delaware

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Food Bank of Delaware, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Food Bank of Delaware, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principle 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 Financial Statements section of our report. We are required to be independent of Food Bank of Delaware, Inc. and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

Responsibilities of Management for the Financial Statements (continued)

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

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

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

Board of Directors
Food Bank of Delaware, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2023 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 the effectiveness of Food Bank of Delaware, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Food Bank of Delaware, Inc.'s internal control over financial reporting and compliance.

Whisman Giordano & Associates, LLC

Newark, Delaware
December 4, 2023

FOOD BANK OF DELAWARE, INC.
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2023 AND 2022

ASSETS		
	2023	2022
Current Assets		
Cash and cash equivalents	\$ 11,774,074	\$ 15,137,984
Investments	298,561	261,074
Accounts and grants receivable	1,337,805	3,899,037
Promises to give - current	399,355	44,805
Inventory	2,596,893	4,174,434
Prepaid expenses	7,727	12,348
Total current assets	16,414,415	23,529,682
Property and Equipment	32,500,827	19,214,076
Promises to give - long-term, net of discount	108,495	17,803
TOTAL ASSETS	\$ 49,023,737	\$ 42,761,561

LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 2,130,888	\$ 1,170,650
Accrued payroll and related costs	134,456	236,830
Accrued vacation	187,550	105,407
Total liabilities (current)	2,452,894	1,512,887
Net Assets		
Without Donor Restriction	46,427,590	40,432,504
With Donor Restriction	143,253	816,170
Total net assets	46,570,843	41,248,674
TOTAL LIABILITIES AND NET ASSETS	\$ 49,023,737	\$ 42,761,561

See accompanying notes to financial statements.

FOOD BANK OF DELAWARE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2023

	Without Donor Restriction	With Donor Restriction	Total
PUBLIC SUPPORT AND REVENUE			
Public Support			
Contributions	\$ 6,892,223	\$ 5,962,162	\$ 12,854,385
Contributions - donated product	16,201,539	-	16,201,539
Contributions - capital campaign	-	9,471,463	9,471,463
Fees and grants from government agencies	-	2,400,335	2,400,335
	23,093,762	17,833,960	40,927,722
Revenue			
Food sales	661,790	-	661,790
Interest income	258	-	258
(Loss) on disposal of assets	(179,689)	-	(179,689)
Realized and unrealized gains	-	-	-
Miscellaneous	53,762	-	53,762
	536,121	-	536,121
Net assets released from restriction	18,506,877	(18,506,877)	-
TOTAL PUBLIC SUPPORT AND REVENUE	42,136,760	(672,917)	41,463,843
EXPENSES			
Program Services			
Food distribution	32,459,140	-	32,459,140
Community development	1,915,774	-	1,915,774
	34,374,914	-	34,374,914
Support Services			
General and administrative	622,174	-	622,174
Fund raising	1,144,587	-	1,144,587
	1,766,760	-	1,766,760
TOTAL EXPENSES	36,141,674	-	36,141,674
CHANGE IN NET ASSETS	5,995,086	(672,917)	5,322,169
NET ASSETS - BEGINNING OF YEAR	40,432,504	816,170	41,248,674
NET ASSETS - END OF YEAR	\$ 46,427,590	\$ 143,253	\$ 46,570,843

See accompanying notes to financial statements.

FOOD BANK OF DELAWARE, INC.

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2022

	<u>Without Donor Restriction</u>	<u>With Donor Restriction</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Public Support			
Contributions	\$ 6,766,711	\$ 1,484,559	\$ 8,251,270
Contributions - donated product	18,521,195	-	18,521,195
Contributions - capital campaign	-	155,370	155,370
Fees and grants from government agencies	-	6,895,313	6,895,313
Total public support	<u>25,287,906</u>	<u>8,535,242</u>	<u>33,823,148</u>
Revenue			
Food sales	1,103,150	-	1,103,150
Interest income	4,391	-	4,391
(Loss) on disposal of assets	(22,810)	-	(22,810)
Realized and unrealized gains	310	-	310
Miscellaneous	89,355	-	89,355
Total revenue	<u>1,174,396</u>	<u>-</u>	<u>1,174,396</u>
Net assets released from restriction	<u>8,897,075</u>	<u>(8,897,075)</u>	<u>-</u>
TOTAL PUBLIC SUPPORT AND REVENUE	<u>35,359,377</u>	<u>(361,833)</u>	<u>34,997,544</u>
EXPENSES			
Program Services			
Food distribution	27,209,325	-	27,209,325
Community development	2,846,010	-	2,846,010
Total program services	<u>30,055,335</u>	<u>-</u>	<u>30,055,335</u>
Support Services			
General and administrative	1,337,842	-	1,337,842
Fund raising	1,797,972	-	1,797,972
Total support services	<u>3,135,814</u>	<u>-</u>	<u>3,135,814</u>
TOTAL EXPENSES	<u>33,191,149</u>	<u>-</u>	<u>33,191,149</u>
CHANGE IN NET ASSETS	2,168,228	(361,833)	1,806,395
NET ASSETS - BEGINNING OF YEAR	<u>38,264,276</u>	<u>1,178,003</u>	<u>39,442,279</u>
NET ASSETS - END OF YEAR	<u><u>\$ 40,432,504</u></u>	<u><u>\$ 816,170</u></u>	<u><u>\$ 41,248,674</u></u>

See accompanying notes to financial statements.

FOOD BANK OF DELAWARE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2023

	Program Services			Support Services			Total Expenses
	Food Distribution	Community Services	Total Program Services	General & Administration	Fund Raising	Total Support Services	
Personnel							
Salaries	\$ 4,619,573	\$ 369,936	\$ 4,989,510	\$ 337,970	\$ 282,137	\$ 620,106	\$ 5,609,616
Payroll taxes	359,055	28,753	387,808	26,269	21,929	48,198	436,006
Employee benefits	628,242	50,310	678,551	45,962	38,369	84,332	762,883
Total personnel	5,606,870	448,999	6,055,869	410,201	342,435	752,636	6,808,505
Professional fees	43,338	3,471	46,809	3,171	2,647	5,817	52,626
Association, conference dues	47,010	3,765	50,775	3,439	2,871	6,310	57,085
Copying, printing and advertising	222,327	17,804	240,131	16,266	13,578	29,844	269,975
Insurance	171,176	13,708	184,884	12,523	10,454	22,978	207,862
Rental of equipment	6,382	511	6,893	467	390	857	7,750
Postage and freight	184,360	1,206	185,566	6,529	630,647	637,176	822,742
Occupancy	145,486	11,651	157,137	10,644	8,885	19,529	176,666
Grant expense	12,272	983	13,255	898	749	1,647	14,902
Contract services	728,843	58,366	787,209	53,322	44,514	97,836	885,045
Food	23,573,165	1,240,693	24,813,858	-	-	-	24,813,858
Travel	19,863	1,591	21,454	1,453	1,213	2,666	24,120
Office and building supplies	466,314	37,343	503,657	34,116	28,480	62,595	566,252
Vehicle fuel and supplies	170,559	-	170,559	-	-	-	170,559
Bad Debt	30,019	2,404	32,423	2,196	1,833	4,030	36,453
Vehicle repairs	116,052	-	116,052	-	-	-	116,052
Education supplies	88,095	7,055	95,150	6,445	5,380	11,825	106,975
Total expenses before depreciation	31,632,132	1,849,547	33,481,679	561,670	1,094,078	1,655,748	35,137,427
Depreciation	827,007	66,227	893,234	60,504	50,509	111,013	1,004,247
TOTAL EXPENSES	\$ 32,459,140	\$ 1,915,774	\$ 34,374,914	\$ 622,174	\$ 1,144,587	\$ 1,766,760	\$ 36,141,674

See accompanying notes to financial statements.

FOOD BANK OF DELAWARE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2022

	Program Services			Support Services			Total Expenses
	Food Distribution	Community Services	Total Program Services	General & Administration	Fund Raising	Total Support Services	
Personnel							
Salaries	\$ 1,685,260	\$ 1,226,665	\$ 2,911,925	\$ 574,012	\$ 665,705	\$ 1,239,717	\$ 4,151,642
Payroll taxes	126,212	91,736	217,948	50,210	47,457	97,667	315,615
Employee benefits	193,621	149,695	343,316	29,866	50,989	80,855	424,171
Total personnel	2,005,093	1,468,096	3,473,189	654,088	764,151	1,418,239	4,891,428
Professional fees	-	-	-	42,936	-	42,936	42,936
Association, conference dues	10,048	5,844	15,892	7,925	15,287	23,212	39,104
Copying, printing and advertising	1,533	18,506	20,039	4,309	117,339	121,648	141,687
Insurance	164,400	7,307	171,707	5,480	5,480	10,960	182,667
Rental of equipment	1,716	18,087	19,803	6,250	-	6,250	26,053
Postage and freight	80,063	1,388	81,451	7,376	709,331	716,707	798,158
Occupancy	61,166	5,478	66,644	260,751	2,500	263,251	329,895
Grant expense	300,720	-	300,720	-	12,102	12,102	312,822
Contract services	202,227	41,747	243,974	196,347	130,031	326,378	570,352
Food	23,050,666	1,091,332	24,141,998	-	-	-	24,141,998
Travel	23,458	3,322	26,780	3,464	1,577	5,041	31,821
Office and building supplies	267,566	37,023	304,589	112,726	6,288	119,014	423,603
Vehicle fuel and supplies	78,300	54,151	132,451	-	5,036	5,036	137,487
Bad Debt	-	-	-	6,011	-	6,011	6,011
Vehicle repairs	96,882	-	96,882	-	-	-	96,882
Education supplies	-	55,263	55,263	1,329	-	1,329	56,592
Total expenses before depreciation	26,343,838	2,807,544	29,151,382	1,308,992	1,769,122	3,078,114	32,229,496
Depreciation	865,487	38,466	903,953	28,850	28,850	57,700	961,653
TOTAL EXPENSES	\$ 27,209,325	\$ 2,846,010	\$ 30,055,335	\$ 1,337,842	\$ 1,797,972	\$ 3,135,814	\$ 33,191,149

See accompanying notes to financial statements.

FOOD BANK OF DELAWARE, INC.

STATEMENTS OF CASH FLOWS

FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

	<u>2023</u>	<u>2022</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from public support	\$ 26,842,173	\$ 11,854,843
Cash received from sales and program service fees	715,552	1,029,465
Cash paid to suppliers, vendors, and employees	(16,593,408)	(12,821,663)
Cash received from interest and dividends	258	4,391
Net cash provided by operating activities	<u>10,964,575</u>	<u>67,036</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) of investments	(37,487)	(134,662)
Acquisition of property and equipment, net of disposals	<u>(14,290,998)</u>	<u>(2,409,144)</u>
Net cash (used for) investing activities	<u>(14,328,485)</u>	<u>(2,543,806)</u>
(DECREASE) IN CASH AND CASH EQUIVALENTS	(3,363,910)	(2,476,770)
CASH AND CASH EQUIVALENTS - BEGINNING	<u>15,137,984</u>	<u>17,614,754</u>
CASH AND CASH EQUIVALENTS - ENDING	<u>\$ 11,774,074</u>	<u>\$ 15,137,984</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 Entity 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 basis.

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 value 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>2023</u>	<u>2022</u>
Donated Products	\$ 1,638,491	\$ 2,706,252
Purchased Products	<u>958,402</u>	<u>1,468,182</u>
Total Inventory	<u>\$ 2,596,893</u>	<u>\$ 4,174,434</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, or the passage of time, are reported as net assets with donor restriction in the accompanying consolidated financial statements. 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)

The Entity adheres to 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.

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.

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, 2023 and 2022 of \$187,550 and \$105,407, respectively.

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, 2020, 2021, and 2022 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, 2023 and 2022.

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 such financial 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, 2023, consisted of the following:

Promises to give - current portion	\$	404,355
Promises to give - restricted to future periods		125,000
		<u>529,355</u>
Unconditional promise to give before amortized discount		529,355
Unamortized discount		(16,505)
Allowance for uncollectible promises		(5,000)
		<u>(5,000)</u>
Net unconditional promises to give	\$	<u><u>507,850</u></u>
Amounts due by:		
June 30, 2024	\$	404,355
June 30, 2025		125,000
		<u>125,000</u>
Unconditional promise to give before amortized discount and allowance for uncollectible promises	\$	<u><u>529,355</u></u>

NOTE E – PROPERTY AND EQUIPMENT

Property and equipment as of June 30, 2023 and 2022 is as follows:

	2023	2022
Land and land improvements	\$ 563,770	\$ 630,214
Building and improvements	15,178,473	18,213,696
Farm and farm equipment	388,058	363,608
Trucks and trailers	1,900,227	1,900,227
Warehouse equipment	700,874	662,884
Computers	237,364	146,663
Furniture and fixtures	369,699	313,871
Construction in progress	17,106,883	1,535,931
	<u>36,445,348</u>	<u>23,767,094</u>
Less: Accumulated depreciation	<u>3,944,521</u>	<u>4,553,018</u>
	<u><u>\$ 32,500,827</u></u>	<u><u>\$ 19,214,076</u></u>

Depreciation expense for the years ended June 30, 2023 and 2022 amounted to \$1,004,247 and \$961,651, respectively.

FOOD BANK OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE F – NET ASSETS WITH DONOR RESTRICTION

As of June 30, 2023 and 2022 restricted net assets were available for the following:

	2023	2022
Farm	\$ 75,759	\$ -
Backpack	-	101,689
Stand by Me	67,494	102,943
Home Delivery	-	174,455
Mobile Pantry	-	437,083
	\$ 143,253	\$ 816,170

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 \$8,645 and \$8,440 for the years ended June 30, 2023 and 2022.

NOTE H – PENSION PLAN

The Entity had a Simple Retirement Plan for all full-time employees who had at least one year of service. The Entity contributed up to three percent of wages for participating, eligible employees. Effective January 1, 2023, this plan was converted to a 401(k) Plan. Employees become eligible to make elective contributions on the first day of the calendar month after turning 18 years old and upon completing 83.3 hours in a one-month period. If this eligibility requirement is not met, an employee will become eligible if they complete 1,000 hours in the eligibility computation period. The Entity contributes 100% of employee contributions, up to 3%, and an additional 50% of employee contributions up to 5%. Employer contributions for the years ended June 30, 2023 and 2022 amounted to \$155,498 and \$49,863, respectively.

FOOD BANK OF DELAWARE, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE I – 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, 2023) for general expenditures as follows:

Description	Amount
Cash and equivalents	\$ 11,774,074
Investments	298,561
Accounts and grants receivable	1,337,805
Unconditional promises to give available next year	399,355
Total liquid assets available	13,809,795
Less: Donor restricted assets	143,253
Total financial assets available to management for general expenditures within one year	\$ 13,666,542

NOTE J – SUBSEQUENT EVENTS

Management has reviewed and evaluated all subsequent events through December 4, 2023, 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, 2023 financial statements.

REPORT REQUIRED BY
GOVERNMENT AUDITING STANDARDS



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*

Board of Directors
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. which comprise the statement of financial position as of June 30, 2023, and the related statements of activities, functional expenses, program expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated December 4, 2023.

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 center’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.

Internal Control over Financial Reporting (Continued)

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 Center'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 Center's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Whisman Giordano & Associates, LLC

Newark, Delaware
December 4, 2023