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**EL PASOANS FIGHTING HUNGER FOOD BANK**

**FINANCIAL STATEMENTS**  
**with**  
**INDEPENDENT AUDITOR'S REPORT**  
**FOR THE YEARS ENDED DECEMBER 31, 2022 AND 2021**

El Paso, TX 79936  
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*Never Underestimate The Value of a CPA*

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**

**TABLE OF CONTENTS**  
**December 31, 2022 and 2021**

	<u>Page</u>
<b>BOARD OF DIRECTORS</b> .....	1
<b>INDEPENDENT AUDITOR'S REPORT</b> .....	2-3
<b>FINANCIAL STATEMENTS:</b>	
Consolidated Statements of Financial Position.....	4
Consolidated Statements of Activities.....	5
Consolidated Statements of Functional Expenses.....	6-7
Consolidated Statements of Cash Flows.....	8
Notes to Financial Statements.....	9-19
<b>SUPPLEMENTARY INFORMATION:</b>	
Schedule of Expenditures of Federal Awards.....	20
Notes to the Schedule of Expenditures of Federal Awards.....	21
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 <i>Government Auditing Standards</i> .....	22-23
Independent Auditor's Report on Compliance for each Major Program And on Internal Control Over Compliance Required by the <i>Uniform Guidance</i> .....	24-26
Schedule of Findings and Questioned Costs.....	27-30
Consolidated Statements of Financial Position .....	31
Consolidated Statements of Activities.....	32
Consolidated Statements of Functional Expenses.....	33
Consolidated Statements of Cash Flow.....	34

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**

**BOARD OF DIRECTORS**

**December 31, 2022**

OFFICERS

Brad Dubow, Board Chair  
Tanny Berg, Board Vice-Chair  
Robert Moore, Board Vice-Chair  
Richard Dayoub, Board Vice-Chair  
Cyndi Maestas-Henry, Treasurer  
Carlos Cardenas, Secretary  
Stuart R. Schwartz, Immediate Past Chair

MEMBERS

Bradley V. Byers  
Eddie Gutierrez  
Demetrio Jimenez  
Matt Kaplowitz  
Richard Lange  
Kristi Marcum  
Mark Matthys  
Kassi Foster Nava  
Bishop Mark J. Seitz  
Scott Simon  
Marise Lada Textor

**December 31, 2021**

OFFICERS

Brad Dubow, Board Chair  
Tanny Berg, Board Vice-Chair  
Richard Dayoub, Board Vice-Chair  
Robert Moore, Board Vice-Chair  
Kassi Foster Nava, Secretary  
Cyndi Maestas-Henry, Treasurer  
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**INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of  
El Pasoans Fighting Hunger Food Bank and Affiliated  
El Paso, Texas

**Report on the Audit of the Consolidated Financial Statements**

***Opinion***

We have audited the accompanying consolidated financial statements of El Pasoans Fighting Hunger Food Bank and Affiliate (nonprofit organizations), which comprise the consolidated statements of financial position as of December 31, 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 consolidated financial statements present fairly, in all material respects, the financial positions of El Pasoans Fighting Hunger Food Bank and Affiliate as of December 31, 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 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 El Pasoans Fighting Hunger Food Bank and Affiliate 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 opinions.

***Responsibilities of Management for the Consolidated Financial Statements***

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about El Pasoans Fighting Hunger Food Bank and Affiliate's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be 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 generally accepted auditing standards 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 generally accepted auditing standards 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 El Pasoans Fighting Hunger Food Bank and Affiliate'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 El Pasoans Fighting Hunger and Affiliate's ability to continue as a going concern for a reasonable period of time.

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

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying 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*, and the supplementary information presented on pages 31-34 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and supplementary information on pages 31-34 are 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 August 31, 2023, on our consideration of El Pasoans Fighting Hunger Food Bank and Affiliate'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 El Pasoans Fighting Hunger Food Bank and Affiliate'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 El Pasoans Fighting Hunger Food Bank and Affiliate's internal control over financial reporting and compliance.

### **Report on Prior Year Information**

We have previously audited El Pasoans Fighting Hunger's 2021 financial statements, and we expressed an unmodified audit opinion on those audited financial statements, in our report dated July 25, 2022. In our opinion, the prior year financial information presented herein as of and for the year ended December 31, 2021, is consistent with in all material respects, with the audited financial statements from which it has been derived.



**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**Consolidated Statements of Financial Position**  
**December 31, 2022 and 2021**

	2022	2021
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 2,341,617	\$ 9,543,043
Investments	267,262	-
Accounts receivable	86,242	105,867
Grants receivable	524,644	1,078,684
Prepaid expenses	41,671	34,347
Unconditional promises to give, current portion	148,600	158,257
Inventory	12,713,182	11,313,761
<b>Total current assets</b>	<b>16,123,218</b>	<b>22,233,959</b>
 <b>Property and Equipment, net of depreciation</b>	 <b>10,281,327</b>	 <b>9,126,531</b>
<b>Other Assets</b>		
Investments-long term	785,551	9,190,208
Investment in Friends of El Pasoans Fighting Hunger	8,162,962	-
Unconditional promises to give, net of current portion and discount	274,082	342,648
<b>Total other assets</b>	<b>9,222,595</b>	<b>9,532,856</b>
 <b>TOTAL ASSETS</b>	 <b>\$ 35,627,140</b>	 <b>\$ 40,893,346</b>
<b>LIABILITIES and NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 136,545	\$ 495,752
Deferred revenue	-	6,634,789
Lease payable, current portion	2,639	2,437
Notes payable, current portion	46,091	45,297
<b>Total current liabilities</b>	<b>185,275</b>	<b>7,178,275</b>
<b>Long-Term Debt</b>		
Long-Term Notes Payable, net of current portion	315,916	361,653
Lease Payable, net of current portion	4,117	6,756
<b>Total long-term debt</b>	<b>320,033</b>	<b>368,409</b>
 <b>Total liabilities</b>	 <b>505,308</b>	 <b>7,546,684</b>
<b>Net Assets</b>		
Without donor restrictions	34,953,282	33,095,163
With donor restrictions	168,550	251,499
<b>Total net assets</b>	<b>35,121,832</b>	<b>33,346,662</b>
 <b>TOTAL LIABILITIES and NET ASSETS</b>	 <b>\$ 35,627,140</b>	 <b>\$ 40,893,346</b>

See accompanying notes to financial statements and independent auditor's report.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**Consolidated Statements of Activities**  
**For the Years Ended December 31, 2022 and 2021**

	2022			2021		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total
<b><u>REVENUE GAINS AND OTHER SUPPORT</u></b>						
Donated commodities	\$ 148,200,784	\$ -	\$ 148,200,784	\$ 238,734,556	\$ -	\$ 238,734,556
Government grants	44,012,470	-	44,012,470	44,545,394	-	44,545,394
Individual donations	822,223	168,550	990,773	977,553	566,066	1,543,619
State, private grants, corporate, and organization donations	1,184,931	-	1,184,931	1,746,563	-	1,746,563
Direct mail	1,062,308	-	1,062,308	928,293	-	928,293
Special events	46,982	-	46,982	54,593	-	54,593
Agency support	1,129,480	-	1,129,480	1,075,580	-	1,075,580
In-kind revenue	90,758	-	90,758	191,169	-	191,169
Investment income	8,620	-	8,620	247,750	-	247,750
Other income	941,672	-	941,672	163,733	-	163,733
Foundation donations	950,226	-	950,226	922,115	-	922,115
Unrealized/realized gain/loss on investments	(977,508)	-	(977,508)	-	-	-
Net assets released from restriction	251,499	(251,499)	-	824,574	(824,574)	-
<b>Total unrestricted revenue, gains and other support:</b>	<u>197,724,445</u>	<u>(82,949)</u>	<u>197,641,496</u>	<u>290,411,873</u>	<u>(258,508)</u>	<u>290,153,365</u>
<b><u>EXPENSES</u></b>						
Program	194,734,001	-	194,734,001	295,219,743	-	295,219,743
Fundraising	534,482	-	534,482	482,597	-	482,597
Administrative	597,843	-	597,843	681,244	-	681,244
<b>Total Expenses</b>	<u>195,866,326</u>	<u>-</u>	<u>195,866,326</u>	<u>296,383,584</u>	<u>-</u>	<u>296,383,584</u>
<b>INCREASE IN NET ASSETS</b>	1,858,119	(82,949)	1,775,170	(5,971,711)	(258,508)	(6,230,219)
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>33,095,163</u>	<u>251,499</u>	<u>33,346,662</u>	<u>39,066,874</u>	<u>510,007</u>	<u>39,576,881</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 34,953,282</u>	<u>\$ 168,550</u>	<u>\$ 35,121,832</u>	<u>\$ 33,095,163</u>	<u>\$ 251,499</u>	<u>\$ 33,346,662</u>

See accompanying notes to financial statements and independent auditor's report.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**Consolidated Statements of Functional Expenses**  
**For the Year Ended December 31, 2022**

	<u>Program Services</u>	<u>Administrative Expenses</u>	<u>Fundraising Expenses</u>	<u>Total Expenses</u>
<b>EXPENSES:</b>				
Salaries	\$ 3,120,647	\$ 367,135	\$ 183,567	\$ 3,671,349
Payroll taxes and benefits	729,702	85,847	42,924	858,473
Professional development/travel	30,438	10,192	-	40,630
Utilities	192,147	22,605	11,303	226,055
Occupancy expenses	175,437	18,530	10,209	204,176
Interest expense	957	8,214	-	9,171
Repair and maintenance	191,952	22,583	11,291	225,826
Transportation	1,682,707	-	-	1,682,707
Food purchase and freight	13,135,732	-	-	13,135,732
Commodities distribution	173,674,581	-	-	173,674,581
Supplies	53,956	-	-	53,956
Office supplies and postage	104,746	13,385	6,217	124,348
Professional fees	155,332	49,352	-	204,684
Organizational fees/dues	8,348	-	18,753	27,101
Promotion/marketing	23,697	-	77,329	101,026
Printing	10,442	-	18,367	28,809
Direct mail	-	-	154,522	154,522
Depreciation	819,362	-	-	819,362
In-kind expense	90,758	-	-	90,758
Other expenses	533,060	-	-	533,060
<b>TOTAL PROGRAM EXPENSES</b>	<u>\$ 194,734,001</u>	<u>\$ 597,843</u>	<u>\$ 534,482</u>	<u>\$ 195,866,326</u>

See accompanying notes to financial statements and independent auditor's report.



**EL PASOANS FIGHTING HUNGER FOOD BANK**  
**Consolidated Statements of Functional Expenses**  
**For the Year Ended December 31, 2021**

	<u>Program Services</u>	<u>Administrative Expenses</u>	<u>Fundraising Expenses</u>	<u>Total Expenses</u>
<b>EXPENSES:</b>				
Salaries	\$ 2,816,056	\$ 331,301	\$ 165,650	\$ 3,313,007
Payroll taxes and benefits	590,212	69,437	34,718	694,367
Professional development/travel	-	9,395	-	9,395
Utilities	223,783	26,327	13,164	263,274
Occupancy expenses	108,690	12,787	6,394	127,870
Interest expense	-	8,214	-	8,214
Repair and maintenance	298,795	35,152	17,576	351,524
Transportation	1,053,762	-	-	1,053,762
Food purchase and freight	42,507,796	-	-	42,507,796
Commodities distribution	245,754,509	-	-	245,754,509
Supplies	113,277	-	-	113,277
Office supplies and postage	110,639	13,016	6,508	130,164
Professional fees	-	175,614	-	175,614
Organizational fees/dues	-	-	18,753	18,753
Promotion/marketing	-	-	77,329	77,329
Printing	-	-	18,367	18,367
Special events	-	-	2,872	2,872
Direct mail	-	-	121,267	121,267
Depreciation	855,265	-	-	855,265
In-kind expense	191,169	-	-	191,169
Other expenses	595,789	-	-	595,789
<b>TOTAL PROGRAM EXPENSES</b>	<u>\$ 295,219,743</u>	<u>\$ 681,244</u>	<u>\$ 482,597</u>	<u>\$ 296,383,584</u>

See accompanying notes to financial statements and independent auditor's report.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended December 31, 2022 and 2021**

	2022	2021
<b>Cash Flows from Operating Activities:</b>		
Change in net assets	\$ 1,775,170	\$ (6,230,219)
Depreciation	830,557	855,265
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	554,040	634,456
Unconditional pledges	97,848	282,006
Prepaid expenses	(7,324)	(9,718)
Inventory and other assets	(1,399,421)	6,922,899
Increase (decrease) in:		
Accounts payable and accrued expenses	(359,207)	(2,231,654)
Deferred revenue	(6,634,789)	(3,895,130)
<b>Net cash provided by operating activities</b>	<b>(5,143,126)</b>	<b>(3,672,095)</b>
<b>Cash flows from investing activities</b>		
Purchase from the sale of investments	8,137,395	(9,190,208)
Purchase of investments	(8,162,962)	-
Acquisition of property and equipment	(1,987,790)	(895,313)
<b>Net cash used in investing activities</b>	<b>(2,013,357)</b>	<b>(10,085,521)</b>
<b>Cash flows from financing activities</b>		
Principal payment	(44,943)	(432,496)
<b>Net cash provided by financing activities</b>	<b>(44,943)</b>	<b>(432,496)</b>
<b>Net increase (decrease) in cash</b>	(7,201,426)	(14,190,112)
<b>Cash, beginning of year</b>	9,543,043	23,733,155
<b>Cash, end of year</b>	<b>\$ 2,341,617</b>	<b>\$ 9,543,043</b>
<b>Supplemental disclosures</b>		
Interest paid	\$ 9,171	\$ 8,214

See accompanying notes to financial statements and independent auditor's report.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Organization**

El Pasoans Fighting Hunger Food Bank (the Organization) is a charitable organization approved by the Internal Revenue Service as a Code Section 501(c)3 organization and was established on July 13, 2011 to combat the hunger crisis in our region by strategically procuring and distributing nutritious food through community partners. Years ago, El Pasoans Fighting Hunger Food Bank separated from Odessa and became the youngest food bank in the country. The Organization is El Paso's only food bank and is a member of Feeding America. The food bank fulfills its mission through the following programs:

**SNAP:** The Organization is a collaborative hub for hunger initiatives that assists in Supplemental Nutrition Assistance (SNAP) applications. Social Services Coordinators assist not only with the SNAP program formerly known as Food Stamps, but also with all state benefits such as Medicaid and Temporary Assistance to Needy Families (TANF). In 2022, 1,595 new enrollees were processed, and 2,849 re-enrollments were certified. With the easing of contact restrictions, offsite hubs were re-established at multiple sites from Vinton in the West to San Elizario in the East.

**MERCADO:** The outdoor Mercado at the front of the food bank continued operations in 2022, serving as the food bank's largest daily distribution point. We serve an average of 1,500 families a day, Monday through Friday. With funding from a State of Texas Capacity Building grant, we completed a signature shade structure for the Mercado, along with a permanent climate-controlled client registration area. This continues to be our lowest cost distribution point and affords the food bank and partners daily access to those we serve and expands reach to provide access to other much needed services to the neediest in our community.

**FOOD FARMACY:** Continued operating as a very large client choice pantry through August of 2022; serving 600 seniors per day alongside the outside Mercado. We shuttered the operation, moving the clients to the Mercado in September of 2022, both to conserve current resources, and to prepare for the conversion to a true Food FARMacy (serving people with food related illness) in 2023.

**HOME DELIVERY:** The partnership continued with Door Dash to deliver 64,017 emergency food boxes free of charge to homebound El Pasoans in 2022. We continue to serve low-income elderly, disabled and COVID positive people/families.

**AGENCY PARTNERS:** The food bank continues to partner with 132 agencies and community organizations to distribute food throughout El Paso, Hudspeth, and Culberson counties. Partners include churches, schools, community organizations, soup kitchens and shelters to continue the mission of making sure no one goes hungry.

**MOBILE AND SCHOOL PANTRY DISTRIBUTION:** The number of mobile pantries in 2022 was 982. While a number of partner agencies cut back on mobiles as volunteer availability continued to be a barrier to staffing the distributions; school pantries increased significantly as schools reopened. Of the total, 164 were school mobile pantries with 30 school partners, including UTEP and El Paso, Socorro, and Ysleta ISD sites starting pantries.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Organization (continued)**

**NSLP:** The National School Lunch Program (NSLP) was continued in 2022, ensuring food commodities for the free breakfast and lunch programs for low-income children. Through this program, the Organization provided 992,328 pounds of food to schools; 218 schools in 7 West Texas counties.

**CSFP:** – The Commodity Supplemental Food Program (CSFP) serves very low-income seniors in our three county region; with an increased case-load of 5,250 per month (from 4,800), the Organization provides consistent access to nutritious foods that help maintain their health.

**Cash and Cash Equivalents**

Cash and highly liquid financial instruments with original maturities of three months or less, which are neither held for nor restricted by donors for long-term purposes, are considered to be cash and cash equivalents.

**Accounts Receivable**

Accounts receivable consist primarily of fees billed to agencies for services rendered. Accounts receivables are evaluated by management and typically amounts deemed to be uncollectible are charged against an allowance for doubtful accounts. The allowance is then adjusted to reflect an estimated reserve for future losses. For the years ended 2022 and 2021, management determined that an allowances for doubtful accounts in the amount of \$460,461 and \$409,061, respectively, was necessary.

**Promises to Give**

Contributions are recognized when donors make promises to donate to the Organization. Contributions that are restricted by the donor are reported as increases in net assets with donor restrictions. When restrictions expire, they are released from restricted net assets and recognized as increases in net assets without donor restrictions.

Promises to give are initially recorded and subsequently carried at fair value using the present value techniques incorporating risk-adjusted discount rates designed to reflect the assumptions market participants would use in pricing the asset.

The promises to give are related to the Organization's capital campaign. Promises to give are written off when deemed uncollectable. As of December 31, 2022, and 2021, management determined that no allowance was necessary for 2022 and 2021.

**Inventory**

Inventory consists of donated food, purchased food and USDA commodities. Based on a valuation done by Feeding America at the national level, donated food is reported at an average price of \$1.92 per pound in 2022 and \$1.79 per pound in 2021. Purchased food is valued at cost. USDA commodities are valued based on published USDA fair market values by RMS LLP Accounting Firm.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Property and Equipment, net**

Property and equipment additions costing more than \$2,000 or donated property and equipment having a fair market value over \$2,000 are capitalized. Depreciation is computed by using the straight-line method over the estimated useful lives of assets, which range from 3 to 40 years. When assets are sold or otherwise disposed of, the cost and related depreciation are removed from the accounts, and any resulting gain or loss is included in the statements of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed.

**Investments and related income, gains and losses**

Investments in equity and debt securities are reported at fair value. All investment related income, expense, gains and losses are included in the statement of activities. Fair values are primarily determined based on quoted market prices or other market inputs. Interest and dividends are included in operating revenue and reported as investment income. All other investment returns, including realized and unrealized gains and losses, are also reported as investment income (loss) on the statements of activities.

**Net Assets**

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

Net Assets Without Donor Restrictions- Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor- (or certain grantor) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

**Revenue and Revenue Recognition**

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively. Contributions are recognized when cash, securities, or other assets, an unconditional promise to give, or notification of a beneficial interest is received. Conditional promises to give are not recognized until the conditions on which they depend have been substantially met.

**Donated Services and In-Kind Contributions**

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Volunteers contribute significant amounts of time to our program services, administration, and fund raising and development activities; however, the consolidated financial statements do not reflect the value of those contributed services because they do not meet recognition criteria prescribed by generally accepted accounting principles. Volunteer hours totaled approximately 62,093 and 40,559 hours for 2022 and 2021, respectively. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Donated Services and In-Kind Contributions (continued)**

The Organization received donated goods, services, and materials of \$148,200,784 and \$238,734,556 for 2022 and 2021, respectively, and is included in donated commodities in the statements of activities and functional expenses.

**Advertising Cost**

Advertising costs are expensed as incurred. Advertising expense was \$101,026 and \$77,329 during the years ended December 31, 2022 and 2021, respectively, and are included as promotion/marketing and printing on the statement of Functional Expenses.

**Functional Expense Allocation**

The costs of programs and supporting services activities have been summarized on a functional basis in the statement of activities. The statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated among programs and supporting services benefited.

**Income Taxes**

El Pasoans Fighting Hunger Food Bank is a nonprofit Organization exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the consolidated financial statements. Generally, tax years that remain subject to examination for three years after filed remain open to examination. The Organization's federal income tax returns for the tax years 2022, 2021 and 2019 remain subject to examination by the Internal Revenue Service. The entity is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, the entity is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes (tractor revenue). We have determined that the entity's tractor expenses associated with the tractor revenues were greater and did not require a 990T for 2022 and 2021, and therefore did not file Form 990-T.

**Use of Estimates**

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Financial Instruments and Credit Risk**

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, the Organization has not experienced losses in any of these accounts. The Organization maintains cash balances at WestStar Bank financial institution. Accounts are insured by the Federal Deposit Insurance Corporation's (FDIC) up to \$250,000. The Organization's uninsured balance totaled \$2,601,631 and \$8,346,740 for the years 2022 and 2021, respectively.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Reclassifications**

Certain reclassifications of amounts previously reported have been made to the accompanying consolidated financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

**Accrued Compensated Absences**

Employees of the Organization are entitled to paid time off, depending on length of service and other factors. It is impractical to estimate the amount of compensation for future absences and accordingly, no liability has been recorded in the accompanying consolidated financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to the employees.

**NOTE 2. LIQUIDITY AND AVAILABILITY**

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

	2022	2021
Cash and cash equivalents	\$ 2,341,617	\$ 9,543,043
Accounts receivable	86,242	105,867
Grants receivable	524,644	1,078,684
Current liabilities	( 185,275)	( 7,175,837)
Total	\$ 2,767,228	\$ 3,551,757

**NOTE 3. FAIR VALUE MEASUREMENT DISCLOSURES**

Certain assets are reported at fair value in the consolidated financial statements. Fair value is the price that would be received to sell an asset in an orderly transaction in the principal, or most advantageous, market at the measurement date under current market conditions regardless of whether that price is directly observable or estimated using another valuation technique. Inputs used to determine fair value refer broadly to the assumptions that market participants would use in pricing the asset or liability, including assumptions about risk. Inputs may be observable or unobservable. Observable inputs are inputs that reflect the assumptions market participants would use in pricing the asset based on market data obtained from sources independent of the reporting entity. Unobservable inputs are inputs that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset based on the best information available. A three-tier hierarchy categorizes the inputs as follows:

**Level 1**—Measurement based upon quoted prices for identical assets in an active market as of the reporting date.

**Level 2**—Measurement based upon marketplace inputs other than Level 1 that are observable, either directly or indirectly, such as quoted prices in active markets for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in inactive markets, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 3. FAIR VALUE MEASUREMENT DISCLOSURES (continued)**

**Level 3**—Measurement based on the Organization’s assumptions about a hypothetical marketplace because observable market inputs are not available as of the reporting date. The Organization uses appropriate valuation techniques based on the available inputs to measure the fair values of its assets and liabilities.

When available, the Organization measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs have the lowest priority.

On December 31, 2022, the Organization’s investments consist of cash, cash equivalents, and savings account. The valuations of the Organization’s investments according to the fair value hierarchy are all Level 1.

The cost and fair value of short and long-term investments at December 31, 2022, were as follows:

	2022	
	Cost	Fair Value
Money market funds	\$ 1,476	\$ 1,476
Fixed Income-U.S. Treasuries	270,040	267,263
Certificate of deposits	244,775	239,108
Bond Funds-Mutual Funds	606,401	544,966
	\$1,122,692	\$1,052,813

Investment returns for the years ended December 31, 2022 and 2021, are as follows:

	2022	2021
Income from investments:		
Interest and dividends, net of fees	\$ 496,287	\$ 398,465
Gains and losses on investments:		
Net realized and unrealized gains(losses) on investments	( 977,508)	-0-
Total	\$( 977,508)	-0-

Interest and dividends along with investment return are included in the statement of activities under Investment income as income without donor restrictions. The Organization moved \$8,135.863 to an affiliated organization Friends of El Pasoans Fighting Hunger in December 2022. See Related Party Note for additional information.

**NOTE 4. INVENTORY**

Inventory consisted of the following as of December 31, 2022 and 2021:

	2022	2021
Donated food	\$ 9,136,046	\$ 2,926,371
CSFP	1,130,989	1,070,441
NSLP	466,669	457,442
USDA commodities	1,531,156	2,587,237
Purchased food	448,322	4,272,270
Total	\$12,713,182	\$11,313,761



**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 4. INVENTORY (continued)**

Inventory turnover for the year ended December 31, 2022 and 2021 is as follows:

	<u>2022</u>		<u>2021</u>	
	Pounds Received	Pounds Distributed	Pounds Received	Pounds Distributed
Donated food	75,341,400	72,217,887	78,172,007	85,074,190
USDA commodities	12,658,863	13,304,848	27,151,552	25,780,565
CSFP	2,089,810	2,100,685	1,506,159	1,755,718
NSLP	979,831	992,328	810,719	1,224,444
Purchased food	2,858,999	5,012,241	25,730,830	25,785,459
Total	<u>93,928,903</u>	<u>93,627,989</u>	<u>133,371,267</u>	<u>139,620,376</u>

**NOTE 5. PROMISES TO GIVE**

Reflected on the Statement of Financial Position are \$422,682 and \$500,905 for unconditional promises to give for the year ending December 31, 2022 and 2020, respectively. This consists of donor restricted amounts to be used for purchase of property and equipment. The statement reflects an amount net of a present value discount of 3% for both December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
Unconditional promise to give	\$ 455,411	\$ 539,601
Less: Present value discount	<u>32,729</u>	<u>38,696</u>
Total promises to give – present value	<u>422,682</u>	<u>500,905</u>
Receivable in less than one year	148,600	158,257
Receivable in one to five years	<u>306,811</u>	<u>381,344</u>
Total unconditional promises to give	<u>455,411</u>	<u>539,601</u>
Less discounts to net present value	<u>32,729</u>	<u>38,696</u>
Net unconditional promises to give	<u>\$ 422,682</u>	<u>\$ 500,905</u>

**NOTE 6. PROPERTY AND EQUIPMENT**

On December 31, 2022 and 2021, property and equipment and accumulated depreciation consisted of the following:

	<u>Useful life</u>	<u>2022</u>	<u>2021</u>
Land		\$ 200,000	\$ 200,000
Building and improvements	40 years	1,989,811	1,989,811
Building improvements	40 years	2,636,035	2,024,141
Furniture and equipment	3-10 years	3,186,597	3,185,057
Vehicle equipment	5-15 years	4,825,037	3,605,741
Computer network	3-5 years	353,504	198,444
Right to Use Asset	5 years	6,756	9,193
Construction in progress		<u>219,298</u>	<u>219,298</u>
Total property and equipment		\$13,417,038	\$11,431,685
Less: accumulated depreciation		<u>3,135,711</u>	<u>2,305,154</u>
<b>Net property and equipment</b>		<u>\$ 10,281,327</u>	<u>\$ 9,126,531</u>

Depreciation expense for the year totaled \$819,362 and \$855,265 for years ended December 31, 2022 and 2021, respectively.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 7. NOTE PAYABLE**

The Organization obtained a loan from the Small Business Administration under the CARES Act in the amount of \$150,000. Monthly payments were postponed for one year, at which time monthly payments of \$631 are due for a period of 30 years at an interest rate of 2.75%.

The Organization obtained a loan on July 1, 2020 from Borderplex Community Capital, Inc. in the amount of \$303,000 with an interest rate of 2.0% with monthly payments of \$3,869, for a period of 60 months, maturing on July 2027.

	2022	2021
SBA Loan	\$ 144,790	\$ 148,107
Borderplex Community Capital	217,217	258,843
Total	362,007	406,950
Less current portion	46,091	45,297
Long-term portion	<u>\$ 315,916</u>	<u>\$ 361,653</u>

Maturities of notes payable payments are as follow:

Year	
2023	\$ 46,091
2024	47,044
2025	48,038
2026	49,038
2027	46,226
2028 and thereafter	125,570
Total	<u>\$ 362,007</u>

The Organization paid off the SBA Loan during 2023 in order to qualify for a new Tax Credit Program. See Note 18 on page 19.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 8. RELATED PARTY**

Effective July 1, 2016, the Organization established a Member's Membership in the national Network of Feeding America. This Member Contract supersedes the Feeding America Member Contract entered by and between the Member and Feeding America dated October 1, 2009.

On February 5, 2021, the Organization created a 501(c)(3) called Friends of El Pasoans Fighting Hunger to be a supporting organization (Type 1) to The El Pasoans Fighting Hunger.

**NOTE 9. COMMITMENTS AND CONTINGENCIES**

Through the normal course of operations, the Organization receives contributions and other pledges from various entities. These activities may be subject to audit by donors, the purpose of which is to ensure compliance with conditions precedent to providing such funds. Management believes that the liability, if any, for any requirements which may arise as a result of such audits, would not be material.

**NOTE 10. FUNCTIONALIZED EXPENSES**

The consolidated financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include occupancy and depreciation, which are allocated on a square footage basis, as well as salaries and wages, benefits, payroll taxes, professional services, office expenses, information technology, interest, insurance, and other, which are allocated on the basis of estimates of time and effort.

**NOTE 11. DONOR RESTRICTIONS ON NET ASSETS**

Substantially all donor with restriction net assets related to contributions received and pledges for specific programs and purposes will be satisfied after year-end. Donor with restriction net assets are as follows:

	<u>2022</u>	<u>2021</u>
Capital campaign	\$ <u>168,550</u>	\$ <u>251,499</u>

The Capital Campaign was established to raise funds to purchase a new warehouse/office building, improvements to the building and purchase equipment. The Organization acquired the building during 2012 and secured a note payable of \$900,000. Restrictions are considered to expire when payments are made for improvements to building, purchase of equipment, and payments on the note payable (principal and interest). The building was placed in service in 2013.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 12. DIRECT MAIL**

For the year ended December 31, 2022 and 2021, direct mail produced the following results:

	2022	2021
Direct mail contributions	\$ 487,054	\$ 630,667
Direct mail expense	(154,522)	(121,267)
Direct mail match back	575,254	297,626
Net direct mail results	\$ 907,786	\$ 807,026

**NOTE 13. RIGHT TO USE ASSET**

The Organization as one Right to use Asset as of December 31, 2022, a copy machine:

	2022	2021
Right to Use Asset	\$6,756	\$9,193
Lease payable, Interlease, in the amount of \$12,675, dated April 23, 2020, with monthly payments of \$257, starting May 8, 2020 for 60 months, secured by copy machine.	\$6,756	\$9,193
Less current portion	2,639	2,437
Long-term portion of lease payable	\$4,117	\$6,756

Future lease payments which will be recorded as lease expenses areas follows as of December 31, 2022:

2023	\$2,639
2024	\$3,084
2025	\$1,033

**NOTE 14. DEFERRED REVENUE**

Deferred revenue consists of funding received from the FEMA-TDEM, which was be used to purchase food in 2022.

**NOTE 15. NEW PROUNCEMENTS**

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. - *Effective Dates for Certain Entities* delayed this standard's effective date. The requirements of this ASU will be effective for periods beginning after December 15, 2021. This ASU requires that a lease liability and related right of-use asset representing the lessee's right to use or control the asset be recorded on the statement of financial position for certain leases that previously were classified as operating leases. The Organization adopted ASU No. 2016=02 as of December 31, 2022, see Note 13.

**PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**  
**December 31, 2022 and 2021**

**NOTE 15. NEW PRONCEMENTS (continued)**

In September 2020, the FASB issued amended guidance for contributed nonfinancial assets. The guidance requires the presentation of contributed nonfinancial assets as a separate line item in the statement of activities, disclosure of the disaggregated amount by type and disclosure of qualitative information about whether the contributed nonfinancial assets were monetized or utilized during the reporting period as well as a description of the programs or other activities in which the assets were used. The guidance also requires disclosure of any donor-imposed restrictions and a description of valuation techniques. The amendments in the guidance were effective for fiscal years beginning after June 15, 2021. The Organization has no contributed nonfinancial assets.

**NOTE 16. RETIREMENT PLAN**

The Organization has established a tax-sheltered annuity plan (IRS Code Section 403(b)(7)) with matching contribution by the Organization beginning June 1, 2021 for all employees. Presently, the organization contributes 3% automatic base contribution to all employees. Further, the organization will contribute (match) up to 3% based on employee contributions deducted from their pay. Both matches require employees have at least 1 year of service and this contributions vest over 5 year tiered period. The organization's contribution to the plan for the years ended December 31, 2022 and 2021 was \$121,974 and \$66,219, respectively and is included in payroll taxes and benefits on the Statements of Functional Expenses.. The plan is administered by an external organization which maintains custody of all assets of the plan.

**NOTE 17. INVESTMENT IN FRIENDS OF EL PASOANS FIGHTING HUNGER (AFFILIATED ORGANIATION)**

On January 27, 2021 a new non-profit Organization was formed in the State of Texas as a supporting Organization for El Pasoans Fighting Hunger. This Organization is to be used to exclusively carry out the purposes of El Pasoans Fighting Hunger. Funds were transferred to the Organization by El Pasoans Fighting Hunger in December 2022. Only the year ended December 31, 2022 is consolidated for financial statement purposes.

**NOTE 18. SUBSEQUENT EVENTS**

In April, 2023, El Pasoans Fighting Hunger entered into New Markets Tax Credit Program which attracts private capital into low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making equity investments in specialized financial intermediaries called Community Development Entities (CDEs). Subsequently, El Pasoans Fighting Hunger paid off both notes payables, in order to qualify for the program. The Organization has evaluated subsequent events through August 31, 2023, the date the consolidated financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**

**EL PASOANS FIGHTING HUNGER**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED DECEMBER 31, 2022**

Federal Grantor/Pass through Grantor Programs	Federal CFDA Number	Pass-through Grantor's Number	Pass-through Awards	Total
<b>US Department of Agriculture</b>				
<b>SNAP Cluster</b>				
Pass through Feeding Texas				
HHSC SNAP Application Assistance Subcontract Strategy 2 and 4	10.561	HHS000275600001	\$ 308,543	\$ 173,083
<b>Total SNAP Cluster</b>			<u>308,543</u>	<u>173,083</u>
<b>Child Nutrition Cluster</b>				
Pass through Texas Department of Agriculture:				
National School Lunch Program - Food Commodities	10.555	N/A	1,872,048	1,872,048
<b>Total Child Nutrition Cluster</b>			<u>1,872,048</u>	<u>1,872,048</u>
<b>Food Distribution Cluster</b>				
Pass through Texas Department of Agriculture and Feeding Texas				
Community Supplemental Food Program	10.565	N/A	485,386	485,386
Commodity Supplemental Food Program- (CSFP) Food Commodities	10.565	N/A	3,955,574	3,955,574
Emergency Food Program-Food Commodities (TEFAP)	10.569	806780706	25,357,410	25,357,410
Emergency Food Program-Administrative Costs	10.568	806780706	234,434	234,434
Build Back Better Grant (BBB)	10.568		321,319	310,484
Build Back Better Grant (BBB) Commodities	10.568		1,783,695	1,783,695
TEFAP Reach and Resiliency Grant (R7R)	10.568		135,000	135,000
<b>Total Food Distribution Cluster</b>			<u>32,272,818</u>	<u>32,261,983</u>
<b>US Department of Agriculture</b>				
Pass through Texas Department of Agriculture:				
Texas Department of Agriculture Capacity Grant	21.027		3,373,902	1,195,117
<b>US Department of Homeland Security</b>				
ARPA	97.024	LRO-803600-030	179,679	179,679
Phase 38	97.024	LRO-803600-030	536,956	481,956
<b>Total U.S. Department of Homeland Security</b>			<u>716,635</u>	<u>661,635</u>
<b>U.S. Department of Health and Human Services (HHS)</b>				
Pass-through Area Agency on Aging go The Rio Grande Council of Governments				
Special Initiative- Consumable Supplies Service delivery	93.044		368,172	368,172
HHS TANF PEAFF Grant - Emergency Assistance Fund	93.558		198,280	198,280
<b>Total U.S. Department of Health and Human Services (HHS)</b>			<u>566,452</u>	<u>566,452</u>
<b>U.S. Department of Housing and Urban Development</b>				
TDHCA CARES Act Award	14.228		1,060,300	1,060,300
			<u>\$ 40,170,698</u>	<u>\$ 37,790,618</u>

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**December 31, 2021**

**NOTE 1. BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of El Pasoans Fighting Hunger and Affiliate (a nonprofit organization) and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic consolidated financial statements.

**NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE 3. FOOD DISTRIBUTION**

Non-cash assistance is reported in the schedule at the fair market value of the commodities received and distributed. USDA food commodities inventory on hand totaled \$3,128,816 as of December 31, 2022.

**NOTE 4. CONTINGENCIES**

The Organization had in effect for the fiscal year ended December 31, 2022, the following insurance coverage:

General Liability	\$ 2,000,000
Umbrella	\$ 7,000,000
Workers Compensation	\$ 1,000,000

**NOTE 5. RECONCILIATION OF SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS TO CONSOLIDATED FINANCIAL STATEMENTS**

Total federal awards expended per schedule	
of expenditures of federal awards	\$37,790,618
Total expenditures from other sources	<u>6,221,852</u>
	<u>\$44,012,470</u>





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

To the Board of Directors of  
El Pasoans Fighting Hunger Food Bank and Affiliate  
El Paso, 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 El Pasoans Fighting Hunger Food Bank and Affiliate (a nonprofit organization), which comprise the consolidated statements of financial position as of December 31, 2022 and 2021, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated August 31, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audits 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 El Pasoans Fighting Hunger Food Bank and Affiliate's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audits, 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 organization'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 organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



El Paso, TX  
August 31, 2023



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

To the Board of Directors of  
El Pasoans Fighting Hunger Food Bank and Affiliate  
EL Paso, Texas

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

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

We have audited El Pasoans Fighting Hunger Food Bank and Affiliate's 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 El Pasoans Fighting Hunger Food Bank and Affiliate's major federal programs for the year ended December 31, 2022. El Pasoans Fighting Hunger Food Bank and Affiliate'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, El Pasoans Fighting Hunger Food Bank and Affiliate complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).<sup>1</sup> 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 El Pasoans Fighting Hunger Food Bank and Affiliate 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 El Pasoans Fighting Hunger Food Bank and Affiliate'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 El Pasoans Fighting Hunger Food Bank and Affiliate'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 El Pasoans Fighting Hunger Food Bank and Affiliate'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 generally accepted auditing standards, *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 El Pasoans Fighting Hunger Food Bank and Affiliate's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 El Pasoans Fighting Hunger Food Bank and Affiliate'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 El Pasoans Fighting Hunger Food Bank and Affiliate'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 El Pasoans Fighting Hunger Food Bank and Affiliate'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.



El Paso, TX  
August 31, 2023

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**Schedule of Findings and Questioned Costs**  
December 31, 2022

**SECTION 1 - SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued:

**Unmodified**

Internal control over financial reporting:

- |                          |  |           |               |               |
|--------------------------|--|-----------|---------------|---------------|
| <input type="checkbox"/> | Material weakness(es) identified?  | _____ Yes | _____ X _____ | No            |
| <input type="checkbox"/> | Significant deficiency identified that are not considered to be material weaknesses? | _____ Yes | _____ X _____ | None reported |

Noncompliance material to financial statements noted?

	_____ Yes	_____ X _____	No
--	-----------	---------------	----

**Federal Awards**

Internal control over major programs:

- |                          |  |           |               |               |
|--------------------------|--|-----------|---------------|---------------|
| <input type="checkbox"/> | Material weakness(es) identified   | _____ Yes | _____ X _____ | No            |
| <input type="checkbox"/> | Significant deficiencies identified that are not considered to be material weaknesses? | _____ Yes | _____ X _____ | None reported |

Type of auditor's report issued on compliance with major programs:

**Unmodified**

Finding and questioned costs for Federal Awards as defined in Title 2 U.S. Code of Federal Regulations Part 200 Administrative Requirements, Costs Principles and Audit Requirements of Federal Awards (Uniform Guidance)

	_____ Yes	_____ X _____	No
--	-----------	---------------	----

Major programs:

- |  | <u>CFDA #</u> |
|--|---------------|
| a) Food Nutrition Cluster:                                 |               |
| b) National School Lunch Program - Child Nutrition Cluster | 10.555        |
| c) Emergency Food Assistance Program - ARPA and Phase 38   | 97.024        |
| d) Coronavirus State and Local Fiscal Recovery Funds       | 21.027        |

- |                          |  |           |               |    |
|--------------------------|--|-----------|---------------|----|
| <input type="checkbox"/> | Dollar threshold used to distinguish between Type A and Type B programs: \$750,000 |           |               |    |
| <input type="checkbox"/> | Auditee qualified as a low-risk auditee?   | _____ Yes | _____ X _____ | No |

See accompanying notes to financial statements and independent auditor's report.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2021**

**Section II - Financial Statement Findings**

**Current Year Findings**

**None**

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2021**

**Prior Year Findings**

**None**



**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
December 31, 2021**

**Section III- Findings and Questioned Costs - Major Federal Awards Programs Audit Current Year Findings**

**Current Year Findings**

None

**Prior Year Findings**

None

**EL PASOANS FIGHTING HUNGER AND AFFILIATE**

**Consolidating Statements of Financial Position**

December 31, 2022

	<b>El Pasoans Fighting Hunger</b>	<b>Friends of El Pasoans Fighting Hunger</b>	<b>Total Before Eliminations</b>	<b>Eliminations</b>	<b>Total All Funds</b>
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash and cash equivalents	\$ 2,325,113	\$ 16,504	\$ 2,341,617	\$ -	\$ 2,341,617
Investments	267,262	-	267,262	-	267,262
Accounts receivable	86,242	-	86,242	-	86,242
Grants receivables	524,644	-	524,644	-	524,644
Prepaid	41,671	-	41,671	-	41,671
Unconditional promises to give, current portion	148,600	-	148,600	-	148,600
Inventory	12,713,182	-	12,713,182	-	12,713,182
<b>Total current assets</b>	<u>16,106,714</u>	<u>16,504</u>	<u>16,123,218</u>	<u>-</u>	<u>16,123,218</u>
<b>Property and Equipment, net of depreciation</b>	<u>10,281,327</u>	<u>-</u>	<u>10,281,327</u>	<u>-</u>	<u>10,281,327</u>
<b>Other Assets</b>					
Investments -long term	785,551	-	785,551	-	785,551
Investment - Friends of El Pasoans Fighting Hunger	-	8,162,962	8,162,962	-	8,162,962
Unconditional promises to give, net of current portion and discount	274,082	-	274,082	-	274,082
<b>Total other assets</b>	<u>1,059,633</u>	<u>8,162,962</u>	<u>9,222,595</u>	<u>-</u>	<u>9,222,595</u>
<b>TOTAL ASSETS</b>	<u>\$ 27,447,674</u>	<u>\$ 8,179,466</u>	<u>\$ 35,627,140</u>	<u>\$ -</u>	<u>\$ 35,627,140</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities</b>					
Accounts payable	\$ 136,545	\$ -	\$ 136,545	\$ -	\$ 136,545
Deferred revenue	-	-	-	-	-
Lease Payable, current portion	2,639	-	2,639	-	2,639
Note payable, current portion	46,091	-	46,091	-	46,091
<b>Total current liabilities</b>	<u>185,275</u>	<u>-</u>	<u>185,275</u>	<u>-</u>	<u>185,275</u>
<b>Long-Term Debt</b>					
Long-Term Notes Payable, net of current	315,916	-	315,916	-	315,916
Lease Payable, net of current portion	4,117	-	4,117	-	4,117
<b>Total long-term debt</b>	<u>320,033</u>	<u>-</u>	<u>320,033</u>	<u>-</u>	<u>320,033</u>
<b>Total liabilities</b>	505,308	-	505,308	-	505,308
<b>Net Assets</b>					
Without donor restrictions	26,942,366	8,179,466	35,121,832	-	35,121,832
With donor restrictions	-	-	-	-	-
<b>Total net assets</b>	<u>26,942,366</u>	<u>8,179,466</u>	<u>35,121,832</u>	<u>-</u>	<u>35,121,832</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 27,447,674</u>	<u>\$ 8,179,466</u>	<u>\$ 35,627,140</u>	<u>\$ -</u>	<u>\$ 35,627,140</u>

See accompanying notes to the financial statements and independent auditor's report.

**EL PASOANS FIGHTING HUNGER AND AFFILIATE**

**Consolidated Statements of Activities**  
For the Year Ended December 31, 2022

	<u>El Pasoans Fighting Hunger</u>	<u>Friends of El Pasoans Fighting Hunger</u>	<u>Total before Eliminations</u>	<u>Eliminations</u>	<u>Total All Funds</u>
<b>REVENUES AND OTHER SUPPORT:</b>					
Donated commodities	\$ 148,200,784	\$ -	148,200,784	\$ -	\$ 148,200,784
Government grants	44,012,470	-	44,012,470	-	44,012,470
Individual donations	990,773	-	990,773	-	990,773
State, private grants, corporate and organization	1,184,931	8,135,863	9,320,794	(8,135,863)	1,184,931
Direct mail	1,062,308	-	1,062,308	-	1,062,308
Special events	46,982	-	46,982	-	46,982
Agency support	1,129,480	-	1,129,480	-	1,129,480
In-kind revenue	90,758	-	90,758	-	90,758
Investment income (loss)	8,116	504	8,620	-	8,620
Other income	941,672	-	941,672	-	941,672
Foundation donations	950,226	-	950,226	-	950,226
Unrealized/realized gain or loss on investments	(1,020,607)	43,099	(977,508)	-	(977,508)
Net assets released from restrictions					
<b>Total revenues and other support</b>	<u>197,597,893</u>	<u>8,179,466</u>	<u>205,777,359</u>	<u>(8,135,863)</u>	<u>197,641,496</u>
<b>EXPENDITURES:</b>					
Program	194,734,001	-	194,734,001	-	194,734,001
Fundraising	534,482	-	534,482	-	534,482
Administrative	8,733,706	-	8,733,706	(8,135,863)	597,843
Total expenditures	<u>204,002,189</u>	<u>-</u>	<u>204,002,189</u>	<u>(8,135,863)</u>	<u>195,866,326</u>
<b>Change in net assets</b>	(6,404,296)	8,179,466	1,775,170	-	1,775,170
<b>Net Assets-beginning of year</b>	<u>33,346,662</u>	<u>-</u>	<u>33,346,662</u>	<u>-</u>	<u>33,346,662</u>
<b>Net Assets-end of year</b>	<u>\$ 26,942,366</u>	<u>\$ 8,179,466</u>	<u>\$ 35,121,832</u>	<u>\$ -</u>	<u>\$ 35,121,832</u>

See accompanying notes to the financial statements and independent auditor's report.

**EL PASOANS FIGHTING HUNGER FOOD BANK AND AFFILIATE**  
**Consolidated Statements of Functional Expenses**  
**For the Year Ended December 31, 2022**

	<b>El Pasoans Fighting Hunger</b>			<b>Total</b>	<b>Friends of</b>	<b>Total</b>	<b>Eliminations</b>	<b>Consolidated</b>
	<b>Program</b>	<b>Administrative</b>	<b>Fundraising</b>					
	<b>Services</b>	<b>Expenses</b>	<b>Expenses</b>	<b>Expenses</b>	<b>Fighting Hunger</b>	<b>Eliminations</b>	<b>Eliminations</b>	<b>Totals</b>
Salaries	\$ 3,120,647	\$ 367,135	\$ 183,567	\$ 3,671,349	\$ -	\$ 3,671,349	\$ -	\$ 3,671,349
Payroll taxes and benefits	729,702	85,847	42,924	858,473	-	858,473	-	858,473
Professional development/travel	30,438	10,192	-	40,630	-	40,630	-	40,630
Utilities	192,147	22,605	11,303	226,055	-	226,055	-	226,055
Occupancy expenses	175,437	18,530	10,209	204,176	-	204,176	-	204,176
Interest expense	957	8,214	-	9,171	-	9,171	-	9,171
Repair and maintenance	191,952	22,583	11,291	225,826	-	225,826	-	225,826
Transportation	1,682,707	-	-	1,682,707	-	1,682,707	-	1,682,707
Food purchase and freight	13,135,732	-	-	13,135,732	-	13,135,732	-	13,135,732
Commodities distribution	173,674,581	-	-	173,674,581	-	173,674,581	-	173,674,581
Supplies	53,956	-	-	53,956	-	53,956	-	53,956
Office supplies and postage	104,746	13,385	6,217	124,348	-	124,348	-	124,348
Professional fees	155,332	49,352	-	204,684	-	204,684	-	204,684
Organizational fees/dues	8,348	-	18,753	27,101	-	27,101	-	27,101
Promotion/marketing	23,697	-	77,329	101,026	-	101,026	-	101,026
Printing	10,442	-	18,367	28,809	-	28,809	-	28,809
Direct mail	-	-	154,522	154,522	-	154,522	-	154,522
Depreciation	819,362	-	-	819,362	-	819,362	-	819,362
In-kind expense	90,758	-	-	90,758	-	90,758	-	90,758
Other expenses	533,060	8,135,863	-	8,668,923	-	8,668,923	(8,135,863)	533,060
<b>TOTAL PROGRAM EXPENSES</b>	<b>\$ 194,734,001</b>	<b>\$ 8,733,706</b>	<b>\$ 534,482</b>	<b>\$ 204,002,189</b>	<b>\$ -</b>	<b>\$ 204,002,189</b>	<b>\$ (8,135,863)</b>	<b>\$ 195,866,326</b>

See accompanying notes to the financial statements and independent auditor's report.

**EL PASOANS FIGHTING HUNGER AND AFFILAITE**

**Consolidated Statements of Cash Flows**  
For the Year Ended December 31, 2022

	<u>El Pasoans Fighting Hunger</u>	<u>Friends of El Pasoans Fighting Hunger</u>	<u>Total</u>
<b>Cash Flows from Operating Activities:</b>			
Change in net assets	\$ (6,404,296)	\$ 8,179,466	\$ 1,775,170
Depreciation	830,557	-	830,557
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
(Increase) decrease in:			
Accounts receivable	554,040		554,040
Purchase of equipment			
Unconditional pledges	97,848		97,848
Prepaid expenses	(7,324)		(7,324)
Inventory and other assets	(1,399,421)		(1,399,421)
Increase (decrease) in:			
Accounts payable and accrued expenses	(359,207)		(359,207)
Deferred revenue	(6,634,789)		(6,634,789)
<b>Net cash provided by operating activities</b>	<u>(13,322,592)</u>	<u>8,179,466</u>	<u>(5,143,126)</u>
<b>Cash flows from investing activities</b>			
Purchase from the sale of investments	8,137,395		8,137,395
Purchase of investments	-	(8,162,962)	(8,162,962)
Acquisition of property and equipment	(1,987,790)	-	(1,987,790)
<b>Net cash used in investing activities</b>	<u>6,149,605</u>	<u>(8,162,962)</u>	<u>(2,013,357)</u>
<b>Cash flows from financing activities</b>			
Principal payment	(44,943)	-	(44,943)
<b>Net cash provided by financing activities</b>	<u>(44,943)</u>	<u>-</u>	<u>(44,943)</u>
<b>Net increase (decrease) in cash</b>	(7,217,930)	16,504	(7,201,426)
<b>Cash, beginning of year</b>	<u>9,543,043</u>	<u>-</u>	<u>9,543,043</u>
<b>Cash, end of year</b>	<u>\$ 2,325,113</u>	<u>\$ 16,504</u>	<u>\$ 2,341,617</u>
<b>Supplemental disclosures</b>			
Interest paid	<u>\$ 9,171</u>	<u>\$ -</u>	<u>\$ 9,171</u>

See accompanying notes to the financial statements and independent auditor's report.