

EL PASOANS FIGHTING HUNGER FOOD BANK

FINANCIAL STATEMENTS

with

INDEPENDENT AUDITOR'S REPORT

For the Year Ended December 31, 2020 and 2019

Clifford, Ross, Raudenbush & Cooper, LLC

CERTIFIED PUBLIC ACCOUNTANTS

SERVING EL PASO & LAS CRUCES SINCE 1978

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EL PASOANS FIGHTING HUNGER FOOD BANK

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EL PASOANS FIGHTING HUNGER FOOD BANK

BOARD OF DIRECTORS

December 31, 2020

OFFICERS

Stuart R. Schwartz, Board Chair

Elaine Ball, Board Vice-Chair

Brad Dubow, Board Vice-Chair

Cyndi Maestas-Henry, Treasurer

Gwen Puildo, Secretary

Jose "Abe" Gonzalez, Parliamentarian

Mark Matthys, Past Chair

MEMBERS

Magdalena Baca

Tanny Berg

Bradley V. Byers

Jorge Caballero

Richard Dayoub

Demetrio Jimenez

Christine Jones

Crystal Long

Penny Nevarez

Gwen Pulido

VJ Smith

Marise L. Textor



Clifford
Ross
Raudenbush
& Cooper

Clifford, Ross, Raudenbush & Cooper, CPA's, LLC

Serving El Paso & Las Cruces Since 1976

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of El Pasoans Fighting Hunger Food Bank (a nonprofit Organization), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of El Pasoans Fighting Hunger Food Bank as of December 31, 2020 and 2019, 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.

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Other Matters**Other Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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 audits 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 September 17, 2021, on our consideration of El Pasoans Fighting Hunger Food Bank'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'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's internal control over financial reporting and compliance.

A handwritten signature in dark ink, appearing to read "Clifford Roush". The signature is written in a cursive, flowing style.

El Paso, TX
September 17, 2021

EL PASOANS FIGHTING HUNGER FOOD BANK
Statements of Financial Position
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 23,733,155	\$ 1,486,127
Accounts receivable	596,092	226,484
Grants receivable	1,222,915	515,587
Prepaid expenses	24,629	-
Unconditional promises to give, current portion	273,114	255,057
Inventory	18,236,660	4,100,640
Total current assets	<u>44,086,565</u>	<u>6,583,895</u>
 Property and Equipment, net	 9,077,289	 5,016,414
 Other Asset		
Unconditional promises to give, net of current portion and discount	<u>509,796</u>	<u>716,044</u>
 TOTAL ASSETS	 <u><u>\$ 53,673,650</u></u>	 <u><u>\$ 12,316,353</u></u>
LIABILITIES and NET ASSETS		
Current Liabilities		
Accounts payable and accrued expenses	\$ 2,727,404	\$ 115,215
Deferred revenue	10,529,919	-
Paycheck Protection Program loan	389,800	-
Notes payable, current portion	42,897	200,000
Total current liabilities	<u>13,690,020</u>	<u>315,215</u>
 Long-Term Notes Payable, net of current portion	 406,749	 2,100,000
 Total liabilities	 <u>14,096,769</u>	 <u>2,415,215</u>
 Net Assets		
Without donor restrictions		
Without donor restrictions	<u>39,066,874</u>	<u>9,013,504</u>
Total without donor restrictions	<u>39,066,874</u>	<u>9,013,504</u>
 With donor restrictions		
With donor restrictions	<u>510,007</u>	<u>887,634</u>
Total with donor restrictions	<u>510,007</u>	<u>887,634</u>
 Total net assets	 <u>39,576,881</u>	 <u>9,901,138</u>
 TOTAL LIABILITIES and NET ASSETS	 <u><u>\$ 53,673,650</u></u>	 <u><u>\$ 12,316,353</u></u>

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

EL PASOANS FIGHTING HUNGER FOOD BANK
Statements of Activities
For the Years Ended December 31, 2020 and 2019

CHANGE IN NET ASSETS WITHOUT DONOR RESTRICTIONS

	<u>2020</u>	<u>2019</u>
<u>UNRESTRICTED REVENUE GAINS AND OTHER SUPPORT</u>		
Donated commodities	\$ 231,999,428	\$ 27,123,135
Government grants	25,588,251	12,911,327
Individual donations	2,692,677	422,057
State, private grants, corporate, and organization donations	7,067,333	769,844
Direct mail	638,868	201,701
Special events	11,528	214,982
Agency support	2,428,792	454,445
In-kind revenue	4,705,202	20,318
Investment income (loss)	34,193	513
Other income	99,834	356,278
Foundation donations	11,618,992	253,944
Net assets released from restriction	3,274,766	631,925
Total unrestricted revenue, gains and other support:	<u>290,159,864</u>	<u>43,360,469</u>

EXPENSES

Program	259,383,761	37,811,674
Fundraising	317,006	223,415
Administrative	405,727	201,444
Total Expenses	<u>260,106,494</u>	<u>38,236,533</u>

**NET INCREASE IN NET ASSETS WITHOUT
DONOR RESTRICTIONS**

<u>30,053,370</u>	<u>5,123,936</u>
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WITH DONOR RESTRICTION NET ASSETS

Donations	2,636,414	121,913
Donations-capital campaign	260,725	607,600
Net assets released from restriction	<u>(3,274,766)</u>	<u>(631,925)</u>

NET INCREASE IN NET ASSETS WITH DONOR RESTRICTIONS

<u>(377,627)</u>	<u>97,588</u>
------------------	---------------

INCREASE IN NET ASSETS

29,675,743	5,221,524
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NET ASSETS, BEGINNING OF YEAR

<u>9,901,138</u>	<u>4,679,614</u>
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NET ASSETS, END OF YEAR

<u>\$ 39,576,881</u>	<u>\$ 9,901,138</u>
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See accompanying notes to financial statements and independent auditor's report.

EL PASOANS FIGHTING HUNGER
Statements of Changes in Net Assets
For the Years Ended December 31, 2020 and 2019

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
Net Assets, December 31, 2018	\$ 3,889,568	\$ 790,046	\$ 4,679,614
Increase (decrease) in net assets	<u>5,123,936</u>	<u>97,588</u>	<u>5,221,524</u>
Net Assets, December 31, 2019	9,013,504	887,634	9,901,138
Increase (decrease) in net assets	<u>30,053,370</u>	<u>(377,627)</u>	<u>29,675,743</u>
Net Assets, December 31, 2020	<u>\$ 39,066,874</u>	<u>\$ 510,007</u>	<u>\$ 39,576,881</u>

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

EL PASOANS FIGHTING HUNGER FOOD BANK
Statements of Functional Expenses
For the Year Ended December 31, 2020

	Program Services	Administrative Expenses	Fundraising Expenses	Total Expenses
Salaries	\$ 2,354,999	\$ 277,059	\$ 138,529	\$ 2,770,587
Payroll taxes and benefits	404,369	47,573	23,786	475,728
Professional development/travel	10,839	-	-	10,839
Utilities	163,543	19,240	9,620	192,403
Occupancy expenses	126,339	14,863	7,432	148,634
Interest expense	108,192	-	-	108,192
Repair and maintenance	317,967	37,408	18,704	374,079
Transportation	691,526	-	-	691,526
Food purchase and freight	27,201,576	-	-	27,201,576
Commodities distribution	221,490,694	-	-	221,490,694
Office supplies and postage	81,468	9,584	4,792	95,844
Professional fees	332,932	-	-	332,932
Organizational fees/dues	46,685	-	-	46,685
Promotion/marketing	119,995	-	-	119,995
Printing	13,465	-	709	14,174
Special events	-	-	1,648	1,648
Direct mail	-	-	111,786	111,786
Depreciation	484,914	-	-	484,914
In-kind expense	4,705,202	-	-	4,705,202
Other expenses	729,057	-	-	729,057
TOTAL PROGRAM EXPENSES	\$ 259,383,761	\$ 405,727	\$ 317,006	\$ 260,106,494

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

EL PASOANS FIGHTING HUNGER FOOD BANK
Statements of Functional Expenses
For the Year Ended December 31, 2019

	<u>Program Services</u>	<u>Administrative Expenses</u>	<u>Fundraising Expenses</u>	<u>Total Expenses</u>
Salaries	\$ 1,055,040	\$ 124,122	\$ 62,062	\$ 1,241,223
Payroll taxes and benefits	248,210	29,201	14,601	292,012
Professional development/travel	38,738	-	-	38,738
Utilities	78,036	9,181	4,590	91,807
Occupancy expenses	256,331	30,157	15,078	301,566
Interest expense	93,155	-	-	93,155
Repair and maintenance	40,421	4,755	2,378	47,554
Transportation	281,260	-	-	281,260
Food purchase and freight	463,718	-	-	463,718
Commodities distribution	34,616,904	-	-	34,616,904
Office supplies and postage	34,243	4,029	2,014	40,286
Professional fees	36,480	-	-	36,480
Organizational fees/dues	29,797	-	-	29,797
Promotion/marketing	62,239	-	-	62,239
Printing	1,456	-	77	1,533
Special events	-	-	34,012	34,012
Direct mail	-	-	88,603	88,603
Depreciation	253,626	-	-	253,626
In-kind expense	20,318	-	-	20,318
Other expenses	201,702	-	-	201,702
TOTAL PROGRAM EXPENSES	<u><u>\$ 37,811,674</u></u>	<u><u>\$ 201,444</u></u>	<u><u>\$ 223,415</u></u>	<u><u>\$ 38,236,533</u></u>

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

EL PASOANS FIGHTING HUNGER FOOD BANK
Statements of Cash Flows
For the Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities:		
Change in net assets	\$ 29,675,743	\$ 5,221,524
Depreciation	484,914	253,626
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
(Increase) decrease in:		
Accounts receivable	(1,076,936)	(548,772)
Unconditional pledges	188,191	(323,665)
Prepaid expenses	(24,629)	-
Inventory and other assets	(14,136,020)	(3,519,913)
Increase (decrease) in:		
Accounts payable and accrued expenses	2,612,188	15,877
Deferred revenue	10,529,919	(15,065)
Net cash provided by operating activities	<u>28,253,370</u>	<u>1,083,612</u>
Cash flows from investing activities		
Proceeds from the sale of investments	-	239,160
Acquisition of property and equipment	(4,545,788)	(1,725,248)
Net cash used in investing activities	<u>(4,545,788)</u>	<u>(1,486,088)</u>
Cash flows from financing activities		
Proceeds from loan	842,800	1,300,000
Principal payment	(2,303,354)	(100,000)
Net cash provided by financing activities	<u>(1,460,554)</u>	<u>1,200,000</u>
Net increase (decrease) in cash	22,247,028	797,524
Cash, beginning of year	<u>1,486,127</u>	<u>688,603</u>
Cash, end of year	<u>\$ 23,733,155</u>	<u>\$ 1,486,127</u>
Supplemental disclosures		
Interest paid	<u>\$ 108,192</u>	<u>\$ 93,155</u>

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

EL PASOANS FIGHTING HUNGER FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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. Five 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 and nutrition education. 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).

MEGA PANTRIES: During 2020, El Pasoans Fighting Hunger established five mega pantries which distributed approximately 70% of the emergency food in the region.

HOME DELIVERY: Also launched in 2020 was an emergency home delivery for low-income elderly or disabled neighbors who could not access food at a distribution site. In 2020, there were 1,700 households served weekly through home delivery, and up to 500 households served weekly through our emergency delivery program for people who were quarantined due to COVID-19.

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

MOBILE PANTRIES: The Organization uses its refrigerated trucks in collaboration with partner agencies to distribute nutritious foods to families in underserved or unserved neighborhoods by providing drive-through food distribution for clients' safety during the pandemic. In 2020, this program distributed healthy and nutritious food through 543 client choice mobile pantries, which provide food to underserved/unserved communities. The Organization serves low-income families, children, single parent households, veterans, senior citizens, including those who are employed with extremely limited income.

Through the Mobile Pantry Program, El Pasoans Fighting Hunger Food Bank partners with area schools for distributions within El Paso, Dell City, Tornillo, Clint, Ysleta, San Elizario and Socorro Independent School Districts. These partnerships provide meals to students and their families and the surrounding communities.

NSLP: The National School Lunch Program (NSLP) was continued in 2020 ensuring food commodities for the free breakfast and lunch programs for low income children. EPFH also was once again awarded the Texas Department of Agriculture's highly competitive contract to manage the NSLP. Through this program, the Organization provided 1,037,155 pounds of food to schools for low income children across 222 schools in 7 West Texas counties including El Paso, Culberson, Hudspeth, Brewster, Jeff Davis, Reeves and Presidio Counties.

CSFP: As of December 31, 2020, the Organization has provided healthy food to 3,188 low-income senior citizens in their community on a monthly basis. Through the Commodity Supplement Food Program (CSFP), senior citizens access nutritious foods that help maintain their health.

EL PASOANS FIGHTING HUNGER FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Organization (continued)

NUTRITION EDUCATION: The Organization's Nutrition Education Coordinator teaches free classes through the SNAP Nutrition Education & Obesity Prevention Grant Program. The program is designed to improve the likelihood that people eligible for SNAP benefits will make healthy food choices within a limited budget and choose a physically active lifestyle. Classes are taught for all ages from preschool children to senior citizens. Topics and demonstrations include healthy weight management, portion control, healthy snacks, and budgeting.

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 receivable 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 2020 and 2019, management determined that no allowances for doubtful accounts were 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, 2020, and 2019, management determined that no allowance for doubtful accounts were necessary.

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 \$1.72 per pound in 2020 and \$1.62 per point in 2019. Purchased food is valued at cost. USDA commodities are valued based on published USDA fair market values by KPMG Accounting Firm.

EL PASOANS FIGHTING HUNGER FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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

Investment purchases are recorded at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the statement of financial position. Net investment return/(loss) is reported in the statement of activities and consist of interest and dividend income. Realized and unrealized capital gains and losses are recorded less external and direct internal investment expenses. As of December 31, 2020, the Organization does not have any investments.

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 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 46,169 and 57,563 hours for 2020 and 2019, respectively. Numbers of volunteers dropped in 2020 due to the pandemic and personal safety concerns of traditional volunteers. 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
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Donated Services and In-Kind Contributions (continued)

The Organization received donated goods, services, and materials of \$4,705,202 and \$20,318 for 2020 and 2019, respectively.

Advertising Cost

Advertising costs are expensed as incurred. Advertising expense was \$119,995 and \$63,772 during the years ended December 31, 2020 and 2019, 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 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 2019, 2018 and 2017 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. We have determined that the entity filed an Exempt Organization Business Income Tax Return (Form 990-T) for 2018 with the IRS to report its unrelated business taxable income, the tax for 2019 was \$-0-. For 2019, the Organization did not have any unrelated business taxable income therefore did not file Form 990-T.

Use of Estimates

The preparation of 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 \$25,525,350 and \$820,183 for the years 2020 and 2019, respectively.

EL PASOANS FIGHTING HUNGER FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying 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 financial statements. The Organization's policy is to recognize the costs of compensated absences when actually paid to the employees.

Subsequent Events

The Organization has evaluated subsequent events through September 17, 2021, the date the financial statements were available to be issued.

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:

	<u>2020</u>	<u>2019</u>
Cash and cash equivalents	\$ 23,733,155	\$ 1,486,127
Accounts receivable	596,092	226,484
Grants receivable	1,222,915	515,587
Current liabilities	<u>(13,257,323)</u>	<u>(315,215)</u>
Total	\$ 12,294,839	\$ 1,912,983

NOTE 3. FAIR VALUE MEASUREMENT DISCLOSURES

Certain assets are reported at fair value in the 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
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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, 2020, 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.

NOTE 4. INVENTORY

Inventory consisted of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Donated food	\$11,598,465	\$ 1,669,292
CSFP	610,343	457,758
NSLP	514,007	256,548
USDA commodities	1,302,354	1,717,042
Purchased food	<u>4,211,491</u>	<u>-0-</u>
Total	\$18,236,660	\$ 4,100,640

Inventory turnover for the year ended December 31, 2020 and 2019 is as follows:

	<u>2020</u>		<u>2019</u>	
	<u>Pounds Received</u>	<u>Pounds Distributed</u>	<u>Pounds Received</u>	<u>Pounds Distributed</u>
Donated food	101,251,762	92,383,695	16,742,676	15,715,283
USDA commodities	40,175,903	41,184,068	15,058,223	13,092,682
NSLP	1,406,402	1,037,155	1,139,201	1,386,540
Purchased food	<u>5,174,207</u>	<u>5,045,347</u>	<u>-0-</u>	<u>-0-</u>
Total	148,008,274	139,650,265	32,940,100	30,194,505

EL PASOANS FIGHTING HUNGER FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 5. PROMISES TO GIVE

Reflected on the Statement of Financial Position are \$782,910 and \$971,101 for unconditional promises to give for the year ending December 31, 2020 and 2019, 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 2.3% for both December 31, 2020 and 2019.

	<u>2020</u>	<u>2019</u>
Unconditional promise to give	\$ 821,691	\$ 1,028,062
Less: Present value discount	<u>38,781</u>	<u>56,961</u>
Total promises to give – present value	<u>782,910</u>	<u>971,101</u>
Receivable in less than one year	281,300	767,000
Receivable in one to five years	<u>540,391</u>	<u>261,062</u>
Total unconditional promises to give	<u>821,691</u>	<u>1,028,062</u>
Less discounts to net present value	<u>38,781</u>	<u>56,961</u>
Net unconditional promises to give	<u>\$ 782,910</u>	<u>\$ 971,101</u>

NOTE 6. PROPERTY AND EQUIPMENT

On December 31, 2020 and 2019, property and equipment and accumulated depreciation consisted of the following:

	<u>Useful life</u>	<u>2020</u>	<u>2019</u>
Land		\$ 200,000	\$ 200,000
Building and improvements	40 years	1,947,755	1,947,755
Building improvements	40 years	1,386,431	318,600
Furniture and equipment	3-10 years	3,083,990	2,040,683
Vehicle equipment	5-15 years	3,588,436	1,201,549
Computer network	3-5 years	101,268	53,504
Construction in progress		<u>219,298</u>	<u>219,298</u>
Total property and equipment		\$10,527,178	\$ 5,981,389
Less: accumulated depreciation		<u>1,449,889</u>	<u>964,975</u>
Net property and equipment		\$ 9,077,289	\$ 5,016,414

Depreciation expense for the year totaled \$484,914 and \$253,626 for years ended December 31, 2020 and 2019, respectively.

EL PASOANS FIGHTING HUNGER FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 7. NOTE PAYABLE

The Organization obtained an additional loan (loan number 90054660) on February 2019. The loan is for \$1,400,000, initial fixed rate of 5.25% through May 2024, (interest rate is variable after 5 years), with minimum annual payments of \$100,000, loan matures on May 13, 2029. This loan was used for building and refrigerator/ freezer improvements. The note is secured by property located at 9541 Plaza Circle, El Paso, TX and guaranteed by a board member and was paid off in 2020.

Note payable (loan number 90019156) is a \$900,000 promissory note payable, with an original maturity of April 2013 with a fixed interest rate of 6%. The note was renewed in April 2014 with an interest rate of 4.75% and was due October 2016. In May 2016, the note was renewed and increased the building promissory loan up to an additional \$1,000,000 (maximum available principal amount was \$1,500,000) with an interest rate of 4.75%. The additional loan amount was to replace the roof at the property located at 9541 Plaza Circle. No addition draw downs were available as of May 2017. The note is secured by property located at 9541 Plaza Circle and guaranteed by a board member. Interest only payments are due monthly with a minimal annual principal reduction of \$100,000. The remaining principal and unpaid interest was paid in May 2020.

The Organization obtained a loan from the Small Business Administration under the CARES Act in the amount of \$150,000. Monthly payments are 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.

	<u>2020</u>	<u>2019</u>
Note payable number 9156	\$ -0-	\$ 900,000
Note payable number 4660	-0-	1,400,000
SBA Loan	150,000	
Borderplex Community Capital	<u>299,646</u>	<u>-0-</u>
Total	449,646	2,300,000
Less current portion	<u>42,897</u>	<u>200,000</u>
Long-term portion	<u>\$ 406,749</u>	<u>\$ 2,100,000</u>

EL PASOANS FIGHTING HUNGER FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

NOTE 7. NOTE PAYABLE (continued)

Maturities of notes payable payments are as follow:

<u>Year</u>	
2021	\$ 42,897
2022	45,297
2023	46,239
2024	47,201
<u>2025 and thereafter</u>	<u>268,115</u>
Total	<u>\$ 449,749</u>

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.

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 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.

EL PASOANS FIGHTING HUNGER FOOD BANK
NOTES TO FINANCIAL STATEMENTS
December 31, 2020 and 2019

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>2020</u>	<u>2019</u>
Capital campaign	\$ 260,725	\$ 607,600
Truck	42,718	0
Food for Needy Truck	206,564	0
Moleen Family Foundation – mobile pantries	0	30,000
Equipment – truck and utility truck donated	<u>0</u>	<u>250,034</u>
Total	<u>\$ 510,007</u>	<u>\$ 887,634</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.

NOTE 12. DIRECT MAIL

For the year ended December 31, 2020 and 2019, direct mail produced the following results:

	<u>2020</u>	<u>2019</u>
Direct mail contributions	\$ 116,159	\$ 201,701
Direct mail expense	(111,786)	(88,603)
Direct mail match back	<u>522,709</u>	<u>136,902</u>
Net direct mail results	\$ 527,082	\$ 250,000

NOTE 13. PAYCHECK PROTECTION PROGRAM LOAN

The Organization received a paycheck protection program loan from the Small Business Administration in April 2020 in the amount of \$389,800 to help with allowable costs during the COVID-19 pandemic. The Organization received forgiveness for the loan in 2021.

NOTE 14. DEFERRED REVENUE

Deferred revenue consists of funding received from the US Department of Homeland Security passed through El Paso County Emergency Food and Shelter National Board Program which will be used to purchase food.

SUPPLEMENTARY INFORMATION

EL PASOANS FIGHTING HUNGER
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2020

Federal Grantor/Pass through Grantor Programs	Federal CFD. Number	Pass-through Grantor's Number	Direct Awards	Pass-through Awards	Total	Subrecipients Expenditures
US Department of Agriculture						
SNAP Cluster						
Pass Through Feeding Texas						
SNAP Nutrition Education & Obesity Prevention	10.561	529-16-000-00002		\$ 27,986	\$ 27,986	
Community Based Outreach & Application						
Assistance Services	10.551	HHS000275600001		161,520	161,520	
Total SNAP Cluster				\$ 189,506	\$ 189,506	\$ -
Food Distribution Cluster						
Pass through Texas Department of Agriculture						
and Feeding Texas						
Community Supplemental Food Program	10.565	N/A		\$ 252,514	\$ 252,514	
Commodity Supplemental Food Program-						
(CSFP) Food Commodities	10.565	N/A		1,644,849	1,644,849	
Emergency Food Program-Food Commodities (TEFAP)	10.569	806780706		64,646,371	64,646,371	
Emergency Food Program-Administrative Costs	10.568	806780706		656,938	656,938	
Emergency Food Program-Trade Mitigation						
Food Commodities	10.178	806780706		10,628,452	10,628,452	
Emergency Food Program-Trade Mitigation	10.178	806780706		131,790	131,790	
Administrative Cost						
Total Food Distribution Cluster				\$ 77,960,914	\$ 77,960,914	\$ -
US Department of Homeland Security						
Pass Through El Paso County						
Emergency Food and Shelter National						
Board Programs	97.024	LRO-803600-030	LRO-803600-030	\$ 67,929	\$ 67,929	
TDEM-FEMA Contract C2020-1704	97.036	N/A		16,700,000	16,700,000	
TDEM-FEMA Addendum No. 1	97.036	N/A		19,372,000	19,370,000	
				\$ 36,139,929	\$ 36,137,929	\$ -
United States Department of Agriculture (USDA)						
CARES	10.568	806780706	6TX810815	\$ 726,373	\$ 726,373	
FFCRA	10.568	806780706	6TX430123	535,537	535,537	
Total United States Department of Agriculture (USDA)				\$ 1,261,910	\$ 1,261,910	\$ -
United States Department of Treasury						
Coronavirus Relief Fund						
COVID -19 Disaster Response Program	21.019	20-1052-1069.06/1041186	US Depart. of Treasury	\$ 2,500,000	\$ 2,500,000	
Treasury Coronavirus Relief Funds	21.019	20-105201069.65/PL#1005776	US Depart. of Treasury	500,000	500,000	
Food Insecurity Research Project	21.019	2020-0777	US Depart. of Treasury	20,309	20,309	
Emergency Coronavirus Relief Funds	21.019	2020-0454	US Depart. of Treasury	500,000	500,000	
Emergency Coronavirus Relief Funds	21.019	2020-0985 amends 2020-0454	US Depart. of Treasury	250,000	250,000	
Total United States Department of Treasury				\$ 3,770,309	\$ 3,770,309	\$ -
United States Department of Housing and Urban Development (HUD)						
Community Development Block Grants (CDBG)						
Food Security	14.218	20-1052-1069.066/PL#1005627	HUD/CDBG-CV, COVID-19 Response Program	\$ 350,000	\$ 350,000	\$ -
Total United States Department of Housing and Urban Development (HUD)						
United States Department of Health and Human Services (HHS)						
Area Agency on Aging go The Rio Grande Council						
of Governments						
Special Initiative- Consumable Supplies Service delivery	93.044		TX Depart of HHS	\$ 277,272	\$ 277,272	\$ -
Total United States Department of Health and Human Services (HHS)						
Small Business Administration (SBA)						
Disaster Assistance Loans	59.008		Small Business Admin	\$ 150,000	\$ 150,000	
PPP Loan	59.008			389,800	389,800	
Total Small Business Administration (SBA)				\$ 539,800	\$ 539,800	\$ -
Texas Workforce Commission						
On-The-Job-Training-Dynamic Workforce Solutions	17.268	H-1B	Workforce Solutions Borderplex	\$ 17,977	\$ 17,977	\$ -
Total Texas Workforce Commission				\$ 17,977	\$ 17,977	\$ -
Total				\$ 120,507,617	\$ 120,505,617	\$ -

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

EL PASOANS FIGHTING HUNGER FOOD BANK
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
December 31, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of El Pasoans Fighting Hunger (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 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 total \$1,302,354 as of December 31, 2020.

NOTE 4. CONTINGENCIES

The Organization had in effect for the fiscal year ended December 31, 2020, the following insurance coverage:

General Liability	\$ 2,000,000
Umbrella	\$ 7,000,000
Workers Compensation	\$ 1,00,000



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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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of El Pasoans Fighting Hunger Food Bank (a nonprofit Organization), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered El Pasoans Fighting Hunger Food Bank's internal control over financial reporting (internal control) as a basis for designing the 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 El Pasoans Fighting Hunger Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of El Pasoans Fighting Hunger Food Bank's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether El Pasoans Fighting Hunger Food Bank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financials 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 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.

A handwritten signature in dark ink, reading "Clifford R. Raudenbush & Co. P.C.", written in a cursive style.

El Paso, TX
September 17, 2021



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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

Report on Compliance for Each Major Federal Program

We have audited El Pasoans Fighting Hunger Food Bank's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of El Pasoans Fighting Hunger Food Bank's major federal programs for the year ended December 31, 2020. El Pasoans Fighting Hunger Food Bank's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of El Pasoans Fighting Hunger Food Bank's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about El Pasoans Fighting Hunger Food Bank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, El Pasoans Fighting Hunger Food Bank 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, 2020.

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Report on Internal Control over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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



El Paso, TX
September 17, 2021

EL PASOANS FIGHTING HUNGER FOOD BANK
Schedule of Findings and Questioned Costs
December 31, 2020

SECTION 1 - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

_____ Yes _____ X No

Federal Awards

Internal control over major programs:

- | | | |
|--|-----------|------------------------------|
| ■ Material weakness(es) identified | _____ Yes | _____ <u>X</u> No |
| ■ Significant deficiencies identified that are not considered to be material weaknesses? | _____ Yes | _____ <u>X</u> 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) Emergency Food Program-Food Commodities (TEFAP)	10.569
b) TDEM-FEMA	97.036

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

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

**EL PASOANS FIGHTING HUNGER FOOD BANK
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2020**

Section II - Financial Statement Findings

Current Year Findings

None

**EL PASOANS FIGHTING HUNGER FOOD BANK
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2020**

Prior Year Findings

None

**EL PASOANS FIGHTING HUNGER FOOD BANK
SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
December 31, 2019**

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

Current Year Findings

None

Prior Year Findings

None