

# **North Texas Food Bank**

Independent Auditor's Reports and Consolidated  
Financial Statements

June 30, 2022

**North Texas Food Bank**  
**June 30, 2022**

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## Independent Auditor's Report

Board of Directors  
North Texas Food Bank  
Dallas, Texas

### Report on the Audit of Financial Statements

#### *Opinion*

We have audited the consolidated financial statements of North Texas Food Bank and Subsidiaries (Organization), which comprise the consolidated statement of financial position as of June 30, 2022, 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.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Organization as of June 30, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit 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 the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 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 the Organization's ability to continue as a going concern within one year after the date that these 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 the Organization'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 the Organization'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 performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating schedule and the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are 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 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 November 29, 2022, on our consideration of the Organization'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 North Texas Food Bank'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 the Organization's internal control over financial reporting and compliance.

**FORVIS, LLP**

Dallas, Texas  
November 29, 2022

**North Texas Food Bank**  
**Consolidated Statement of Financial Position**  
**June 30, 2022**

**Assets**

**Current Assets**

Cash and cash equivalents	\$ 5,443,174
Cash restricted by New Markets Tax Credit Program notes payable (See Note 8)	170,000
Convenience fees receivable (net of allowance) (See Note 1)	35,081
Pledges receivable (net of allowance) (See Note 4) Other receivables (See Note 1)	2,332,209
Investments (See Note 3)	4,890,495
Inventory of food and commodities (See Note 1) Prepaid expenses and other assets	100,102,742
	12,954,622
	<u>981,600</u>
Total current assets	<u>126,909,923</u>

**Noncurrent Assets**

Cash restricted by New Markets Tax Credit Program notes payable (See Note 8)	211,411
Pledges receivable (net of allowance) (See Note 4)	6,224,927
Pledges receivable – capital campaign (net of allowance and unamortized discount) (See Note 4)	31,546
Investments – capital campaign (See Note 3)	15,075,269
New Markets Tax Credit Program note receivable (See Note 5)	16,838,300
Property and equipment, net (See Note 6)	<u>28,089,202</u>
Total noncurrent assets	<u>66,470,655</u>

Total assets \$ 193,380,578

**Liabilities and Net Assets**

**Current Liabilities**

Accounts payable and accrued expenses	<u>\$ 5,248,314</u>
Total current liabilities	<u>5,248,314</u>

**Noncurrent Liabilities**

New Markets Tax Credit Program notes payable (See Note 8)	<u>22,811,206</u>
Total noncurrent liabilities	<u>22,811,206</u>

Total liabilities 28,059,520

**Net Assets (See Note 9)**

Without donor restrictions	117,887,668
Without donor restriction – Board designated	18,369,318
With donor restrictions	<u>29,064,072</u>

Total net assets 165,321,058

Total liabilities and net assets \$ 193,380,578

**North Texas Food Bank**  
**Consolidated Statement of Activities**  
**Year Ended June 30, 2022**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Support and Revenue</b>			
Public Support			
Public contributions	\$ 42,446,575	\$ 12,183,619	\$ 54,630,194
Public support - in-kind	2,243,307	-	2,243,307
Donated food and commodities (See Note 17)	-	156,097,487	156,097,487
Total public support	<u>44,689,882</u>	<u>168,281,106</u>	<u>212,970,988</u>
Government grants and cost reimbursements (See Note 2)	<u>10,135,309</u>	<u>-</u>	<u>10,135,309</u>
Revenue			
Convenience fee (See Note 1 and Note 16)	620,400	-	620,400
Investment return (See Note 3)	(7,136,768)	-	(7,136,768)
Other revenue	241,786	-	241,786
Total revenue	<u>(6,274,582)</u>	<u>-</u>	<u>(6,274,582)</u>
Total public support and revenue before net assets released from restrictions	48,550,609	168,281,106	216,831,715
Net assets released from restrictions (See Note 9)	<u>165,179,951</u>	<u>(165,179,951)</u>	<u>-</u>
Total support and revenue	<u>213,730,560</u>	<u>3,101,155</u>	<u>216,831,715</u>
<b>Expenses and Losses</b>			
Program	194,030,144	-	194,030,144
Management and general	3,159,209	-	3,159,209
Fundraising	9,152,785	-	9,152,785
Loss on disposal of fixed assets	3,651	-	3,651
Total expenses and losses	<u>206,345,789</u>	<u>-</u>	<u>206,345,789</u>
<b>Change in Net Assets</b>	7,384,771	3,101,155	10,485,926
<b>Net Assets, Beginning of Year</b>	<u>128,872,215</u>	<u>25,962,917</u>	<u>154,835,132</u>
<b>Net Assets, End of Year</b>	<u>\$ 136,256,986</u>	<u>\$ 29,064,072</u>	<u>\$ 165,321,058</u>

**North Texas Food Bank**  
**Consolidated Statement of Functional Expenses**  
**Year Ended June 30, 2022**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Salaries and temporary personnel	\$ 7,736,998	\$ 1,463,728	\$ 2,664,082	\$ 11,864,808
Employee benefits and insurance	2,033,196	282,194	552,850	2,868,240
Payroll taxes	541,247	103,425	194,613	839,285
Total salaries and related expenses	<u>10,311,441</u>	<u>1,849,347</u>	<u>3,411,545</u>	<u>15,572,333</u>
Professional fees	263,172	934,831	390,223	1,588,226
Supplies	546,263	9,279	16,486	572,028
Postage	10,310	437	34,536	45,283
Occupancy	1,139,996	28,168	148,038	1,316,202
Communications	196,989	19,214	33,066	249,269
Equipment maintenance	210,263	167,811	17,549	395,623
Insurance	108,226	4,631	9,892	122,749
Donated food distributed	155,634,977	-	-	155,634,977
Purchased food distributed	17,247,918	-	-	17,247,918
Local transportation	1,755,447	920	1,273	1,757,640
Conference, conventions and meetings	4,707	2,540	5,325	12,572
Promo, printing and publications	133,276	12,730	4,927,840	5,073,846
Grants to agencies	3,824,358	-	-	3,824,358
Miscellaneous expense	512,405	61,206	54,869	628,480
Total expenses other than salaries and related expenses	<u>181,588,307</u>	<u>1,241,767</u>	<u>5,639,097</u>	<u>188,469,171</u>
Total expenses before depreciation	191,899,748	3,091,114	9,050,642	204,041,504
Depreciation and amortization	<u>2,130,396</u>	<u>68,095</u>	<u>102,143</u>	<u>2,300,634</u>
Total expenses before loss on disposal of fixed assets	<u>\$ 194,030,144</u>	<u>\$ 3,159,209</u>	<u>\$ 9,152,785</u>	206,342,138
Loss on disposal of fixed assets				<u>3,651</u>
Total expenses and losses				<u>\$ 206,345,789</u>

**North Texas Food Bank**  
**Consolidated Statement of Cash Flows**  
**Year Ended June 30, 2022**

<b>Cash Flows from Operating Activities</b>	
Cash received from contributors, grants, and cost reimbursements	\$ 58,986,761
Cash received from partner agencies for convenience fees	624,080
Other cash receipts	997
Interest and dividends	1,065,634
Interest paid	(381,200)
Cash paid to employees and suppliers	<u>(42,855,000)</u>
Net cash provided by operating activities	<u>17,441,272</u>
<b>Cash Flows from Investing Activities</b>	
Purchase of property and equipment	(1,000,791)
Proceeds from sale of investments	100,870,232
Purchase of investments	<u>(116,517,415)</u>
Net cash used in investing activities	<u>(16,647,974)</u>
<b>Cash Flows from Financing Activities</b>	
Cash received from capital campaign	<u>833,830</u>
Net cash provided by financing activities	<u>833,830</u>
<b>Increase in Cash and Cash Equivalents</b>	1,627,128
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>4,197,457</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 5,824,585</u></u>
<b>Reconciliation of Cash and Cash Equivalents to the Consolidated Statement of Financial Position</b>	
Cash and cash equivalents, current assets	\$ 5,443,174
Cash restricted by New Markets Tax Credit Program, current assets	170,000
Cash restricted by New Markets Tax Credit Program, noncurrent assets	<u>211,411</u>
Total cash and cash equivalents	<u><u>\$ 5,824,585</u></u>



**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

**Note 1: Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations and Principles of Consolidation***

North Texas Food Bank (Organization or NTFB) is a hunger relief organization that distributes donated, purchased and prepared foods through a network of more than 400 partner agencies in 13 counties. The Organization supports the nutritional needs of children, families and seniors through education, advocacy, and strategic partnerships. The Organization's revenues and other support are derived principally from contributions and federal and state grants and its activities are conducted principally in the North Texas area.

The financial statements are prepared on a consolidated basis and include NTFB – Perot Family Campus (NTFB-PFC) and Feeding North Texas Foundation (FNTF).

NTFB-PFC was organized in June 2017 as a Texas nonprofit corporation to facilitate financing in the New Markets Tax Credit Program and build a distribution facility for use by the Organization. FNTF serves to raise funds and hold an endowment to benefit and support the purposes of the Organization. The consolidating statements of financial position and activities of all three entities are presented as additional information in the supplemental consolidating schedule. All significant interorganization balances and transactions have been eliminated in consolidation.

***Strategic Plan***

- **Nourish North Texas** - In June of 2021, the Organization launched Nourish North Texas - a new strategic plan and fundraising campaign encompassing three fiscal years from July of 2020 to June of 2023. This fundraising campaign is designed to raise a total of \$500,000,000; \$150,000,000 in public support revenue and \$300,000,000 in donated food for operations, and \$50,000,000 in endowment funds. These resources will be purposed to maximize food distribution, collaborate with partners to address the root causes of hunger, and to fund the Feeding North Texas Foundation endowment to provide sustainability for the Organization's operations.
- **Other campaigns** - The Organization is continuing to invest the remaining Stop Hunger Build Hope capital campaign toward Network Expansion. During the year ended June 30, 2022, \$3,148,000 was spent toward these efforts, including \$2,475,000 in grants to approximately 55 partner agencies. These grants helped buy mobile pantries, trucks, pallet jacks, refrigerators, freezers, facility improvements, and operating costs. Approximately \$8,500,000 remains available for future grants and related efforts.

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

***Use 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 reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues, expenses gains, losses, and other changes in net assets during the reporting period. Actual results could differ from those estimates.

***Cash and Cash Equivalents***

Cash and cash equivalents consisted primarily of cash held in the Organizations checking accounts. The Organization does not consider uninvested cash equivalents held in investment accounts as cash equivalents.

At June 30, 2022, the Organization's, NTFB-PFC's, and NTFB-FNTF's cash accounts exceeded federally insured limits by approximately \$5,325,000.

***Restricted Cash***

Restricted cash represents cash restricted by the New Markets Tax Credit Program related to the notes payable (See *Note 8*). Amounts required to meet current liabilities of the Organization have been reclassified to current assets in the accompanying consolidated statement of financial position at June 30, 2022.

***Investments and Net Investment Return***

Investments are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value, less external and direct internal investment expenses.

Investment return is reflected in the consolidated statement of activities with or without donor restrictions based upon the existence and nature of any donor or legally imposed restrictions.

***Convenience Fees Receivable***

The Organization charges recipient partner agencies convenience fees to help offset the cost for certain services provided by the Organization upon request, including the production of kitted meal boxes, kitted produce bags, and expedited orders. Fees ranged from \$2 to \$250 depending on the item or service provided.

Partner agencies take the donated food and other grocery products, and redistribute them at no cost, to assist needy and hungry neighbors in their community. The Organization also distributed donated food and other products at no costs to affiliate food bank organizations. These food banks redistribute the products to their client organizations to meet similar needs in their communities.

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

Convenience fees receivable are recorded based on the amount of consideration from partner agencies of which the Organization has the unconditional right to receive. The Organization provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Convenience fees receivable are due 30 days after the issuance of the invoice. Accounts past due more than 90 days are considered delinquent. Delinquent receivables are pursued based on individual credit evaluation and specific circumstances of the customer.

***Other Receivables***

Other receivables consist primarily of amounts due from government agencies and represent amounts due to the Organization in accordance with cost-reimbursement contracts. These receivables are considered fully collectible and therefore, the Organization does not consider an allowance necessary at June 30, 2022.

***Property and Equipment***

Property and equipment are stated at cost less accumulated depreciation and amortization. The Organization capitalizes items in excess of \$2,500 which have a useful life greater than one year. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Building	39 years
Leasehold improvements	5 – 15 years
Machinery and equipment	5 – 10 years
Software	5 years
Furniture and fixtures	3 – 10 years

***Long-lived Asset Impairment***

The Organization evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value, and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the year ended June 30, 2022.

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

**Debt Issuance Costs**

Debt issuance costs represent costs incurred in connection with the issuance of the New Markets Tax Credit Program Notes Payable (See *Note 8*). Such costs are being amortized over the life of the note's payable using the effective interest method.

**Net Assets**

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor restrictions. Net assets without donor restrictions are available for use in general operations and not subject to donor restrictions. Net assets with donor restrictions are subject to donor restrictions. Some restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor.

**Contributions**

Contributions are provided to the Organization either with or without restrictions placed on the gift by the donor. Revenues and net assets are separately reported to reflect the nature of those gifts – with or without donor restrictions. The value recorded for each contribution is recognized as follows:

<b>Nature of the Gift</b>	<b>Value Recognized</b>
<i>Conditional gifts, with or without restriction</i>	
Gifts that depend on the Organization overcoming a donor-imposed barrier to be entitled to the funds	Not recognized until the gift becomes unconditional, <i>i.e.</i> the donor-imposed barrier is met
<i>Unconditional gifts, with or without restriction</i>	
Received at date of gift – cash and other assets	Fair value
Received at date of gift – property, equipment and long-lived assets	Estimated fair value
Expected to be collected within one year	Net realizable value
Collected in future years	Initially reported at fair value determined using the discounted present value of estimated future cash flows technique.

# **North Texas Food Bank**

## **Notes to Consolidated Financial Statements**

### **June 30, 2022**

When a donor stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions. Absent explicit donor stipulations for the period of time that long-lived assets must be held, expirations of restrictions for gifts of land, buildings, equipment, and other long-lived assets are reported when those assets are placed in service.

Gifts and investment income that are originally restricted by the donor and for which the restriction is met in the same time period the gift is received are recorded as revenue and net assets without donor restrictions.

Conditional contributions having donor stipulations which are satisfied in the period the gift is received are recorded as revenue and net assets without donor restrictions.

#### ***Inventory Pricing***

Inventories consist of donated and purchased products for distribution. Donated products are valued per pound at an average of the national wholesale prices as determined by Feeding America. Purchased products are valued at the purchase cost of those products as determined by the first-in, first-out method.

#### ***Government Grants***

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue in the period the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures if any, are reported as refundable advances in the consolidated statement of financial position.

#### ***Income Taxes***

The Organization, NTFB-PFC and FNTF are exempt from income taxes under Section 501 of the Internal Revenue Code (IRC) and a similar provision of state law. However, the Organization, NTFB-PFC and FNTF are subject to federal income tax on any unrelated business taxable income as defined by the IRC. The Organization, NTFB-PFC and FNTF file tax returns in the U.S. federal jurisdiction.

#### ***Functional Allocation of Expenses***

The costs of supporting the various programs and other activities have been summarized on a functional basis in the consolidated statement of activities. The consolidated statement of functional expenses presents the natural classification detail of expenses by function for the year ended June 30, 2022. Certain costs have been allocated among the program, management and general and fundraising categories based on relative payroll, headcount or square footage occupied and other methods.

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

**Change in Accounting Principle**

In 2022, the Organization, adopted ASU 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets* on a retrospective basis. ASU 2020-07 requires contributed nonfinancial assets to be presented separately from contributions of cash or other financial assets in the statements of activities and disclosures within the notes to the financial statements about the valuation methodology for, use of, and donor-imposed restrictions associated with contributed nonfinancial assets. Adoption of ASU 2020-07 had no impact on previously reported total change in net assets.

**Note 2: Grant Commitments**

The Organization receives its grant support through periodic claims filed with the respective funding sources, not to exceed a limit specified in the funding agreement. Since the consolidated financial statements of the Organization are prepared on the accrual basis, all earned portions of the grants not yet received as of June 30, 2022, have been recorded as receivables. The following are grant commitments as of June 30, 2022, and the amount remaining to be drawn through the remainder of the grant period.

Grant	Term	Grant Amount	Earned As of June 30, 2022	Funding Available
<b>Federal Grants:</b>				
Emergency Food Assistance Program	10/1/21 – 9/30/22	\$ 1,003,338	\$ 1,003,338	\$ -
Emergency Food Assistance Program – BBB	10/1/21 – 9/30/22	1,317,367	1,317,367	-
Emergency Food Assistance Program – TANF	10/1/21 – 9/30/22	814,105	27,161	786,944
Community Development Block Grant (CARES)	10/1/21 – 9/30/22	4,353,300	3,980,715	372,585
Commodity Supplemental Food Program	10/1/21 – 9/30/22	668,941	668,941	-
Supplemental Nutrition Assistance Program	10/1/21 – 9/30/22	1,272,004	1,272,004	-
Supplemental Nutrition Assistance Program Education	10/1/21 – 9/30/22	208,745	208,745	-
Emergency Food & Shelter National Board Program	10/1/21 – 9/30/22	40,000	40,000	-
Coronavirus State and Local Fiscal Recovery Fund (ARPA)	11/8/21 – 11/7/23	595,820	595,820	-
Total Federal Grants		<u>10,273,620</u>	<u>9,114,091</u>	<u>1,159,529</u>
<b>State Grants:</b>				
TDA – Texas Feeding Texas Grant	10/1/21 – 9/30/22	1,021,218	1,021,218	-
Total State Grants		<u>1,021,218</u>	<u>1,021,218</u>	<u>-</u>
Total Grant Commitments		<u>\$ 11,294,838</u>	<u>\$ 10,135,309</u>	<u>\$ 1,159,529</u>

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

**Note 3: Investments and Net Investment Return**

Investments at June 30, 2022, consisted of the following:

Common stocks	\$ 18,858,673
Money market funds	25,733,042
Fixed income	<u>70,586,296</u>
	<u>\$ 115,178,011</u>

Total net investment return is comprised of the following:

Interest and dividend income	824,846
Net realized and unrealized losses on investments reported at fair value	(7,679,610)
Management fees	<u>(282,004)</u>
	<u>\$ (7,136,768)</u>

**Note 4: Pledges Receivable**

Pledges receivable for the year ended June 30, 2022, for the North Texas Food Bank consisted of the following:

	<b>With Donor Restrictions: Time</b>	<b>With Donor Restrictions: Purpose</b>	<b>Total</b>
Due within one year	\$ 337,000	\$ 17,805	\$ 354,805
Less allowance for doubtful accounts	<u>(6,740)</u>	<u>(356)</u>	<u>(7,096)</u>
	<u>330,260</u>	<u>17,449</u>	<u>347,709</u>
Due in one to five years	718,000	15,000	733,000
Less allowance for doubtful accounts	(30,360)	(450)	(30,810)
Less discount	<u>(40,177)</u>	<u>(453)</u>	<u>(40,630)</u>
	<u>647,463</u>	<u>14,097</u>	<u>661,560</u>
	<u>\$ 977,723</u>	<u>\$ 31,546</u>	<u>\$ 1,009,269</u>

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

Pledges receivable for the year ended June 30, 2022, for the Feeding North Texas Foundation (FNTF) consisted of the following:

	<b>With Donor Restrictions:</b>	
	<b>Time</b>	<b>Total</b>
	<hr/>	<hr/>
Due within one year	\$ 2,025,000	\$ 2,025,000
Less allowance for doubtful accounts	<u>(40,500)</u>	<u>(40,500)</u>
	<hr/> 1,984,500	<hr/> 1,984,500
Due in one to five years	6,000,000	6,000,000
Less allowance for doubtful accounts	(240,000)	(240,000)
Less discount	<u>(165,087)</u>	<u>(165,087)</u>
	<hr/> 5,594,913	<hr/> 5,594,913
	<hr/> <u>\$ 7,579,413</u>	<hr/> <u>\$ 7,579,413</u>

**Note 5: New Markets Tax Credit Program Note Receivable**

In conjunction with the New Markets Tax Credit Program transaction, the Organization entered into an agreement on September 6, 2017, to lend \$16,838,300 to USBCDC Investment Fund 205, LLC (Investment Fund). The note is secured by the Investment Fund's membership interest in Pacesetter CDE XXXVII, LLC (Pacesetter CDE), TMF Sub-CDE XXVI, LLC (TMF 1 CDE), and TMF Sub-CDE XXVII, LLC (TMF 2 CDE) (collectively, the CDEs) and other cash accounts held by a secured party. The interest rate on the note consists of a fixed rate of 1.43 percent.

Interest is payable quarterly beginning September 2017 until September 2047. All principal and unpaid interest is due and payable in September 2047.

Interest earned on notes receivable in 2022 was approximately \$241,000, which is included in investment return in the accompanying consolidated statement of activities.



**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
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**Note 6: Property and Equipment**

Property and equipment at June 30, 2022, consisted of:

Warehouse equipment	\$ 1,284,530
Building and improvements	26,673,182
Office furniture and fixtures	2,106,281
Transportation equipment	1,861,685
Computer equipment and software	<u>2,493,488</u>
Total depreciable assets	34,419,166
Land	4,451,705
Construction in progress	<u>525,700</u>
	39,396,571
Less accumulated depreciation and amortization	<u>(11,307,369)</u>
	<u><u>\$ 28,089,202</u></u>

**Note 7: Note Payable to Bank**

The Organization entered a \$3,000,000 revolving line of credit with PNC Bank on June 1, 2021. Terms of the loan agreement require liquid assets (cash, marketable securities, etc.) equal to funded debt. The interest rate on the line of credit is the daily LIBOR + .9 percent. The line of credit expires June 1, 2023.

The Organization’s intent is to use the line of credit to finance operations each year during low-income months. As of June 30, 2022, there were no borrowings against the PNC line of credit.

**Note 8: New Markets Tax Credit Program Notes Payable**

North Texas Food Bank (NTFB-PFC) executed loan agreements on September 6, 2017, that provides for borrowings of \$9,000,000, \$7,425,000, and \$7,425,000 from Pacesetter CDE, TMF 1 CDE, and TMF 2 CDE, respectively. The loans were to finance the build of the Perot Family Campus facility and are intended to be treated as a “qualified low-income community investment” for purposes of generating new market tax credits under Section 45D of the Internal Revenue Code of 1986, as amended. The loans are secured by a property deed of trust, security agreement, and a guaranty by the Organization.

Pursuant to the issuance of the New Markets Tax Credit Program Financing Commitment, NTFB-PFC is required to maintain certain funds at US Bank. At June 30, 2022, \$381,411 is held at U.S. Bank for this purpose, of which \$170,000 is included in current assets for interest and fees payable due within one year, and \$211,411 is included in noncurrent assets within the accompanying consolidated statement of financial position.

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
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Each loan accrues interest at 1.5967 percent, payable quarterly beginning in September 2017 until September 30, 2047.

Total New Markets Tax Credit Program notes payable	\$ 23,850,000
Less: Unamortized debt issuance costs	<u>(1,038,794)</u>
 New Markets Tax Credit Program notes payable, net	 <u>\$ 22,811,206</u>

The balances outstanding on the New Markets Tax Credit Program notes payable, maturity dates and repayment terms at June 30, 2022, are as follows:

Note payable to Pacesetter CDE Loan, matures on September 30, 2047, with principal payments commencing in September 2024.	\$ 9,000,000
Note payable to TMF CDE Loan 1, matures on September 30, 2047, with principal payments commencing in September 2024.	7,425,000
Note payable to TMF CDE Loan 2, matures on September 30, 2047, with principal payments commencing in September 2024.	<u>7,425,000</u>
 Total New Markets Tax Credit Program notes payable	 <u>\$ 23,850,000</u>

At any time after the seventh anniversary and before the eighth anniversary of the note receivable, U.S. Bancorp Community Development Corporation can exercise its “put option” to sell its interest in the USBCDC Investment Fund 205, LLC to the Organization for \$1,000. After exercising its option to purchase the interest in the USBCDC Investment Fund 205, LLC, the North Texas Food Bank may cancel the New Markets Tax Credit Program notes payable.

Interest recognized as expense totaled approximately \$381,000 in 2022.

**Note 9: Net Assets**

***Net Assets Without Donor Restrictions***

Net assets without donor restrictions at June 30, 2022, have been designated for the following purposes:

Undesignated	\$ 117,887,668
Board Designated	<u>18,369,318</u>
	 <u>\$ 136,256,986</u>

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
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The Board of Directors of the North Texas Food Bank has designated certain net assets without donor restrictions for these specific purposes above and beyond the annual operating budget:

- \$8,149,418 – Innovation and Transformation – Facility improvements for increased productivity, technology, new unbudgeted initiative and opportunities
- \$7,719,900 - Partnership and Trust – Network expansion, community partnerships, emergency network funding request, food purchasing
- \$2,500,000 – Dallas Farmers Market Location – the approximate net present value of 15 years of lease payments for the Dallas Farmers Market location currently under development.

***Net Assets With Donor Restrictions***

Net assets with donor restrictions at June 30, 2022, are restricted for the following purposes or periods:

Subject to expenditure for specified purpose	
Inventory	\$ 10,670,461
Capital Campaign	8,490,937
Peanut Butter Purchases	393,922
Warehouse Management System	238,324
Disaster Relief	62,879
Feeding America Workforce	37,118
Disaster Resiliency	32,608
Food Purchases	25,175
Capital Assets	22,648
Healthy Eating Research	<u>10,000</u>
	<u>19,984,072</u>
Subject to the passage of time	
Promises to give that are not restricted by donors but which are unavailable for expenditure until due	<u>9,080,000</u>
	<u><u>\$ 29,064,072</u></u>

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

***Net Assets Released from Restrictions***

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors, during the year ended June 30, 2022, as follows:

Expiration of time restrictions	\$ 1,897,000
Satisfaction of purpose restrictions	
Inventory	155,634,977
Capital Campaign	3,255,285
Feeding Children	1,880,645
Food-4-Kids	652,624
Feeding Families	569,061
Logistics	200,000
Service Insights	170,711
Feeding Seniors	155,050
Hurricane Ida Relief	140,000
Supplemental Nutrition Assistance Program	105,000
Mobile Pantry Trucks	102,000
Starbucks Equity	100,000
Technology	78,932
Feeding America Workforce	59,882
Walmart Capacity Grant	51,309
School Pantry	30,000
Retail Growth	25,000
Disaster Relief	20,621
Child Hunger	17,557
AARP	12,500
Disaster Resiliency	12,392
Warehouse Management System	4,371
White Fluid Milk	2,549
Jan's Garden	1,500
Interns	985
	<hr/>
	<u><u>\$ 165,179,951</u></u>

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

**Note 10: Liquidity and Availability**

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2022, comprise the following:

Cash and cash equivalents	\$ 5,443,174
Convenience fee receivable	35,081
Pledges receivable	2,332,209
Other receivables	4,890,495
Investments (excluding 457(b) deferred compensation plan and capital campaign)	<u>100,004,374</u>
 Total current financial assets	 <u>112,705,333</u>
 Less donor imposed restrictions not expected to be used in next year	 (1,024,046)
 Less endowment assets held by the Feeding North Texas Foundation	 (16,465,921)
 Less board designated net assets	 <u>(18,369,318)</u>
 Financial assets available to meet cash needs for general expenditures within one year	  <u>\$ 76,846,048</u>

The Organization receives significant contributions restricted by donors and considers contributions restricted for programs which are ongoing, major and central to its annual operations to be available to meet cash needs for general expenditures. As of June 30, 2022, \$853,628 of these financial assets available are expected to be used by these programs within one year.

The Organization manages its liquidity and reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term needs, including operating, capital campaign and strategic plan spending, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged.

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

**Note 11: Operating Leases**

Noncancelable operating leases for equipment and vehicles expire in various years through 2027. These leases generally contain renewal options for periods ranging from 5 – 10 years and require the Organization to pay all executory costs (property taxes, maintenance and insurance).

For the year ended June 30, 2022, rent expense for operating leases amounted to \$1,283,330.

Future minimum lease payments under operating leases are as follows for the year ended:

2023	477,695
2024	323,559
2025	261,769
2026	191,286
2027	174,000
2028-2032	870,000
2033	<u>174,000</u>
	<u>\$ 2,472,309</u>

**Note 12: Compensated Absences**

The Organization’s employees are entitled to paid personal days off depending on job classification, length of service, and other factors. At June 30, 2022, the accrued expenses for compensated absences included in accounts payable and accrued expenses in the accompanying consolidated statement of financial position was \$433,465.

**Note 13: Retirement Plans**

Beginning the first month following one year of employment during which the employee works a minimum of 1,000 hours, the Organization contributes 5 percent of eligible employee’s salary or wages into a 403(b) individual retirement account. However, employees may begin making pre-tax contributions to the plan through payroll deduction at any time up to the maximum allowed under Internal Revenue Service regulations.

The expense for this plan was \$338,113 for the year ended June 30, 2022.

The Organization also has a 457(b) deferred compensation plan for its five executive officers. The Organization contributes a percentage of these executive’s compensation annually, and they may also make contributions. The assets and liabilities of the Plan are recorded at market value as investments and accrued expenses in the accompanying consolidated statement of financial position.

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

**Note 14: Disclosures About Fair Value of Assets and Liabilities**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

***Recurring Measurements***

The following table presents the fair value measurements of assets recognized in the accompanying consolidated statement of financial position measured at fair value on a recurring basis, and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2022:

	Fair Value	Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Common stocks	\$ 18,858,673	\$ 18,858,673	\$ -	\$ -
Money market funds	25,733,042	25,733,042	-	-
Fixed income	70,586,296	-	70,586,296	-
	<u>\$ 115,178,011</u>	<u>\$ 44,591,715</u>	<u>\$ 70,586,296</u>	<u>\$ -</u>

The following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying consolidated statement of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended June 30, 2022.

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

***Investments***

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections, and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. The Organization has no Level 3 investments at June 30, 2022.

**Note 15: Significant Estimate and Concentrations**

Accounting principles generally accepted in the United States of America require disclosure of certain significant estimates and current vulnerabilities due to certain concentrations. Those matters include the following:

***Contributions***

A significant portion of support and revenues is received through grants from the United States Department of Agriculture (administered by the Texas Department of Agriculture), the Texas Department of Agriculture, and the Texas Department of Health and Human Services. For the year ended June 30, 2022, approximately 25 percent of total support was received from these grants.

The Organization derives its remaining revenue mainly from public contributions and shared maintenance revenue. Continued funding from these sources at current levels is dependent on various factors. Such factors include economic conditions, compliance with grant provisions, government approval, new legislation, donor satisfaction, and public perception of mission effectiveness and relative importance.

***Investments***

The Organization invests in various investment 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 change, could materially affect the amounts reported in the accompanying consolidated statement of financial position.

***Litigation***

The Organization is subject to certain legal proceedings in the normal course of operations. In the opinion of management, the aggregate liability, if any, with respect to potential legal actions will not materially adversely affect the Organization's financial position, results of operations, or cash flows.



**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

**Note 16: Revenue from Contracts with Customers**

***Convenience Fee Revenue***

Performance obligations are determined based on the nature of the goods or services provided by the Organization in accordance with the contract. Revenue for performance obligations satisfied at a point in time is generally recognized when goods are provided to customers and the Organization does not believe it is required to provide additional goods or services related to that sale. The exchange portion of convenience fee revenue was \$620,400 for the year ended June 30, 2022.

***Transaction Price & Recognition***

The Organization determines the transaction price depending on the item or service provided. Fees during the fiscal year ended June 30, 2022, ranged from \$2 to \$250 per item or service provided. There are no explicit or implicit price concessions, and the contracts do not contain a significant financing component or variable consideration.

The Organization has not incurred material refunds in the past, and accordingly, has not provided for a refund liability at June 30, 2022.

For the year ended June 30, 2022, the Organization recognized no revenue from goods or services that transfer to the customer over time.

**Note 17: Contributed Nonfinancial Assets, Stocks, and Gift Cards**

For the year ending June 30, 2022, contributed nonfinancial assets recognized within the statement of activities included:

Donated food and commodities	
Food	\$ 156,097,487
Public support - in-kind	
Stock	1,292,356
Gift cards	425,460
Professional services	345,713
Office space	95,198
Event good and services	84,580
Total public support - in-kind	<u>2,243,307</u>
 Total contributed nonfinancial assets, stock and gift cards	 <u><u>\$ 158,340,794</u></u>

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

- **Food and Commodities** – In addition to receiving cash contributions, the Organization receives in-kind contributions of food and other products from various donors. In-kind donations of products, the related inventory and the cost of donated food distributed are valued at an average of the national wholesale prices as determined by Feeding America. The Organization received approximately 93 million pounds valued at \$156,097,487 during the year ended June 30, 2022. The average price per pound used was \$1.53 at June 30, 2022.
- **Stock** – The Organization received \$1,292,356 in donated stock. Donated stock is valued based on the average market price on the date received. Stock is liquidated upon receipt in compliance with the Organizations investment policy. Proceeds from the sale of stock are used for operations, unless restricted by the donor. There were no restricted stock donations in FY2022. Of the stock received, \$994,000 was donated to Feeding North Texas Foundation.
- **Gift Cards** – The Organization also received \$425,460 in gift cards. These cards were given by donors for the purchase of food and other operational expenses. Approximately \$395,000 in gift cards were given by one donor which the Organization is granting to its various partner agencies to assist with food purchases.
- **Professional Services** – Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service, and the service would typically need to be purchased if not donated. For the year ended June 30, 2022, revenue recognized from contributed services totaled \$345,713. Services included legal, pest control, advertising, and delivery services.
- **Warehouse and Office Space** – North Texas Food Bank employees occupied donated office space following the sale of the Organization’s Dallas Farmers Market location in FY2021. Management estimates the value of the donated office space to be approximately \$95,198 based on fair market value per square foot.
- **Event Goods and Services** – The Organization receives donated goods and services used for fundraising. These include items for auction, as well as services to host donor events. These donated goods and services are valued based on fair market price provided by the donor or another third party used by the Organization to run the auction and assist in organizing the event.

Contributions of services are recognized as revenue at their estimated fair value only when the services received create or enhance nonfinancial assets or require specialized skills possessed by the individuals providing the service and the service would typically need to be purchased if not donated.

**North Texas Food Bank**  
**Notes to Consolidated Financial Statements**  
**June 30, 2022**

***Volunteer Time***

A substantial number of volunteers donate significant amounts of their time to enable the Organization to meet its mission. For the year ended June 30, 2022, volunteers donated approximately 70,600 hours of their services. Management estimates the value of volunteer services to be approximately \$1,059,000 based on the fair market value for such services.

The value of volunteer hours was not recognized as revenues or expenses during the year ended June 30, 2022.

**Note 18: Future Change in Accounting Principle**

***Accounting for Leases***

The Financial Accounting Standards Board amended its standard related to the accounting for leases. Under the new standard, lessees will now be required to recognize substantially all leases on the balance sheet as both a right-of-use asset and a liability. The standard has two types of leases for income statement recognition purposes: operating leases and finance leases. Operating leases will result in the recognition of a single lease expense on a straight-line basis over the lease term similar to the treatment for operating leases under existing standards. Finance leases will result in an accelerated expense similar to the accounting for capital leases under existing standards. The determination of lease classification as operating, or finance will be done in a manner similar to existing standards. The new standard also contains amended guidance regarding the identification of embedded leases in service contracts and the identification of lease and nonlease components in an arrangement. The new standard is effective for annual periods beginning after December 15, 2021. The Organization is evaluating the impact the standard will have on the consolidated financial statements; however, the standard is expected to have a material impact on the consolidated financial statements due to the recognition of additional assets and liabilities for operating leases.

**Note 19: Subsequent Events**

Subsequent events have been evaluated through November 29, 2022, which is the date the consolidated financial statements were available to be issued.

## **Supplementary Information**

# North Texas Food Bank

## Consolidating Schedule

### Year Ended June 30, 2022

	North Texas Food Bank	North Texas Food Bank – Perot Bank Family Campus	Feeding North Texas Foundation	Eliminations	Total
<b>Assets</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 4,160,685	\$ 1,062	\$ 1,281,427	\$ -	\$ 5,443,174
Cash restricted by New Markets Tax Credit Program notes payable	-	170,000	-	-	170,000
Handling fees receivable, net	35,081	-	-	-	35,081
Pledges receivable	347,709	-	1,984,500	-	2,332,209
Other receivables	4,875,829	-	14,666	-	4,890,495
Investments	86,917,414	-	13,185,328	-	100,102,742
Investment in NTFB-PFC	(674,452)	-	-	674,452	-
Inventory of food and commodities	12,954,622	-	-	-	12,954,622
Prepaid expenses and other assets	981,600	-	-	-	981,600
<b>Total current assets</b>	<b>109,598,488</b>	<b>171,062</b>	<b>16,465,921</b>	<b>674,452</b>	<b>126,909,923</b>
<b>Noncurrent Assets</b>					
Cash restricted by New Markets Tax Credit Program notes payable	-	211,411	-	-	211,411
Pledges receivable, net	630,014	-	5,594,913	-	6,224,927
Pledges receivable – capital campaign, net	31,546	-	-	-	31,546
Investments - capital campaign	15,075,269	-	-	-	15,075,269
New Markets Tax Credit Program note receivable	16,838,300	-	-	-	16,838,300
Property and equipment, net	6,334,920	21,754,281	-	-	28,089,202
<b>Total noncurrent assets</b>	<b>38,910,049</b>	<b>21,965,692</b>	<b>5,594,913</b>	<b>-</b>	<b>66,470,655</b>
<b>Total assets</b>	<b>\$ 148,508,537</b>	<b>\$ 22,136,754</b>	<b>\$ 22,060,834</b>	<b>\$ 674,452</b>	<b>\$ 193,380,578</b>
<b>Liabilities and Net Assets</b>					
<b>Current Liabilities</b>					
Accounts payable and accrued expenses	\$ 5,248,314	\$ -	\$ -	\$ -	\$ 5,248,314
<b>Total current liabilities</b>	<b>5,248,314</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,248,314</b>
<b>Noncurrent Liabilities</b>					
New Markets Tax Credit Program notes payable	-	22,811,206	-	-	22,811,206
<b>Total noncurrent liabilities</b>	<b>-</b>	<b>22,811,206</b>	<b>-</b>	<b>-</b>	<b>22,811,206</b>
<b>Total liabilities</b>	<b>5,248,314</b>	<b>22,811,206</b>	<b>-</b>	<b>-</b>	<b>28,059,520</b>
<b>Net Assets</b>					
Without donor restrictions	103,851,833	(674,452)	14,035,834	674,452	117,887,668
Without donor restrictions - Board designated	18,369,318	-	-	-	18,369,318
With donor restrictions	21,039,072	-	8,025,000	-	29,064,072
<b>Total net assets</b>	<b>143,260,223</b>	<b>(674,452)</b>	<b>22,060,834</b>	<b>674,452</b>	<b>165,321,058</b>
<b>Total liabilities and net assets</b>	<b>\$ 148,508,537</b>	<b>\$ 22,136,754</b>	<b>\$ 22,060,834</b>	<b>\$ 674,452</b>	<b>\$ 193,380,578</b>
<b>Changes in Net Assets Without Donor Restrictions</b>					
<b>Revenues and other support</b>					
Public contributions	\$ 40,724,019	\$ -	\$ 1,722,556	\$ -	\$ 42,446,575
Public support - in-kind	1,249,302	-	994,005	-	2,243,307
Government grants and cost reimbursements	10,135,309	-	-	-	10,135,309
Convenience fee	620,400	-	-	-	620,400
Investment return, net	(5,761,888)	-	(2,184,429)	809,549	(7,136,768)
Other revenue	241,786	-	278,197	(278,197)	241,786
Released from restrictions	165,179,951	-	-	-	165,179,951
<b>Total revenues and other support</b>	<b>212,388,879</b>	<b>-</b>	<b>810,329</b>	<b>531,352</b>	<b>213,730,560</b>
<b>Expenses</b>					
Program	193,220,595	809,549	-	-	194,030,144
Management and general	3,437,406	-	-	(278,197)	3,159,209
Fundraising	9,152,785	-	-	-	9,152,785
Loss on disposal of fixed assets	3,651	-	-	-	3,651
<b>Total expenses</b>	<b>205,814,437</b>	<b>809,549</b>	<b>-</b>	<b>(278,197)</b>	<b>206,345,789</b>
<b>Changes in Net Assets Without Donor Restrictions</b>	<b>6,574,442</b>	<b>(809,549)</b>	<b>810,329</b>	<b>809,549</b>	<b>7,384,771</b>
<b>Changes in Net Assets With Donor Restrictions</b>					
Public contributions	4,158,619	-	8,025,000	-	12,183,619
Public support - in-kind	-	-	-	-	-
Donated food and commodities	156,097,487	-	-	-	156,097,487
Released from restrictions	(165,179,951)	-	-	-	(165,179,951)
<b>Changes in Net Assets With Donor Restrictions</b>	<b>(4,923,845)</b>	<b>-</b>	<b>8,025,000</b>	<b>-</b>	<b>3,101,155</b>
<b>Change in Net Assets</b>	<b>1,650,597</b>	<b>(809,549)</b>	<b>8,835,329</b>	<b>809,549</b>	<b>10,485,926</b>
<b>Net Assets, Beginning of Year</b>	<b>141,609,627</b>	<b>135,097</b>	<b>13,225,505</b>	<b>(135,097)</b>	<b>154,835,132</b>
<b>Net Assets, End of Year</b>	<b>\$ 143,260,224</b>	<b>\$ (674,452)</b>	<b>\$ 22,060,834</b>	<b>\$ 674,452</b>	<b>\$ 165,321,058</b>

# North Texas Food Bank

## Schedule of Expenditures of Federal Awards

### Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
<b>U.S. Department of Agriculture</b>				
Passed through Texas Department of Agriculture				
Food Distribution Cluster				
Commodity Supplemental Food Program (Administrative Costs)	10.565	01572	\$ -	\$ 668,941
Commodity Supplemental Food Program (Food Commodities)	10.565	01572	2,805,179	2,805,179 *
Total Commodity Supplemental Food Program			2,805,179	3,474,120
Emergency Food Assistance Program (Administrative Costs)	10.568	01572	-	1,003,338
Emergency Food Assistance Program (BBB - Administrative Costs)	10.568	01572	-	1,317,367
Emergency Food Assistance Program (Food Commodities)	10.569	01572	40,499,950	40,499,950 *
Total Food Distribution Cluster			43,305,129	46,294,775
Passed through Texas Health & Human Services Commission				
SNAP Cluster				
Supplemental Nutrition Assistance Program	10.551	None Provided	-	1,272,004
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	None Provided	-	208,745
Total SNAP Cluster			-	1,480,749
Total U.S. Department of Agriculture			43,305,129	47,775,524
<b>U.S. Department of Housing and Urban Development</b>				
Passed through Texas Department of Housing and Community Affairs				
COVID-19 - Community Development Block Grant /State's Program and Non-Entitlement Grants in Hawaii	14.228	None Provided	-	3,981,040
Total U.S. Department of Housing and Urban Development			-	3,981,040
<b>U.S. Department of Treasury</b>				
Passed through from Texas Department of Agriculture				
COVID-19 - Coronavirus State and Local Fiscal Recovery Fund	21.027	None Provided	-	595,820
Total U.S. Department of Treasury			-	595,820
<b>U.S. Department of Health and Human Services</b>				
Passed through Texas Health and Human Services				
Temporary Assistance for Needy Families	93.558	None Provided	27,161	27,161
COVID-19 - Emergency Food and Shelter National Board Program (ARRA)	97.114	None Provided	-	40,000
Total U.S. Department of Health and Human Services			27,161	67,161
Total Federal Awards Expended			\$ 43,332,290	\$ 52,419,545

\* Amount represents noncash food commodities

**North Texas Food Bank**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2022**

**Note 1: Basis of Presentation**

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the North Texas Food Bank (Organization) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

**Note 2: Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

**Note 3: Indirect Cost Rate**

The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 4: Federal Loan Programs**

The Organization did not have any federal loan programs during the year ended June 30, 2022.



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**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**

Board of Directors  
North Texas Food Bank  
Plano, Texas

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 consolidated financial statements of North Texas Food Bank and Subsidiaries (Organization) which comprise the consolidated statement of financial position as of June 30, 2022, 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 November 29, 2022.

***Report on Internal Control over Financial Reporting***

In planning and performing our audit of the consolidated financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

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



***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Organization'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 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.

**FORVIS,LLP**

Dallas, Texas  
November 29, 2022



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## Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

### Independent Auditor's Report

Board of Directors  
North Texas Food Bank  
Plano, Texas

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

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

We have audited the North Texas Food Bank and Subsidiaries (Organization) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the 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, 2022.

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

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

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

### ***Responsibilities of Management for Compliance***

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

### ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

## Report on Internal Control Over Compliance

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

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

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

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

**FORVIS, LLP**

Dallas, Texas  
November 29, 2022

# North Texas Food Bank

## Schedule of Findings and Questioned Costs

### Year Ended June 30, 2022

#### Section I – Summary of Auditor’s Results

##### *Financial Statements*

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified       Qualified       Adverse       Disclaimer

2. Internal control over financial reporting:

Significant deficiency(ies) identified?       Yes       None reported  
Material weakness(es) identified?       Yes       No

3. Noncompliance material to the consolidated financial statements noted?

Yes       No

##### *Federal Awards*

4. Internal control over each major federal award program:

Significant deficiency(ies) identified?       Yes       None reported  
Material weakness(es) identified?       Yes       No

5. Type of auditor’s report issued on compliance for each major federal program:

Unmodified       Qualified       Adverse       Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)?

Yes       No

7. Identification of the major federal programs:

Cluster/Program	Federal Assistance Listing Number
Food Distribution Cluster	
Commodity Supplemental Food Program	10.565
Emergency Food Assistance Program (Food Commodities)	10.569
Emergency Food Assistance Program (Administrative Costs)	10.568
COVID-19 – Community Development Block Grants/ State's Program and Non-Entitlement Grants in Hawaii	14.228
COVID-19 – Coronavirus State and Local Fiscal Recovery Fund	21.027

**North Texas Food Bank**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2022**

8. Dollar threshold used to distinguish between Type A and Type B programs: \$1,572,586.
9. Auditee qualified as a low-risk auditee?  Yes  No

**North Texas Food Bank**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year Ended June 30, 2022**

**Section II – Financial Statement Findings**

<b>Reference Number</b>	<b>Finding</b>
	No matters are reportable.

**Section III – Federal Award Findings and Questioned Costs**

<b>Reference Number</b>	<b>Finding</b>
	No matters are reportable.

**North Texas Food Bank**  
**Summary Schedule of Prior Audit Findings**  
**Year Ended June 30, 2022**

<b>Reference Number</b>	<b>Summary of Finding</b>	<b>Status</b>
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No matters are reportable.