

Mountaineer Food Bank, Inc.

Financial Statements and
Supplementary Information

December 31, 2023 and 2022

Mountaineer Food Bank, Inc.

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December 31, 2023 and 2022

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Independent Auditors' Report

To the Board of Directors of
Mountaineer Food Bank, Inc.

Report on the Audits of the Financial Statements

Opinion

We have audited the financial statements of Mountaineer Food Bank, Inc. (the Organization), which comprise the statements of financial position as of December 31, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Mountaineer Food Bank, Inc. as of December 31, 2023 and 2022, and the results of its operations and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by the Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. 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 July 22, 2024, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Bridgeport, West Virginia
July 22, 2024

Mountaineer Food Bank, Inc.

Statements of Financial Position
December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current Assets		
Cash	\$ 11,917,347	\$ 5,784,317
Accounts receivable	239,450	185,196
Grants receivable	827,840	1,228,983
Inventories	2,905,839	2,997,187
Prepaid assets	37,689	33,911
	<u>15,928,165</u>	<u>10,229,594</u>
Investments	<u>5,594,206</u>	<u>4,963,031</u>
Property and Equipment		
Land	338,343	338,343
Building	1,820,038	1,820,038
Equipment	2,346,048	2,223,738
Construction in progress	3,421,646	2,914,882
	<u>7,926,075</u>	<u>7,297,001</u>
Less accumulated depreciation	<u>2,685,916</u>	<u>2,409,510</u>
Net property and equipment	<u>5,240,159</u>	<u>4,887,491</u>
Right-of-Use Assets, Operating Leases	<u>732,549</u>	<u>585,372</u>
Total assets	<u>\$ 27,495,079</u>	<u>\$ 20,665,488</u>
Liabilities and Net Assets		
Current Liabilities		
Financing lease obligations, current portion	\$ 12,912	\$ 39,855
Operating lease obligations, current portion	290,043	204,512
Accounts payable	81,433	336,711
Accrued salaries and benefits	493,559	418,490
Due to subrecipient food pantries	5,553,948	858,545
	<u>6,431,895</u>	<u>1,858,113</u>
Financing Lease Obligations, Less Current Portion	-	12,912
Operating Lease Obligations, Less Current Portion	<u>437,149</u>	<u>389,433</u>
Total liabilities	6,869,044	2,260,458
Net Assets	<u>20,626,035</u>	<u>18,405,030</u>
Total liabilities and net assets	<u>\$ 27,495,079</u>	<u>\$ 20,665,488</u>

See notes to financial statements

Mountaineer Food Bank, Inc.Statements of Activities and Changes in Net Assets
Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Change in Net Assets		
Revenue and support:		
Donated food items	\$ 27,200,150	\$ 31,627,836
Public support	5,558,145	3,815,042
Federal and state assistance	8,388,983	7,718,115
Cost sharing	3,135,426	2,824,229
Other	15,997	5,700
	<u>44,298,701</u>	<u>45,990,922</u>
Total revenue and support		
Cost of revenue:		
Donated food items	31,976,304	36,140,591
Program activities	5,445,839	3,386,254
Administrative and general	33,366	33,962
	<u>37,455,509</u>	<u>39,560,807</u>
Total cost of revenue		
Gross profit	<u>6,843,192</u>	<u>6,430,115</u>
Operating expense:		
Program activities	2,033,299	2,222,775
Administrative and general	2,909,603	2,486,830
Depreciation	300,124	290,771
Fundraising	148,119	155,737
	<u>5,391,145</u>	<u>5,156,113</u>
Total operating expense		
Operating income	1,452,047	1,274,002
Nonoperating income (loss):		
Investment gain (loss)	768,958	(22,317)
	<u>2,221,005</u>	<u>1,251,685</u>
Change in net assets		
Net Assets, Beginning	<u>18,405,030</u>	<u>17,153,345</u>
Net Assets, Ending	<u>\$ 20,626,035</u>	<u>\$ 18,405,030</u>

See notes to financial statements

Mountaineer Food Bank, Inc.

Statement of Functional Expenses

Year Ended December 31, 2023

	<u>Program Activities</u>	<u>Administrative and General</u>	<u>Total Expense</u>
Cost of Revenue			
Donated food items	\$ 31,976,304	\$ -	\$ 31,976,304
Direct local agency support	4,434,440	-	4,434,440
Transportation	678,095	8,192	686,287
Utilities, technology and equipment	219,349	25,174	244,523
Supplies	113,955	-	113,955
	<u>\$ 37,422,143</u>	<u>\$ 33,366</u>	<u>\$ 37,455,509</u>
Operating Expense			
Salaries and wages	\$ 1,216,145	\$ 2,137,864	\$ 3,354,009
Employee benefits	322,591	567,083	889,674
Depreciation	269,226	30,898	300,124
Rental	216,700	24,869	241,569
Fundraising	-	148,119	148,119
Repairs and maintenance	128,896	440	129,336
Professional fees	24,400	49,116	73,516
Insurance	60,286	6,919	67,205
Supplies	-	15,833	15,833
Travel	-	15,766	15,766
Membership fees	9,844	-	9,844
Interest	2,265	-	2,265
Other	52,172	91,713	143,885
	<u>\$ 2,302,525</u>	<u>\$ 3,088,620</u>	<u>\$ 5,391,145</u>

See notes to financial statements

Mountaineer Food Bank, Inc.

Statement of Functional Expenses

Year Ended December 31, 2022

	<u>Program Activities</u>	<u>Administrative and General</u>	<u>Total Expense</u>
Cost of Revenue			
Donated food items	\$ 36,140,591	\$ -	36,140,591
Direct local agency support	2,344,878	-	2,344,878
Transportation	667,758	8,718	676,476
Utilities, technology and equipment	219,963	25,244	245,207
Supplies	153,655	-	153,655
	<u>39,526,845</u>	<u>33,962</u>	<u>39,560,807</u>
Total cost of revenue	<u>\$ 39,526,845</u>	<u>\$ 33,962</u>	<u>\$ 39,560,807</u>
Operating Expense			
Salaries and wages	\$ 1,299,190	\$ 1,722,182	3,021,372
Employee benefits	347,920	461,196	809,116
Depreciation	277,678	13,093	290,771
Rental	194,703	11,381	206,084
Fundraising	-	155,737	155,737
Repairs and maintenance	116,373	853	117,226
Professional fees	22,000	51,620	73,620
Insurance	102,261	11,736	113,997
Supplies	-	27,110	27,110
Travel	-	41,920	41,920
Membership fees	15,664	-	15,664
Interest	4,843	-	4,843
Other	119,821	158,832	278,653
	<u>2,500,453</u>	<u>2,655,660</u>	<u>5,156,113</u>
Total operating expense	<u>\$ 2,500,453</u>	<u>\$ 2,655,660</u>	<u>\$ 5,156,113</u>

See notes to financial statements

Mountaineer Food Bank, Inc.

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities		
Change in net assets	\$ 2,221,005	\$ 1,251,685
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	300,124	290,771
Realized and unrealized (gain) loss on investments	(524,447)	86,018
Amortization of operating lease right-of-use asset	242,141	105,395
Gain on sale of fixed assets	(4,188)	-
(Increase) decrease in assets:		
Accounts receivable	(54,254)	(50,209)
Grants receivable	401,143	(694,518)
Inventories	91,348	(348,264)
Prepaid assets	(3,778)	33,125
Increase (decrease) in liabilities:		
Accounts payable	(255,278)	194,462
Accrued salaries and benefits	75,069	101,060
Operating lease obligations	(256,071)	(96,822)
Due to subrecipient food pantries	4,695,403	37,931
	<u>6,928,217</u>	<u>910,634</u>
Net cash provided by operating activities		
Cash Flows From Investing Activities		
Investment purchases and sales, net	(106,728)	(5,049,049)
Proceeds from sale of fixed assets	20,000	-
Purchase of property and equipment	(668,604)	(2,932,658)
	<u>(755,332)</u>	<u>(7,981,707)</u>
Net cash used in investing activities		
Cash Flows From Financing Activities		
Payments on finance leases payable	(39,855)	(37,277)
	<u>6,133,030</u>	<u>(7,108,350)</u>
Net increase (decrease) in cash		
Cash, Beginning	<u>5,784,317</u>	<u>12,892,667</u>
Cash, Ending	<u>\$ 11,917,347</u>	<u>\$ 5,784,317</u>
Supplemental Disclosure of Cash Flow and Noncash Investing and Financing Activities		
Cash paid for interest	<u>\$ 2,265</u>	<u>\$ 4,843</u>
Cash paid for lease expense	<u>\$ 307,391</u>	<u>\$ 203,276</u>
Right of use assets obtained in exchange for lease liabilities	<u>\$ 389,318</u>	<u>\$ 402,389</u>
Right of use assets adjustment for Topic 842 implementation	<u>\$ -</u>	<u>\$ 288,378</u>

See notes to financial statements

Mountaineer Food Bank, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

1. Nature of Operations and Summary of Significant Accounting Policies

Mountaineer Food Bank, Inc. (the Organization) is a nonprofit organization created in 1981 and headquartered in Gassaway, West Virginia. The Organization provides food and other household items to over 450 feeding programs in 48 counties in West Virginia. The Organization also provides educational resources on basic nutrition, community alternatives for alleviating hunger and assistance and advice to interested people and groups in the formation and operation of a food pantry.

Mountaineer Food Bank, Inc. is a member of Feeding America, a nationwide nonprofit organization, which collects and allocates food pantry goods to regional/state food banks through its distribution network. Feeding America solicits product suppliers and supervises the distribution of its products to member food banks.

A summary of the Organization's significant accounting policies follows:

Basis of Accounting

These financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, whereby revenues are recognized when earned rather than when received, and expenses are recognized when incurred rather than when paid.

Management's Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of expenses during the reporting periods. Actual results could differ from those estimates.

Cash and Deposit Risk

In the normal course of business, the Organization may have deposits with local financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits. The Organization has not experienced any losses in such accounts.

Accounts Receivable

Accounts receivable represent amounts owed to the Organization for food products sold, which were \$0.19 per pound for 2023 and 2022. Transportation for the related products was billed at \$0.08 per mile for 2023 and 2022. Accounts receivable are reported at estimated net realizable value taking into account implicit and explicit price concessions. Accounts receivable are reported at estimated net realizable value taking into account implicit price concessions associated with credit risk and explicit price concessions. The adequacy of the Organization's allowance for credit losses is reviewed on an ongoing basis, using historical payment trends, write-off experience, analyses of receivables by payor source and aging of receivables, a review of specific accounts and expected future economic conditions and market trends and adjustments are made to the allowance as necessary. The allowance for credit losses was approximately \$26,600 and \$194,400 for the years ending December 31, 2023 and 2022.

Grants Receivable

Grants receivable represent amounts billed to state and private agencies but not paid as of the fiscal year end. Certain grants, which allow the Organization to draw down at any time, are included as a receivable and net assets with donor restrictions if the award has been expended but the amount has not been drawn down by the Organization.

Mountaineer Food Bank, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Inventories

Inventories consist of food and commodities donated primarily by Feeding America. Inventories of food and commodities received from Feeding America are valued at \$1.93 per pound as of December 31, 2023, and \$1.92 per pound as of December 31, 2022, as determined by the most recent information available from Feeding America, the principal provider of donated food and commodities. This valuation is adjusted periodically by Feeding America. In addition, commodities received under the U.S. Department of Agriculture Emergency Food Assistance Program (TEFAP) to be passed through to sub-recipient pantries are valued at \$1.27 and \$1.31 per pound as of December 31, 2023 and 2022, respectively.

Food donated to the Organization is accounted for as contributions without donor restrictions.

Investments and Investment Income

Investments are measured at fair value on the statements of financial position. The fair value of substantially all securities is determined by quoted market rates. Investment income (including realized and unrealized gains and losses on investments, interest and dividends) is included in nonoperating income (loss).

The Organization's investments are comprised of a variety of financial instruments and are managed by investment advisors. The fair values reported on the statements of financial position are subject to various risks including changes in the equity markets, the interest rate environment and general economic conditions.

Due to the level of risk associated with investment securities and the level of uncertainty related to changes in the fair value of investment securities, it is reasonably possible that the amounts reported on the statements of financial position could change materially in the near term.

Property and Equipment

Property and equipment are stated at cost for purchased items and fair value for contributed items. Property and equipment whose expected useful life is in excess of one year and cost (or fair value) is above a threshold established by the Board of Directors are capitalized. Depreciation and amortization of property and equipment, which includes amortization of assets recorded under capital leases, are provided for using the straight-line method over the estimated useful lives of the assets (3-39 years). Normal repairs and maintenance are charged to expense as incurred.

The Organization is required to evaluate long-lived assets for impairment whenever there are indicators that the carrying amounts may not be recoverable. If the expected undiscounted cash flows from use and eventual disposition of the assets are less than the carrying amount of those assets, an impairment loss would be recorded for the excess of the carrying amount over fair value of the assets. The Organization has not experienced any circumstances that would indicate impairment may exist on its long-lived assets as of December 31, 2023 and 2022.

Upon sale or retirement of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and any resulting gain or loss on the sale is included in operations.

Compensation for Accrued Absences

A liability for compensated absences earned but not paid as of December 31, 2023 and 2022, has been recognized and is included in accrued salaries and benefits on the statements of financial position. As of December 31, 2023 and 2022, \$298,000 and \$248,800 remained unpaid, respectively.

Mountaineer Food Bank, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Net Assets

Net assets, revenue, and support are classified based on donor-imposed stipulations. Accordingly, net assets of the Organization 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 grantor restrictions. All revenue not restricted by donors or grantors and donor restricted contributions whose restrictions are satisfied in the same period in which they are received are accounted for as net assets without donor restrictions.

Net Assets With Donor Restrictions - Net assets result from contributions, grants, or other inflows of assets whose use by the Organization is limited by donor or grantor-imposed stipulations. Those restrictions can be removed by the passage of time, by actions of the Organization pursuant to those stipulations, or from other asset enhancements and diminishments subject to the same kinds of stipulations. Other donor-imposed restrictions may be perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization did not have any net assets with donor restrictions as of December 31, 2023 or 2022.

Functional Expense Allocation

The program activities of the Organization and the administrative and general costs have been summarized on a functional basis on the statements of functional expenses for the years ended December 31, 2023 and 2022. The statements of functional expenses present the natural classification detail of expense by function. Accordingly, certain costs have been allocated between program activities and administrative and general costs based on salaries and wages or square footage.

Revenue Recognition

The Organization receives donated food items from the following government agencies:

West Virginia Department of Agriculture - The Emergency Food Assistance Program (TEFAP)

These funds are administered at the federal level by the United States Department of Agriculture in order to supplement the diets of low-income Americans by providing them with emergency food assistance at no cost. USDA provides 100% American-grown foods as well as administrative funds.

West Virginia Department of Agriculture - Commodity Supplemental Food Program (CSFP)

These funds are administered at the federal level by the United States Department of Agriculture in order to provide food for qualifying seniors. The program includes monthly food packages designed to supplement the nutritional needs of low-income senior citizens.

The USDA commodities are recorded as a contribution of merchandise inventory but are recorded using USDA rates determined by the West Virginia Department of Agriculture - Food Distribution Division. These commodities were recorded at \$1.27 and \$1.31 per pound as of December 31, 2023 and 2022, respectively.

Furthermore, in 2023 and 2022, the Organization received approximately 62% and 71%, respectively, of its food pantry merchandise inventories from Feeding America. The Organization records donated goods that are not provided by the USDA as a contribution of merchandise inventory when the merchandise is received. These contributions were recorded at amounts determined by Feeding America, which were \$1.93 per pound for 2023 and \$1.92 per pound for 2022.

Mountaineer Food Bank, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

Contributions, including unconditional promises to give, are recognized upon receipt at fair value and are recorded as without donor restrictions or with donor restrictions depending on the existence of any donor restrictions. Contributions required to be reported as support with donor restrictions are then reclassified to net assets without donor restrictions upon expiration of the restrictions. Grant income, which is generally considered nonreciprocal transactions restricted for certain purposes, is recognized as revenue when eligible qualifying expenditures are incurred and conditions under the agreements are met. It is the Organization's policy to record contributions and grant income with donor restrictions that are received and expended in the same fiscal year as net assets without donor restrictions. Conditional promises to give are not recognized until the conditions on which they depend are met.

Revenue from the sale of purchased food is recorded when ownership is transferred to the customers, which is when shipment is made. In specific cases, returns are accepted; however, the Organization has not experienced any significant amounts of such returns. Revenue is presented net of returns.

Contributed Services

No amounts have been reflected in the financial statements for donated services. The Organization generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

Income Taxes

The Organization is a not-for-profit entity that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an entity that is not a private foundation under 509(a)(1). The Organization had no unrelated business income during the years ended December 31, 2023 and 2022. Accordingly, no provision for income taxes has been provided.

The Organization follows guidance for accounting for uncertainty in income taxes recognized in an Organization's financial statements that prescribes a recognition threshold of more-likely-than-not to be sustained upon examination by the appropriate taxing authorities. There were no uncertain tax positions recognized in the financial statements as a result of this guidance.

Generally, the tax returns for the years ended December 31, 2020, and thereafter remain subject to examination by the federal and state taxing authorities.

Economic Dependency and Geographic Concentration

The Organization generates a substantial portion of its revenue from the contribution of food and related commodities from TEFAP, Feeding America, and the State of West Virginia. Changes in the level of contributions could significantly impact operations. The Organization also receives significant funding from federal and state grants, and discontinuation of support from these sources would significantly impact operations.

Advertising Costs

Advertising costs are expensed as incurred. Advertising costs of \$2,799 and \$11,595 were expensed in 2023 and 2022, respectively. Such costs are included in fundraising expense on the statement of activities and changes in net assets. Additionally, the Organization utilizes a professional fundraising service for direct mailings. The total costs associated with direct mailings were approximately \$93,200 and \$111,400 for the years ended December 31, 2023 and 2022, respectively.

Mountaineer Food Bank, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Reclassifications

Certain minor reclassifications have been made to the 2022 financial statements to conform to the presentation used in 2023.

Subsequent Events

The Organization's management has evaluated events that occurred through July 22, 2024, which is the date this report is available to be issued for potential recognition or disclosure.

Leases

Accounting Standards Update (ASU) No. 2016-02 requires lessees to recognize the assets and liabilities that arise from leases on the statement of financial position. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating lease right-of-use assets are expensed on a straight-line basis as lease expense over the non-cancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective interest method.

The Organization elected not to apply the recognition requirements to all leases with an original term of 12 months or less, for which the Organization is not likely to exercise a renewal option or purchase the asset at the end of the lease; rather, short-term leases will continue to be recorded on a straight-line basis over the lease term.

Additional required disclosures for Topic 842 are contained in Note 6.

Adoption of New Accounting Standards

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments – Credit Losses (Topic 326)*. The ASU introduces a new credit loss methodology, Current Expected Credit Losses (CECL), which requires earlier recognition of credit losses, while also providing additional transparency about credit risk. The FASB has issued several updates to the original ASU. The CECL methodology utilizes a lifetime "expected credit loss" measurement objective for the recognition of credit losses at the time the financial asset is originated or acquired. The expected credit losses are adjusted each period for changes in expected lifetime credit losses. On January 1, 2023, the Company adopted the ASU using the modified-retrospective approach. There was no adjustment to retained earnings upon adoption.

2. Investments

The Organization established an investment account with Pershing Advisor Solutions, LLC. The fund was established to hold investments of the Organization in a conservative portfolio of money market and fixed income mutual funds and similar investments. The income is used for the operating expenses of the Organization or as specified by management and the Board of Directors.

Investment income (loss) for the years ended December 31, was as follows:

	<u>2023</u>	<u>2022</u>
Realized and unrealized gains and (losses)	\$ 524,447	\$ (86,018)
Dividends and interest	140,269	48,912
Bank interest	137,782	14,789
Bank fees	(33,540)	-
Total	<u>\$ 768,958</u>	<u>\$ (22,317)</u>

Mountaineer Food Bank, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

3. Fair Value Measurements

Accounting standards establish a framework for stating investments at fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three Levels of the fair value hierarchy used to value financial assets and liabilities are described as follows:

Level 1 - Quoted prices in active markets for identical financial assets and liabilities.

Level 2 - Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 - Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

Financial assets recorded on the statement of financial position measured at fair value as of December 31:

	2023			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 6	\$ -	\$ -	\$ 6
Fixed income mutual funds	2,101,065	-	-	2,101,065
Equities mutual funds	3,493,135	-	-	3,493,135
Total investments	<u>\$ 5,594,206</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,594,206</u>
	2022			
	Level 1	Level 2	Level 3	Total
Cash and cash equivalents	\$ 2,532,112	\$ -	\$ -	\$ 2,532,112
Fixed income mutual funds	983,807	-	-	983,807
Equities mutual funds	1,447,112	-	-	1,447,112
Total investments	<u>\$ 4,963,031</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,963,031</u>

The following methods were used by the Organization in estimating fair value of its financial instruments.

Cash and Cash Equivalents

Fair values, which are the amounts reported on the statements of financial position, are based on multiplying number of units held by \$1 per unit.

Fixed Income and Equities Mutual Funds

Fair values, which are amounts reported on the statements of financial position, are based on quoted market prices.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Organization believes its valuation methodologies are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Mountaineer Food Bank, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

4. Liquidity and Availability

As of December 31, 2023, the Organization has working capital of approximately \$9,496,000. Financial assets available for general expenditures within one year of the statement of financial position consist of the following as of December 31:

	<u>2023</u>	<u>2022</u>
Cash	\$ 11,917,347	\$ 5,784,317
Accounts receivable	239,450	185,196
Grants receivable	<u>827,840</u>	<u>1,228,983</u>
Total	<u>\$ 12,984,637</u>	<u>\$ 7,198,496</u>

The Organization has a goal to maintain financial assets, which consist of cash and cash equivalents, on hand to meet 60 days of normal operating expenses, which are, on average, approximately \$1,738,000. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

5. Retirement

The Organization maintains a deferred compensation 401(k) plan (the Plan) for eligible employees. Employees can defer a portion of their annual compensation. The Organization has determined it will make a 3% matching contribution as approved by the Board of Directors. Further, the Board of Directors has chosen to set goals that, if met, would increase the match an additional 3%. During 2023 and 2022, the goals were met and an additional 3% contribution was approved. During the fiscal years ended December 31, 2023 and 2022, the Organization made matching contributions of \$47,235 and \$50,960 to the Plan, and accrued an additional \$42,881 and \$30,590, which is included in accrued salaries and benefits on the statements of financial position.

6. Lease Obligations

Mountaineer Food Bank, Inc. leases its storage and operating facilities under various non-cancellable operating leases. Monthly rental payments under such leases range from \$2,000 to \$12,000 per month, and lease terms expire in periods ranging from June 2025 through December 2025. The Organization also has various vehicle leases with payments ranging from \$1,775 to \$2,744 per month expiring through June 2030. The Organization has not recorded any non-lease payments in the calculation of the lease asset or lease liability. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

The Organization also has lease agreements for certain vehicles under finance leases.

Right-of-use assets represent the Organization's right to use an underlying asset for the lease term, while lease liabilities represent the Organization's obligation to make lease payments arising from the lease. Right-of-use assets and lease liabilities are recognized at the commencement date of a lease based on the net present value of lease payments over the lease term.

Mountaineer Food Bank, Inc.

Notes to Financial Statements

December 31, 2023 and 2022

The Organization has certain leases which include options to renew or terminate the lease. The exercise of lease renewal or early termination options is at the Organization's sole discretion. The Organization regularly evaluates the renewal and early termination options and when they are reasonably certain of exercise, the Organization includes such options in the lease term. Additionally, the Organization made judgments regarding lease terms for any real property leases that were in month-to-month status or that contain auto-renewal clauses. The Organization estimated a lease end date based on the required length of usage of the property and calculated a right-of-use asset and lease liability with the resulting estimated lease term.

In determining the discount rate used to measure the right-of-use assets and lease liabilities, the Organization uses the rate implicit in the lease, or if not readily available, the Organization uses the uses a risk-free rate based on U.S. Treasury notes or bond rates for a similar term.

Right-of-use assets are assessed for impairment in accordance with the Organization's fixed asset policy. The Organization reassesses lease classification and remeasures right-of-use assets and lease liabilities when a lease is modified, and that modification is not accounted for as a separate new lease or upon certain other events that require reassessment in accordance with Topic 842.

The Organization made significant assumptions and judgments in applying the requirements of Topic 842. In particular, the Organization:

- Evaluated whether a contract contains a lease, by considering factors such as whether the Organization obtained substantially all rights to control an identifiable underlying asset and whether the lessor has substantive substitution rights;
- Determined whether contracts contain embedded leases;
- Determine the discount rate used to measure the lease liability.
- Determined for leases that contain a residual value guarantee, whether a payment at the end of the lease term was probable and, accordingly, whether to consider the amount of a residual value guarantee in future lease payments.

The Organization does not have any material leasing transactions with related parties.

Operating lease right-of-use assets are included within the accompanying statements of financial position as a component of property and equipment. The following table summarizes the lease right-of-use assets and lease liabilities as of December 31, 2023:

	<u>2023</u>	<u>2022</u>
Right-of-use assets:		
Operating leases	\$ 732,549	\$ 585,372
Finance leases	4,698	12,912
Total right-of-use assets	<u>\$ 737,247</u>	<u>\$ 598,284</u>
Lease liabilities:		
Current operating lease liabilities	\$ 290,043	\$ 204,512
Current finance lease liabilities	12,912	39,855
Long-term operating lease liabilities	437,149	389,433
Long-term finance lease liabilities	-	12,912
Total lease liabilities	<u>\$ 740,104</u>	<u>\$ 646,712</u>

Mountaineer Food Bank, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

Below is a summary of expenses incurred pertaining to leases during the year ended December 31, 2023:

	<u>2023</u>	<u>2022</u>
Finance lease expense:		
Amortization of right-of-use assets	\$ 39,855	\$ 37,277
Interest on lease liabilities	2,265	4,843
Operating lease expense	318,032	203,276
Short-term lease expense	8,203	2,808
	<u>\$ 368,355</u>	<u>\$ 248,204</u>
	<u>2023</u>	<u>2022</u>
Weighted average remaining lease term (in years):		
Operating leases	1.75	2.75
Finance leases	.58	1.33
Weighted average discount rate:		
Operating leases	2.29 %	3.12 %
Finance leases	6.58 %	6.58 %

The table below summarizes the Organization's scheduled future minimum lease payments for years ending after December 31, 2023:

	<u>Operating Leases</u>	<u>Finance Leases</u>
Year ending December 31, 2023:		
2024	\$ 329,620	\$ 13,097
2025	270,730	-
2026	72,265	-
2027	51,074	-
2028	51,074	-
Thereafter	30,222	-
	<u>804,985</u>	<u>13,097</u>
Total lease payments		
Less present value discount	<u>77,793</u>	<u>185</u>
Total lease liabilities	727,192	12,912
Less current portion	<u>290,043</u>	<u>12,912</u>
Long-term lease liabilities	<u>\$ 437,149</u>	<u>\$ -</u>

Mountaineer Food Bank, Inc.

Notes to Financial Statements
December 31, 2023 and 2022

7. Commitments and Contingencies

Laws and Regulations

The not-for-profit industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to, matters such as licensure, accreditation, grant program participation requirements, reimbursement for services, and fraud and abuse. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations. Violations of these laws and regulations could result in expulsion from government programs together with the imposition of significant fines and penalties, as well as significant repayments for services and costs previously billed.

Management believes that the Organization is in compliance with fraud and abuse as well as other applicable government laws and regulations. While no regulatory inquiries have been made, compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

USDA Loan

Mountaineer Food Bank, Inc. is in the process of obtaining SBA funding for a building that will increase capacity, allow three current storage locations to be consolidated, and keep all administrative offices in the current location. The estimated cost is twenty-five million, with an estimated interest rate of 4%. As of the date of these financial statements, the application has not been filed. Preliminary costs of this project, which include freezers, some materials, and architect costs, are included in construction in progress on the statements of financial position.

**Report on Internal Control
Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of
Financial Statements Performed in Accordance
with *Government Auditing Standards***

Independent Auditors' Report

To the Board of Directors of
Mountaineer Food Bank, Inc.

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 Mountaineer Food Bank, Inc. (the Organization), which comprise the Organization's statement of financial position as of December 31, 2023, and the related statements of activities and 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 July 22, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Baker Tilly US, LLP

Bridgeport, West Virginia
July 22, 2024

**Report on Compliance
for the Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Directors of
Mountaineer Food Bank, Inc.

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited Mountaineer Food Bank, Inc.'s (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended December 31, 2023. The Organization's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

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

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

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

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' 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.

Purpose of the Report

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.

Baker Tilly US, LLP

Bridgeport, West Virginia
July 22, 2024

Mountaineer Food Bank, Inc.Schedule of Expenditures of Federal Awards
Year Ended December 31, 2023

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures	Passed- Through to Subrecipients
U.S. Department of Agriculture				
Food Distribution Cluster:				
Passed through State of West Virginia - Commodity Supplemental Food Program	10.565	CSFP	\$ 351,370	\$ -
Passed through State of West Virginia - Commodity Supplemental Food Program (1,915,838 Pounds of Food Commodities)	10.565	CSFP	2,081,295	2,081,295
Passed through State of West Virginia - The Emergency Food Assistance Program (Administrative Costs)	10.568	TEFAP	346,843	-
Passed through State of West Virginia - The Emergency Food Assistance Program (Administrative Costs) - COVID 19	10.568	TEFAP-R&R	165,143	-
Passed through State of West Virginia - The Emergency Food Assistance Program (6,316,708 Pounds of Food Commodities)	10.569	TEFAP	8,357,623	8,357,623
Passed through State of West Virginia - The Emergency Food Assistance Program (Administrative Costs) - COVID 19	10.568	TEFAP Farm to Table	20,014	-
Subtotal Food Distribution Cluster			<u>11,322,288</u>	<u>10,438,918</u>
Passed through State of West Virginia - The Emergency Food Assistance Program (TEFAP) Commodity Credit Corporation Eligible Recipient Funds	10.187	TEFAP	259,886	-
Passed through State of West Virginia - The Emergency Food Assistance Program (Administrative Costs) - COVID 19	10.182	LFPA	738,242	-
Passed through State of West Virginia - Summer Food Service Program for Children	10.559	TEFAP	50,579	-
U.S. Department of the Treasury				
Passed through State of West Virginia - Coronavirus Relief Fund	21.019	N/A	27,582	-
Total expenditures of federal awards			<u>\$ 12,398,577</u>	<u>\$ 10,438,918</u>

See notes to schedule of expenditures of federal awards

Mountaineer Food Bank, Inc.

Notes to Schedule of Expenditures of Federal Awards
December 31, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Mountaineer Food Bank, Inc. (the Organization) under programs of the federal government for the year ended December 31, 2023. 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows of the Organization. Additionally, due to the different reporting requirements of the financial statements from the above Schedule, some amounts presented may differ from amounts presented in, or used in, the financial statements.

2. Summary of Significant Accounting Policies

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

3. Indirect Costs

The Organization does not seek reimbursement of indirect costs under its federal programs. Additionally, the Organization has never negotiated an indirect cost rate with its cognizant agency. Therefore, the Organization has elected to use the 10% de minimis indirect cost rate.

Mountaineer Food Bank, Inc.

Schedule of Expenditures of State Awards

Year Ended December 31, 2023

<u>State Grantor / Program Title</u>	<u>Grant Number</u>	<u>Award Amount</u>	<u>Grant Receipts</u>	<u>Grant Expenditures</u>
West Virginia Department of Agriculture				
State of West Virginia - The Emergency Food Assistance Program	TEFAP-2022	\$ 269,219	\$ 134,609	\$ 134,609
The Emergency Food Assistance Program	TEFAP-2023	268,650	134,325	134,325
		<u>537,869</u>	<u>268,934</u>	<u>268,934</u>
Governor's Executive Budget	N/A	<u>500,000</u>	<u>500,000</u>	<u>500,000</u>
Governor's Office Posey Perry	N/A	4,167,404	4,167,404	-
Governor's Office Posey Perry	N/A	<u>1,500,000</u>	<u>1,500,000</u>	<u>1,500,000</u>
		<u>5,667,404</u>	<u>5,667,404</u>	<u>1,500,000</u>
Total expenditures of state awards		<u>\$ 6,705,273</u>	<u>\$ 6,436,338</u>	<u>\$ 2,268,934</u>

See notes to schedule of expenditures of state awards

Mountaineer Food Bank, Inc.

Notes to Schedule of Expenditures of State Awards
December 31, 2023

1. Basis of Presentation

The accompanying schedule of expenditures of state awards (the Schedule) includes the state award activity of Mountaineer Food Bank, Inc. (the Organization) under programs of the state government for the year ended December 31, 2023. The information in this Schedule is presented in accordance with the requirements of the State of West Virginia. Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended, and does not, present the financial position, changes in net assets, or cash flows of the Organization. Additionally, due to the different reporting requirements of the financial statements from those of the above Schedule, some amounts presented may differ from amounts presented in, or used in, the preparation of the financial statements.

2. Summary of Significant Accounting Policies

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

3. Indirect Costs

The Organization does not seek reimbursement of indirect costs under its state programs. Additionally, the Organization has never negotiated an indirect cost rate with its cognizant agency. Therefore, the Organization has elected to use the 10% de minimis indirect cost rate.

Mountaineer Food Bank, Inc.

Schedule of Findings and Questioned Costs
Year Ended December 31, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were in accordance with GAAP: Unmodified

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal program:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified? Yes X None reported

Type of auditors' report issued on compliance for the major federal program: Unmodified

Any audit findings disclosed that are required to be report in accordance with 2 CFR 200.516(a)? Yes X No

Identification of major federal program: Yes X No

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.565, 10.568, 10.569	Food Distribution Cluster
Dollar threshold used to distinguish between Type A and Type B programs	\$750,000
Auditee qualified as low-risk auditee?	<u> X </u> Yes <u> </u> No

Section II - Financial Statement Findings

None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Mountaineer Food Bank, Inc.

Summary Schedule of Prior Audit Findings
Year Ended December 31, 2023

None reported.