



THE WHITLOCK CO.

CPAs and Consultants

OZARKS FOOD HARVEST, INC.

**COMBINED FINANCIAL STATEMENTS
and
SUPPLEMENTARY INFORMATION
with
INDEPENDENT AUDITOR'S REPORT
YEARS ENDED JUNE 30, 2021 AND 2020**



INDEPENDENT AUDITOR'S REPORT

Board of Directors
Ozarks Food Harvest, Inc.
Springfield, Missouri

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of **Ozarks Food Harvest, Inc.** (the Organization) (a not-for-profit organization), which comprise the combined statements of financial position as of June 30, 2021 and 2020, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended and the related notes to the combined financial statements.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Organization's preparation and fair presentation of the combined 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 combined financial statements.

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

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of **Ozarks Food Harvest, Inc.** as of June 30, 2021 and 2020, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying Combining Schedules and Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance) and is not a required part of the combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the combined 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 January 17, 2022 on our consideration of Ozarks Food Harvest, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 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 Ozarks Food Harvest, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "THE WHITLOCK CO., LLP". The signature is written in a cursive, slightly slanted style.

Springfield, Missouri
January 17, 2022

OZARKS FOOD HARVEST, INC.

COMBINED STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2021	2020
Current assets		
Cash	\$ 6,340,779	\$ 118,455
Beneficial interest in Community Foundation of the Ozarks	12,557,116	8,038,861
Accounts receivable	208,809	298,679
Prepaid rent	18,193	8,695
Pledges receivable - current portion	63,567	298,675
Inventory	2,232,105	2,519,184
Total current assets	21,420,569	11,282,549
Pledges receivable - long term	-	14,520
Fixed assets		
Property and equipment, net of accumulated depreciation	9,257,161	9,293,135
Net fixed assets	9,257,161	9,293,135
Total assets	\$ 30,677,730	\$ 20,590,204

LIABILITIES AND NET ASSETS

Current liabilities		
Accounts payable and accrued expenses	\$ 50,255	\$ 57,906
Agency fees payable	28,546	121,792
Total current liabilities	78,801	179,698
Net assets		
Without donor restriction	30,598,929	20,410,506
With donor restriction	-	-
Total net assets	30,598,929	20,410,506
Total liabilities and net assets	\$ 30,677,730	\$ 20,590,204

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

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

OZARKS FOOD HARVEST, INC.

COMBINED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Year Ended June 30, 2021		
	Without Donor Restriction	With Donor Restriction	Total
Gains and support			
Food contributions	\$ 22,006,048	\$ -	\$ 22,006,048
Individual, corporate and foundation contributions	12,990,541	-	12,990,541
Disaster relief	1,856,093	-	1,856,093
Direct mail	1,343,582	-	1,343,582
USDA commodity contributions	12,072,394	-	12,072,394
Purchased product fees - agency	1,170,501	-	1,170,501
Federal and other grants	2,121,464	-	2,121,464
Food assistance program (TEFAP)	709,906	-	709,906
Food assistance program (CACFP)	133,309	-	133,309
Food assistance program (SNAP)	42,244	-	42,244
Food assistance program (CSFP)	338,570	-	338,570
Summer food programs	186,678	-	186,678
Investment income	180,658	-	180,658
NAP credits income	244,026	-	244,026
Miscellaneous	19,485	-	19,485
Total revenues	55,415,499	-	55,415,499
Net assets released from restrictions	-	-	-
Total net revenue, gains and support	55,415,499	-	55,415,499
Expenses			
Program services	43,348,728	-	43,348,728
Fundraising	835,190	-	835,190
General and administrative	1,043,158	-	1,043,158
Total expenses	45,227,076	-	45,227,076
Increase in net assets	10,188,423	-	10,188,423
Net assets at beginning of year	20,410,506	-	20,410,506
Net assets at end of year	\$ 30,598,929	\$ -	\$ 30,598,929

	Year Ended June 30, 2020		
	Without Donor Restriction	With Donor Restriction	Total
Gains and support			
Food contributions	\$ 24,184,066	\$ -	\$ 24,184,066
Individual, corporate and foundation contributions	2,491,400	-	2,491,400
Disaster relief	2,471,209	-	2,471,209
Capital campaign	-	21,670	21,670
Direct mail	1,002,291	-	1,002,291
Food safety fees	203,980	-	203,980
USDA commodity contributions	9,007,765	-	9,007,765
Purchased product fees - agency	961,091	-	961,091
Federal and other grants	1,984,317	-	1,984,317
Food assistance program (TEFAP)	764,282	-	764,282
Food assistance program (CACFP)	179,407	-	179,407
Food assistance program (SNAP)	35,379	-	35,379
Food assistance program (CSFP)	294,220	-	294,220
Summer food programs	138,958	-	138,958
Delivery fees	47,472	-	47,472
Investment income	87,994	-	87,994
NAP credits income	235,057	-	235,057
Miscellaneous	15,233	-	15,233
Total revenues	<u>44,104,121</u>	<u>21,670</u>	<u>44,125,791</u>
Net assets released from restrictions	<u>21,670</u>	<u>(21,670)</u>	<u>-</u>
Total net revenue, gains and support	<u>44,125,791</u>	<u>-</u>	<u>44,125,791</u>
Expenses			
Program services	39,689,509	-	39,689,509
Fundraising	745,322	-	745,322
General and administrative	908,419	-	908,419
Total expenses	<u>41,343,250</u>	<u>-</u>	<u>41,343,250</u>
Increase in net assets	2,782,541	-	2,782,541
Net assets at beginning of year	<u>17,627,965</u>	<u>-</u>	<u>17,627,965</u>
Net assets at end of year	<u>\$ 20,410,506</u>	<u>\$ -</u>	<u>\$ 20,410,506</u>

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

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

OZARKS FOOD HARVEST, INC.

COMBINED STATEMENTS OF FUNCTIONAL EXPENSES

	Year Ended June 30, 2021			Total
	Program Services	Fundraising	General and Administrative	
Payroll				
Salaries	\$ 2,251,768	\$ 358,977	\$ 652,686	\$ 3,263,431
Employee benefits	396,072	63,142	114,803	574,017
Payroll taxes	160,591	25,601	46,548	232,740
Total payroll and benefits	2,808,431	447,720	814,037	4,070,188
Other Expenses				
Food disbursements and waste	36,471,350	-	-	36,471,350
Disaster relief	1,751,382	-	-	1,751,382
Subrecipients	298,813	-	-	298,813
Special events	3,799	877	1,169	5,845
Transportation expenses	306,880	-	-	306,880
Temporary personnel	89,596	-	-	89,596
Office supplies	166	165	32,737	33,068
Supplies	38,179	8,810	11,747	58,736
Advertising	181,934	181,934	-	363,868
Dues and subscriptions	56,885	17,503	13,127	87,515
Printing, promotion and publications	4,664	25,654	16,325	46,643
Professional fees	234,892	54,206	72,274	361,372
Postage	21,562	21,562	-	43,124
Travel	1,856	1,857	-	3,713
Telephone	16,569	920	920	18,409
Training	1,481	261	-	1,742
Utilities	143,735	7,985	7,985	159,705
Computer expenses	2,415	557	743	3,715
Repairs and maintenance	158,914	8,829	8,829	176,572
Conferences and meetings	-	-	597	597
Depreciation	673,085	37,394	37,394	747,873
Miscellaneous	82,140	18,956	25,274	126,370
Total other expenses	40,540,297	387,470	229,121	41,156,888
Total expenses	\$43,348,728	\$ 835,190	\$ 1,043,158	\$45,227,076

	Year Ended June 30, 2020			
	<u>Program Services</u>	<u>Fundraising</u>	<u>General and Administrative</u>	<u>Total</u>
Payroll				
Salaries	\$ 1,943,128	\$ 309,774	\$ 563,225	\$ 2,816,127
Employee benefits	324,460	51,726	94,047	470,233
Payroll taxes	138,367	22,059	40,107	200,533
Total payroll and benefits	<u>2,405,955</u>	<u>383,559</u>	<u>697,379</u>	<u>3,486,893</u>
Other Expenses				
Food disbursements and waste	33,494,564	-	-	33,494,564
Disaster relief	1,489,411	-	-	1,489,411
Subrecipients	335,335	-	-	335,335
Special events	10,318	2,381	3,175	15,874
Transportation expenses	324,713	-	-	324,713
Temporary personnel	135,858	-	-	135,858
Office supplies	136	135	26,797	27,068
Supplies	25,745	5,941	7,922	39,608
Advertising	176,570	176,571	-	353,141
Dues and subscriptions	65,971	20,299	15,224	101,494
Printing, promotion and publications	3,556	19,558	12,446	35,560
Professional fees	238,077	54,941	73,254	366,272
Postage	15,684	15,685	-	31,369
Travel	3,493	3,493	-	6,986
Telephone	14,370	798	798	15,966
Training	2,941	519	-	3,460
Utilities	144,605	8,034	8,034	160,673
Computer expenses	2,392	552	736	3,680
Repairs and maintenance	132,162	7,342	7,342	146,846
Conferences and meetings	-	-	6,100	6,100
Depreciation	619,582	34,421	34,421	688,424
Miscellaneous	48,071	11,093	14,791	73,955
Total other expenses	<u>37,283,554</u>	<u>361,763</u>	<u>211,040</u>	<u>37,856,357</u>
Total expenses	<u>\$ 39,689,509</u>	<u>\$ 745,322</u>	<u>\$ 908,419</u>	<u>\$ 41,343,250</u>

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

OZARKS FOOD HARVEST, INC.

COMBINED STATEMENTS OF CASH FLOWS

	Years Ended June 30,	
	2021	2020
Cash flows from operating activities:		
Increase in net assets	\$ 10,188,423	\$ 2,782,541
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation	747,873	688,424
Net unrealized (gains) losses on investments	(69,277)	65,349
(Increase) decrease in:		
Accounts receivable	89,870	(86,753)
Prepaid rent	(9,498)	8,210
Pledges receivable	249,628	152,180
Inventories	287,079	(1,219,055)
Increase (decrease) in:		
Accounts payable and accrued expenses	(7,651)	(22,514)
Agency fees payable	(93,246)	90,529
	11,383,201	2,458,911
Net cash provided by operating activities		
Cash flows from investing activities:		
Purchases of property and equipment	(711,899)	(421,312)
Purchases of investments	(11,706,801)	(3,604,630)
Proceeds from sales of investments	7,257,823	1,584,933
	(5,160,877)	(2,441,009)
Net cash used in investing activities		
Increase in cash and cash equivalents	6,222,324	17,902
Cash and cash equivalents at beginning of year	118,455	100,553
Cash and cash equivalents at end of year	\$ 6,340,779	\$ 118,455

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

OZARKS FOOD HARVEST, INC.

NOTES TO THE COMBINED FINANCIAL STATEMENTS

JUNE 30, 2021 AND 2020

1. Summary of significant accounting policies

This summary of significant accounting policies of **Ozarks Food Harvest, Inc.** (the Organization), is presented to assist in understanding the Organization's combined financial statements. The combined financial statements and notes are representations of the Organization's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Nature of the Organization

Ozarks Food Harvest, Inc. was founded in 1983 as a joint project of the Council of Churches of the Ozarks and the Southwest Missouri Office on Aging. Since 1989, the Organization has been an independent, self-funded and governed 501(c)(3) organization.

Ozarks Food Harvest, Inc. operates as a food bank for 28 counties in Southwest Missouri. The Organization collects food and distributes it to a network of 355 member agencies such as shelters, soup kitchens, senior centers, food pantries and daycares. These hunger relief organizations serve poverty-stricken children, working poor families and seniors. In addition to food distribution, the Organization offers direct relief through its Kids Café (after school feeding program), Weekend Backpack program, and Mobile Food Pantry programs.

The Organization receives food donations from local and regional producers, growers, distributors and retailers. National food donations also come via Feeding America, The Nation's Food Bank Network, and through federal government subsidies. Donated food is inspected, sorted, labeled and stored at the warehouse for repacking and distribution. The Organization delivers directly to member agencies and prepares orders for agencies to pick up.

Ozarks Food Harvest Foundation (the Foundation)

During the fiscal year ended June 30, 2021, the Organization established the **Ozarks Food Harvest Foundation** (the Foundation). The purpose of the Foundation is to provide for the ongoing support of the Organization. The Foundation's board is responsible for managing the Foundation and determining amount of grants to be awarded.

Methods of accounting

The Organization uses the accrual method of accounting, which recognizes revenue when earned and expenses when incurred.

Financial statement presentation

Financial statement presentation follows the United States generally accepted accounting principles (U.S. GAAP). Under U.S. GAAP, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: without donor restriction net assets and with donor restriction net assets. The Organization does not use fund accounting.

Principles of combination

The Organization, in accordance with the provisions of *FASB Accounting Standards Codification Topic 958-810*, includes the Foundation in their combined financial statements which they have economic interest arising from a contractual relationship. All material inter-organization transactions have been eliminated.

Cash and cash equivalents

The Organization considers all liquid investments available for current use with original maturities of three months or less to be cash equivalents.

Inventory

Inventories consist of donated food from the public, government commodities, and purchased product. Donated product is valued per pound based on Feeding America National Food Bank's stated five-year average, and purchased product is valued at average cost. Nonmonetary assistance such as USDA food commodities are recorded at the value determined by the Missouri Department of Social Services.

Property and depreciation

Property and equipment are stated at cost. It is the Organization's policy to capitalize property and equipment with a value of \$250 or more with a life expectancy longer than three years. Donations of property and equipment are recorded as support at their estimated fair value at the date of donation.

Depreciation is computed by applying the following methods and estimated lives:

<u>Category</u>	<u>Estimated Life</u>	<u>Method</u>
Buildings and improvements	39 years	Straight-line
Leasehold improvements	5-15 years	Straight-line
Vehicles	5-7 years	Straight-line
Furniture and equipment	5-15 years	Straight-line
Computer equipment	3-7 years	Straight-line

The costs of assets sold or otherwise disposed of and the accumulated depreciation thereon are eliminated from the accounts and the resulting gain or loss is reflected in income, except for gains on assets traded where no cash was received. Expenditures for maintenance and repairs are charged to income as incurred.

Depreciation expense totaled \$747,873 and \$688,424 for the years ended June 30, 2021 and 2020, respectively.

Funding and support

Funding for the Organization comes in the form of contracts with city, state, and federal agencies, and from private sources, such as individuals, foundations and corporations. In prior years, the Organization also received handling fees up to \$.12 per pound, and delivery fees up to \$.06 per pound for food distributed to agencies. The Organization did not charge handling fees and delivery fees in the current fiscal year under audit. This was to assist the agencies with controlling costs.

The Kids Café is funded through the USDA Child and Adult Care Food Programs. USDA's Food and Nutrition Service administers CACFP through grants to States. The Organization submits monthly claim forms to the State to receive reimbursements on a per-meal served basis.

Contributed goods, services, and facilities

During the years ended June 30, 2021 and 2020, the value of contributed goods and services meeting the requirements for recognition in the combined financial statements was material and has been recorded at fair market value. Contributed goods and services are recognized if the donation creates or enhances a nonfinancial asset or requires specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. In addition, 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. The value of contributed goods and services as of June 30, 2021 and 2020 was \$26,670,758 and \$27,144,121, respectively and has been properly used to support program services.

Contributions and unconditional promises to give

Contributions received are recorded as without donor restriction or with donor restriction depending on the existence or nature of any donor restrictions.

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in without donor restriction net assets if the restrictions expire in the fiscal year which the contributions are recognized. All other donor-restricted contributions are reported as increases in with donor restriction net assets depending on the nature of the restrictions. When a restriction expires, with donor restriction net assets are reclassified to without donor restriction net assets.

Pledges receivable

Unconditional promises to give that are expected to be collected within one year are recorded at their net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows. The discounts on those amounts are computed using a risk-free interest rate applicable to the year in which the promise is received. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

The carrying amount of pledges receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that may not be collected. Management reviews all pledge balances that are considered delinquent and, based upon donor history with the Organization, estimates the portion, if any, of the balance that may not be collected.

Revenue recognition

Revenue from private contributions are recognized upon receipt of the donation in accordance with *FASB Accounting Standards Codification Topic 958-605*. Revenue from grant income is recognized in a similar manner as a contract; the organization is reimbursed at the end of the month for expenses related to the grant income in accordance with *FASB Accounting Standards Codification 606*. See Note 2 for additional information related to grant income in accordance with *FASB Accounting Standards Codification 606*.

Functional allocation of expenses

The Organization allocates its expenses on a functional basis among its program and support services. Expenses that can be identified with the program are allocated directly according to their natural expense classification. Various statistical bases allocate other expenses that are common to several functions.

Advertising

Advertising costs are expensed as incurred. Advertising costs were \$363,868 and \$353,141 for the year ended June 30, 2021 and 2020, respectively.

Income taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501c(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization has evaluated its tax positions for all open tax years. Currently, the tax years open and subject to the Internal Revenue Service are 2018 through 2021 tax years. However, the Organization is not currently under audit nor has the Organization been contacted by any jurisdiction. Based on the evaluation of the Organization's tax positions, management believes all tax positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions have been recorded for the fiscal years ended June 30, 2021 and 2020. Interest and penalties, if any, related to annual Form 990 or unrelated business income tax filings are reported within general and administrative expenses in the statement of activities.

The Organization has adopted the Financial Accounting Standards Board's prescribed recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The Organization has taken the position of being exempt from income taxes. The Organization believes their estimates are appropriate based on current facts and circumstances.

Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statements, as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Reclassifications

Certain accounts relating to the prior year have been reclassified to conform with the current year's presentation. Such reclassification had no effect on the change in net assets.

Subsequent events

The Organization has evaluated subsequent events through January 17, 2022, the date on which the combined financial statements were available to be issued.

Recent accounting pronouncements

In February 2016, the FASB issued ASU 2016-02 *Leases*. ASU 2016-02 requires recognition of the assets and liabilities that arise from leases. The new standard is effective for fiscal years beginning after December 15, 2021. The Organization is currently evaluating the effect that implementation of the new standard will have on its financial position, results of operations, and cash flows.

2. Revenue recognition

Substantially all of the Organization's revenue derives from various forms of donations including in-kind food donations, other in-kind donations, and contributions. In addition, the Organization also receives grant money. In accordance with *FASB Accounting Standards Codification 606*, depending on the characteristics of the funds received, the Organization will either recognize the income immediately (point in time) or over a period of time. Below summarizes when income is recognized from grants for the year ended June 30,

	<u>2021</u>
Over time revenue	
Disaster relief	\$ 1,856,093
USDA commodity contributions	12,072,394
Federal and other grants	2,121,464
Food assistance program revenues	1,224,029
NAP credits	<u>244,026</u>
Total revenue recognized over time	<u>\$ 17,518,006</u>

The Organization accounts for a contract when both parties have approved the contract and are committed to perform their obligations, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration if probable. See Note 1 for the adoption of new accounting standards.

3. With donor restriction net assets

There were \$0 of with donor restriction net assets as of June 30, 2021 and 2020. Net assets were released from donor restrictions during the year by incurring expenses satisfying the restricted purposes or time restrictions specified by the donors as follows:

	<u>2021</u>	<u>2020</u>
Capital campaign	\$ -	\$ 21,670
Total net assets released	<u>\$ -</u>	<u>\$ 21,670</u>

4. Accounts receivable

Accounts receivable consist of amounts due from the U.S. Department of Agriculture for food service program reimbursements for expenses during the year ended June 30, 2021 and 2020. Due to the nature of this receivable, no allowance for doubtful accounts was established. Accounts receivable as of June 30, 2021 and 2020 was \$208,809 and \$298,679, respectively, for food service program reimbursements.

5. Pledges receivable

Pledges receivable consist of the following unconditional promises to give:

	<u>2021</u>	<u>2020</u>
Gross unconditional promises to give	\$ 63,567	\$ 315,175
Unamortized discount	<u>-</u>	<u>(1,980)</u>
Net unconditional promises to give	<u>\$ 63,567</u>	<u>\$ 313,195</u>

The Organization used the average incremental borrowing rate of 0.066% based on analysis of historical data to calculate the unamortized discount. The balance listed for 2021 is due in less than one year.

6. Investments

Investments consist of the following:

	June 30, 2021			
	Amortized Cost	Net Unrealized		Estimated Fair Value
		Gains	Losses	
Legacy Endowment Fund	\$ 469,929	\$ 26,876	\$ -	\$ 496,805
TANF Fund	3,805,354	-	-	3,805,354
Capital Campaign Fund	1,225,982	-	-	1,225,982
General Operating Fund	7,028,865	110	-	7,028,975
	<u>\$ 12,530,130</u>	<u>\$ 26,986</u>	<u>\$ -</u>	<u>\$ 12,557,116</u>

	June 30, 2020			
	Amortized Cost	Net Unrealized		Estimated Fair Value
		Gains	Losses	
Legacy Endowment Fund	\$ 433,837	\$ -	\$ 42,041	\$ 391,796
TANF Fund	3,665,801	-	-	3,665,801
Capital Campaign Fund	982,046	-	-	982,046
General Operating Fund	2,999,468	-	250	2,999,218
	<u>\$ 8,081,152</u>	<u>\$ -</u>	<u>\$ 42,291</u>	<u>\$ 8,038,861</u>

Total investment income on the statement of activities is comprised of the following:

	2021	2020
Investment earnings, including interest	\$ 111,381	\$ 153,094
Net unrealized gains (losses), Community Foundation	69,277	(65,100)
Total investment income	<u>\$ 180,658</u>	<u>\$ 87,994</u>

7. Fair value of financial instruments

The Organization has adopted ASC. 820, *Fair Value Measurements and Disclosures*. ASC. 820, defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles, and expands disclosures about fair value measurements.

ASC. 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC. 820

establishes a fair value hierarchy that prioritizes the inputs used in valuation techniques used to measure fair value into three levels, with Level 1 being the highest priority.

Level 1 inputs: Level 1 inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date.

Level 2 inputs: Level 2 inputs are from other than market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. This includes quoted market prices of similar assets or liabilities in active markets, or quoted market prices for identical or similar assets or liabilities in markets that are not active.

Level 3 inputs: Level 3 inputs are unobservable and should be used to measure fair value to the extent that observable inputs are not available.

The following are major categories of assets and liabilities measured at fair value on a recurring basis during the years ended December 31:

Investments - Fair values have been determined using quoted market prices.

	June 30, 2021			
	Fair Value			Carrying Amount
	Level 1	Level 2	Level 3	
Legacy Endowment Fund	\$ -	\$ 496,805	\$ -	\$ 496,805
TANF Fund	-	3,805,354	-	3,805,354
Capital Campaign Fund	-	1,225,982	-	1,225,982
General Operating Fund	-	7,028,975	-	7,028,975
Total	\$ -	\$ 12,557,116	\$ -	\$ 12,557,116

	June 30, 2020			
	Fair Value			Carrying Amount
	Level 1	Level 2	Level 3	
Legacy Endowment Fund	\$ -	\$ 391,796	\$ -	\$ 391,796
TANF Fund	-	3,665,801	-	3,665,801
Capital Campaign Fund	-	982,046	-	982,046
General Operating Fund	-	2,999,218	-	2,999,218
Total	\$ -	\$ 8,038,861	\$ -	\$ 8,038,861

8. Property and equipment

Property and equipment consists of the following at June 30, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Office equipment	\$ 2,174,405	\$ 1,817,344
Vehicles	2,856,619	2,501,780
Building	8,774,048	8,774,048
Land	723,425	723,425
Land improvements	19,424	19,424
	<u>14,547,921</u>	<u>13,836,021</u>
Less accumulated depreciation	<u>(5,290,760)</u>	<u>(4,542,886)</u>
	<u>\$ 9,257,161</u>	<u>\$ 9,293,135</u>

9. 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, comprising of the following:

	<u>2021</u>	<u>2020</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 6,340,779	\$ 118,455
Investments	12,557,116	8,038,861
Accounts receivable	208,809	298,679
Pledges receivable - current portion	63,567	298,675
	<u>19,170,271</u>	<u>8,754,670</u>
Less those unavailable for general expenditure:		
Accounts payable and accrued expenses	50,255	57,906
Due to other organizations	28,546	121,792
	<u>78,801</u>	<u>179,698</u>
Financial assets available to meet cash needs for general expenditure within one year	<u>\$ 19,091,470</u>	<u>\$ 8,574,972</u>

10. SBA Paycheck Protection Program

The SBA Paycheck Protection Program at June 30 consists of the following:

	<u>2021</u>	<u>2020</u>
Paycheck Protection Program note payable to Commerce Bank at an interest rate of 1.00%, due in eighteen monthly installments ending in April 2022	\$ -	\$ 593,200
Less: loan funds used on eligible expenses	-	593,200
Total SBA Paycheck Protection Program	<u>\$ -</u>	<u>\$ -</u>

The Paycheck Protection Program is a loan designed to provide a direct incentive for small businesses to keep their workers on payroll. The Small Business Administration will forgive the loan if all employee retention criteria are met and the funds are used for eligible expenses. The loan was forgiven in 2020. The Organization has elected to record their PPP loan money spent on eligible expenses as disaster relief income.

11. Retirement plan

In 2008, the Organization adopted a 403(b) Retirement Plan in accordance with the Internal Revenue Code. All employees meeting eligibility requirements that choose to participate receive a matching contribution from the Organization up to 3% of the employees' gross earnings. The Organization contributed \$69,069 and \$62,584 for the years ended June 30, 2021 and 2020, respectively.

12. Concentrations of credit risk

At times during the current fiscal year, the Organization's cash balances exceeded the U.S. Federal Deposit Insurance Corporation's insurance limits.

13. Concentrations of revenue

The Organization received \$6,047,150 of donated food from Wal-Mart which represents 27% of the total food contributions received for the year ended June 30, 2021. During the prior year, the Organization received \$4,992,709 of donated food from Wal-Mart which represented 21% of total food contributions.

SUPPLEMENTARY INFORMATION

OZARKS FOOD HARVEST, INC. AND SUBSIDIARY
COMBINING STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2021

ASSETS

	<u>Ozarks Food Harvest, Inc.</u>	<u>Ozarks Food Harvest Foundation</u>	<u>Eliminations</u>	<u>Consolidated</u>
Current assets				
Cash	\$ 340,779	\$ 6,000,000	\$ -	\$ 6,340,779
Beneficial interest in CFO	12,557,116	-	-	12,557,116
Accounts receivable	208,809	-	-	208,809
Prepaid rent - OFH solar	18,193	-	-	18,193
Pledges receivable	63,567	-	-	63,567
Inventory	<u>2,232,105</u>	<u>-</u>	<u>-</u>	<u>2,232,105</u>
Total current assets	<u>15,420,569</u>	<u>6,000,000</u>	<u>-</u>	<u>21,420,569</u>
Fixed assets				
Property and equipment, net of acc. depr.	<u>9,257,161</u>	<u>-</u>	<u>-</u>	<u>9,257,161</u>
Net fixed assets	<u>9,257,161</u>	<u>-</u>	<u>-</u>	<u>9,257,161</u>
Total assets	<u>\$ 24,677,730</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 30,677,730</u>

LIABILITIES AND NET ASSETS

Current liabilities				
Accounts payable and accrued expenses	\$ 50,255	\$ -	\$ -	\$ 50,255
Agency fees payable	<u>28,546</u>	<u>-</u>	<u>-</u>	<u>28,546</u>
Total current liabilities	<u>78,801</u>	<u>-</u>	<u>-</u>	<u>78,801</u>
Net assets				
Without donor restriction	<u>24,598,929</u>	<u>6,000,000</u>	<u>-</u>	<u>30,598,929</u>
Total net assets	<u>24,598,929</u>	<u>6,000,000</u>	<u>-</u>	<u>30,598,929</u>
Total liabilities and net assets	<u>\$ 24,677,730</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 30,677,730</u>

See Independent Auditor's Report

OZARKS FOOD HARVEST, INC. AND SUBSIDIARY

COMBINING STATEMENTS OF ACTIVITIES

FOR THE YEAR ENDING JUNE 30, 2021

	Ozarks Food Harvest, Inc.	Ozarks Food Harvest Foundation	Eliminations	Consolidated
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Gains and support				
Food contributions	\$ 22,006,048	\$ -	\$ -	\$ 22,006,048
Individual, corporate and foundation contributions	12,990,541	6,000,000	(6,000,000)	12,990,541
Disaster relief	1,856,093	-	-	1,856,093
Direct mail	1,343,582	-	-	1,343,582
USDA commodity contributions	12,072,394	-	-	12,072,394
Purchased product fees - agency	1,170,501	-	-	1,170,501
Federal and other grants	2,121,464	-	-	2,121,464
Food assistance program (TEFAP)	709,906	-	-	709,906
Food assistance program (CACFP)	133,309	-	-	133,309
Food assistance program (SNAP)	42,244	-	-	42,244
Food assistance program (CSFP)	338,570	-	-	338,570
Summer food programs	186,678	-	-	186,678
Investment income	180,658	-	-	180,658
NAP credits income	244,026	-	-	244,026
Miscellaneous	19,485	-	-	19,485
Total revenues	<u>55,415,499</u>	<u>6,000,000</u>	<u>(6,000,000)</u>	<u>55,415,499</u>
Expenses				
Program services	49,348,728	-	(6,000,000)	43,348,728
Fundraising	835,190	-	-	835,190
General and administrative	1,043,158	-	-	1,043,158
Total expenses	<u>51,227,076</u>	<u>-</u>	<u>(6,000,000)</u>	<u>45,227,076</u>
Increase in net assets	<u>\$ 4,188,423</u>	<u>\$ 6,000,000</u>	<u>\$ -</u>	<u>\$ 10,188,423</u>

See Independent Auditor's Report



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 GOVERNMENTAL AUDITING STANDARDS

Board of Directors
Ozarks Food Harvest, Inc.
Springfield, Missouri

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller General of the United States, the combined financial statements of **Ozarks Food Harvest, Inc.** (the Organization) (a non-profit organization), which are comprised of the combined statement of financial position as of June 30, 2021, and the related combined statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statements and have issued our report thereon dated January 17, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the combined financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the combined 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 misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's combined 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 the Organization's combined financial statements are free of 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 determination of financial statement amounts. 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.

A handwritten signature in black ink that reads "THE WHITLOCK CO, LLP". The signature is written in a cursive, slightly slanted style.

Springfield, Missouri
January 17, 2022



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM,
REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE
UNIFORM GUIDANCE

Board of Directors
Ozarks Food Harvest, Inc.
Springfield, Missouri

Report on Compliance for Each Major Federal Program

We have audited the compliance of **Ozarks Food Harvest, Inc.** (the Organization) (a non-profit organization) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the years ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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 (CFR) 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 have occurred. A compliance audit includes examining, on a test basis, evidence about the Organization'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 the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization 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 June 30, 2021.

Report on Internal Control over Compliance

Management of the Organization 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 the Organization'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 the Organization'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 combination of control 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 considered 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 result of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "THE WHITLOCK CO., LLP". The signature is written in a cursive, slightly slanted style.

Springfield, Missouri
January 17, 2022

OZARKS FOOD HARVEST, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>	<u>Passed Through to Subrecipients</u>
<u>Department of Agriculture</u>				
<i>Passed through program from:</i>				
<i>Missouri Department of Health and Senior Services</i>				
Child and Adult Care Food Program	10.558	ERS4611183	\$ 133,309	\$ -
Summer Food Program	10.559	ERS0461183S	181,536	-
Summer Food Program (Commodities)	10.559	ERS0461183S	2,143	2,143
Food Distribution Cluster				
Commodity Supplemental Food Program (Food Commodities)	10.565	CS170294003	1,294,457	1,294,457
Commodity Supplemental Food Program (Administrative Costs)	10.565	CS170294003	338,570	-
<i>Missouri Department of Social Services</i>				
Food Distribution Cluster				
Emergency Food Assistance Program (Food Commodities)	10.569	ER113170003	7,965,081	7,965,081
Emergency Food Assistance Program (Administrative Costs)	10.568	ER113170003	<u>709,906</u>	<u>-</u>
 Total Department of Agriculture			 10,625,002	 9,261,681
<u>Department of Health and Human Services</u>				
<i>Passed through program from:</i>				
<i>Missouri Department of Social Services</i>				
COVID-19 Temporary Assistance for Needy Families (CARES)	93.558	ER11319FB03	1,214,775	-
Temporary Assistance for Needy Families (Administrative Costs)	93.558	ER11319FB03	<u>1,651,867</u>	<u>-</u>
 Total Department of Health and Human Services			 2,866,642	 -
<u>Department of Housing and Urban Development</u>				
<i>Passed through program from:</i>				
<i>City of Springfield, Missouri</i>				
Community Development Block Grant	14.218	N/A	<u>19,174</u>	<u>-</u>
 Total Department of Housing and Urban Development			 <u>19,174</u>	 <u>-</u>
 Total Expenditures of Federal Awards			 <u>\$ 13,510,818</u>	 <u>\$ 9,261,681</u>

OZARKS FOOD HARVEST, INC.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2021

1. Basis of presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Ozarks Food Harvest, Inc.** under programs of the federal government for the year ended June 30, 2021. 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 operations of the Organization, it is not intended to and does not present the financial position, change in net assets, or cash flows for **Ozarks Food Harvest, Inc.**

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. Food commodities

Nonmonetary assistance is reported in the schedule at the value determined by Feeding America National Food Bank Network.

4. COVID-19

Ozarks Food Harvest, Inc. did not collect any donated Property, Plant or Equipment from COVID related aide.

5. Subsequent events

In preparing the schedule of expenditures of federal awards, the Organization has evaluated events and transactions for potential recognition or disclosure through January 17, 2022, the date the schedule was available to be issued.

OZARKS FOOD HARVEST, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2021

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 X No
- Reportable condition(s) identified not considered to be material weakness(es) _____ Yes X None reported

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? _____ Yes X No
- Reportable condition(s) identified not considered to be material weakness(es) _____ Yes X None reported

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

Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Assistance for Needy Families (Cluster)

Dollar threshold used to distinguish between Type A and Type B programs? \$750,000

Auditee qualified as low-risk auditee? X Yes _____ No

SECTION II – FINANCIAL STATEMENT FINDINGS

There are no matters which are required to be reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There are no matters which are required to be reported.

OZARKS FOOD HARVEST, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020

There are no prior year audit findings to report.