

Montgomery County Food Bank, Inc.
Financial Statements and Supplementary Information
For the Fiscal Years Ended June 30, 2020 and 2019

CONTENTS

	Page
Independent Auditors' Report.....	1
Statements of Financial Position.....	3
Statements of Activities	4
Statements of Functional Expenses.....	6
Statements of Cash Flows.....	8
Notes to Financial Statements.....	9
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	16
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	18
Supplementary Information	
Schedule of Expenditures of Federal Awards.....	21
Notes to Schedule of Expenditures of Federal Awards	22
Schedule of Findings and Questioned Costs.....	23
Corrective Action Plan.....	25



INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
Montgomery County Food Bank, Inc.
Conroe, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of Montgomery County Food Bank, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows for the fiscal years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

To the Board of Directors of
Montgomery County Food Bank, Inc.
Re: Independent Auditors' Report

Opinion

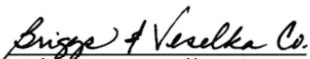
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Montgomery County Food Bank, Inc. as of June 30, 2020 and 2019, and the changes in its net assets and its cash flows for the fiscal years then ended in accordance with accounting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

Other Matters

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2020, on our consideration of Montgomery County Food Bank, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Montgomery County Food Bank, 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 Montgomery County Food Bank, Inc.'s internal control over financial reporting and compliance.


Briggs & Veselka Co.
The Woodlands, Texas

October 19, 2020

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

	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 3,685,811	\$ 1,078,011
Accounts receivable	67,391	72,614
Inventory	2,649,139	2,394,415
Prepaid expenses	10,716	11,286
Property and equipment, net	<u>5,376,041</u>	<u>5,621,675</u>
TOTAL ASSETS	<u>\$ 11,789,098</u>	<u>\$ 9,178,001</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable and accrued liabilities	\$ 672,966	\$ 119,861
Deferred revenue	-	79,557
Notes payable	<u>1,282,119</u>	<u>1,166,101</u>
Total liabilities	1,955,085	1,365,519
Net assets		
Without donor restrictions		
Unrestricted	9,283,404	7,291,603
Board-designated	<u>131,021</u>	<u>243,111</u>
Total without donor restrictions	9,414,425	7,534,714
With donor restrictions	<u>419,588</u>	<u>277,768</u>
Total net assets	<u>9,834,013</u>	<u>7,812,482</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 11,789,098</u>	<u>\$ 9,178,001</u>

The accompanying notes are an integral part of these financial statements.

MONTGOMERY COUNTY FOOD BANK, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 2,758,809	\$ 1,010,401	\$ 3,769,210
Noncash contributions	27,250,682	-	27,250,682
Government grants and fees	-	29,565	29,565
Program service fees	342,246	-	342,246
Special events	1,245,941	-	1,245,941
Interest	328	-	328
Other	2,193	-	2,193
Net assets released from donor restrictions	<u>898,146</u>	<u>(898,146)</u>	<u>-</u>
Total support and revenue	32,498,345	141,820	32,640,165
Expenses			
Program services	29,581,153	-	29,581,153
Supporting services			
Management and general	448,904	-	448,904
Fundraising	<u>588,577</u>	<u>-</u>	<u>588,577</u>
Total expenses	<u>30,618,634</u>	<u>-</u>	<u>30,618,634</u>
Change in net assets	1,879,711	141,820	2,021,531
Net assets, beginning of fiscal year	<u>7,534,714</u>	<u>277,768</u>	<u>7,812,482</u>
NET ASSETS, END OF FISCAL YEAR	<u>\$ 9,414,425</u>	<u>\$ 419,588</u>	<u>\$ 9,834,013</u>

The accompanying notes are an integral part of these financial statements.

MONTGOMERY COUNTY FOOD BANK, INC.
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
Support and revenue			
Contributions	\$ 656,700	\$ 359,175	\$ 1,015,875
Noncash contributions	20,854,407	-	20,854,407
Program service fees	354,561	-	354,561
Special events	1,082,553	-	1,082,553
Interest	1,609	-	1,609
Net assets released from donor restrictions	<u>329,722</u>	<u>(329,722)</u>	<u>-</u>
Total support and revenue	23,279,552	29,453	23,309,005
Expenses			
Program services	22,182,948	-	22,182,948
Supporting services			
Management and general	429,056	-	429,056
Fundraising	<u>549,752</u>	<u>-</u>	<u>549,752</u>
Total expenses	<u>23,161,756</u>	<u>-</u>	<u>23,161,756</u>
Change in net assets	117,796	29,453	147,249
Net assets, beginning of fiscal year	<u>7,416,918</u>	<u>248,315</u>	<u>7,665,233</u>
NET ASSETS, END OF FISCAL YEAR	<u>\$ 7,534,714</u>	<u>\$ 277,768</u>	<u>\$ 7,812,482</u>

The accompanying notes are an integral part of these financial statements.

MONTGOMERY COUNTY FOOD BANK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2020

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries and wages	\$ 956,474	\$ 210,227	\$ 264,371	\$ 1,431,072
Payroll taxes	78,670	16,911	21,342	116,923
Communications and technology	14,335	28,046	19,801	62,182
Depreciation	315,923	9,796	5,183	330,902
Event	-	-	235,602	235,602
Fees, dues, and subscriptions	3,488	56,880	1,670	62,038
Food distributed	27,652,767	-	-	27,652,767
Fuel	39,389	-	-	39,389
Insurance	185,642	28,606	34,706	248,954
Interest	35,680	1,106	585	37,371
Licenses, permits, and leases	-	17,677	-	17,677
Mileage	9,205	299	747	10,251
Office	2,400	70,668	2,400	75,468
Repairs and maintenance	114,763	1,057	559	116,379
Supplies	39,360	4,585	-	43,945
Utilities	118,497	3,046	1,611	123,154
Other	14,560	-	-	14,560
Totals	<u>\$ 29,581,153</u>	<u>\$ 448,904</u>	<u>\$ 588,577</u>	<u>\$ 30,618,634</u>

The accompanying notes are an integral part of these financial statements.

MONTGOMERY COUNTY FOOD BANK, INC.
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE FISCAL YEAR ENDED JUNE 30, 2019

	Program Services	Supporting Services		Total Expenses
		Management and General	Fundraising	
Salaries and wages	\$ 873,402	\$ 205,462	\$ 213,172	\$ 1,292,036
Payroll taxes	73,469	17,276	18,440	109,185
Communications and technology	15,650	11,820	18,175	45,645
Depreciation	421,978	41,837	42,559	506,374
Event	-	-	204,607	204,607
Fees, dues, and subscriptions	8,515	20,815	601	29,931
Food distributed	20,320,746	-	-	20,320,746
Fuel	39,773	-	-	39,773
Insurance	168,370	32,216	34,118	234,704
Interest	43,103	4,274	4,347	51,724
Licenses, permits, and leases	-	18,646	-	18,646
Mileage	9,130	1,634	153	10,917
Office	2,812	60,774	2,812	66,398
Repairs and maintenance	81,866	1,952	1,986	85,804
Supplies	12,651	2,587	-	15,238
Utilities	108,165	8,633	8,782	125,580
Other	3,318	1,130	-	4,448
Totals	<u>\$ 22,182,948</u>	<u>\$ 429,056</u>	<u>\$ 549,752</u>	<u>\$ 23,161,756</u>

The accompanying notes are an integral part of these financial statements.

MONTGOMERY COUNTY FOOD BANK, INC.
STATEMENT OF CASH FLOWS
FOR THE FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities		
Change in net assets	\$ 2,021,531	\$ 147,249
Adjustment to reconcile change in net assets to net cash from operating activities:		
Depreciation	330,902	506,374
Changes in operating assets and liabilities:		
Accounts receivable	5,223	(18,886)
Inventory	(254,724)	(607,428)
Prepaid expenses	570	12,853
Accounts payable and accrued liabilities	553,105	41,952
Deferred revenue	<u>(79,557)</u>	<u>(66,819)</u>
Net cash from operating activities	<u>2,577,049</u>	15,295
Cash flows from investing activities		
Purchases of property and equipment	(91,097)	(88,539)
Disposal of property and equipment	<u>5,830</u>	<u>-</u>
Net cash from investing activities	<u>(85,267)</u>	(88,539)
Cash flows from financing activities		
Principal payments on notes payable	(171,282)	(208,180)
Proceeds from note payable	<u>287,300</u>	<u>-</u>
Net cash from financing activities	<u>116,018</u>	<u>(208,180)</u>
Net change in cash and cash equivalents	2,607,800	(281,424)
Cash and cash equivalents, beginning of fiscal year	<u>1,078,011</u>	<u>1,359,435</u>
Cash and cash equivalents, end of fiscal year	<u>\$ 3,685,811</u>	<u>\$ 1,078,011</u>
Supplemental disclosure of cash flow information:		
Interest paid	\$ 37,372	\$ 51,724

The accompanying notes are an integral part of these financial statements.