ST. MARY'S FOOD BANK ALLIANCE
AND SMFB FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS,
ADDITIONAL INFORMATION AND UNIFORM GUIDANCE
SUPPLEMENTARY REPORTS

Year Ended June 30, 2021

ST. MARY'S FOOD BANK ALLIANCE
AND SMFB FOUNDATION

CONSOLIDATED FINANCIAL STATEMENTS, ADDITIONAL INFORMATION AND UNIFORM GUIDANCE SUPPLEMENTARY REPORTS

Year Ended June 30, 2021

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

ST. MARY'S FOOD BANK ALLIANCE AND SMFB FOUNDATION

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of ***St. Mary's Food Bank Alliance and SMFB Foundation*** (the "Organization"), which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ***St. Mary's Food Bank Alliance and SMFB Foundation*** as of June 30, 2021, and the changes in their net assets and their cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited ***St. Mary's Food Bank Alliance and SMFB Foundation's*** 2020 consolidated financial statements, and we expressed an unmodified opinion on those consolidated financial statements in our report dated December 11, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited consolidated financial statements from which it was derived.

Other Matters

Additional Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying consolidating statement of financial position and consolidating statement of activities and change in net assets are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual entities and are not a required part of the consolidated financial statements. Accordingly, we do not express an opinion on the financial position or results of operations of the individual entities. 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 consolidated financial statements. The additional information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the additional information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report dated November 22, 2021 on our consideration of ***St. Mary's Food Bank Alliance's and SMFB Foundation's*** internal control over financial reporting and on our tests of their 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 ***St. Mary's Food Bank Alliance's and SMFB Foundation's*** internal control over financial reporting and compliance.

Mayer Hoffman McCann P.C.

November 22, 2021

ST. MARY'S FOOD BANK ALLIANCE
AND SMFB FOUNDATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

June 30, 2021
(with comparative totals at June 30, 2020)

ASSETS

	2021	2020
CURRENT ASSETS		
Cash and cash equivalents	$ 6,921,324	$ 5,170,309
Inventory	11,809,372	10,766,333
Program and other receivables, net of allowance for doubtful accounts of $20,000	1,606,894	2,260,782
Pledges receivable	20,000	140,000
Bequests receivable	150,000	623,155
Prepaid expenses	344,485	243,153
TOTAL CURRENT ASSETS	20,852,075	19,203,732
INVESTMENTS	78,680,807	40,124,365
BENEFICIAL INTEREST IN PERPETUAL TRUST	953,901	-
PROPERTY AND EQUIPMENT, net	19,292,169	19,476,186
TOTAL ASSETS	$ 119,778,952	$ 78,804,283

LIABILITIES AND NET ASSETS

	2021	2020
CURRENT LIABILITIES		
Accounts payable	$ 1,002,486	$ 767,779
Accrued expenses	1,200,436	999,659
Current maturities of gift annuities payable	23,606	23,082
Current maturities of capital lease obligations	275,684	326,380
TOTAL CURRENT LIABILITIES	2,502,212	2,116,900
GIFT ANNUITIES PAYABLE, less current maturities	255,646	244,546
CAPITAL LEASE OBLIGATIONS, less current maturities	268,988	576,277
TOTAL LIABILITIES	3,026,846	2,937,723
NET ASSETS		
Net assets without donor restrictions		
Undesignated	40,826,207	39,490,841
Board-designated	74,474,084	35,752,732
Total net assets without donor restrictions	115,300,291	75,243,573
Net assets with donor restrictions	1,451,815	622,987
TOTAL NET ASSETS	116,752,106	75,866,560
TOTAL LIABILITIES AND NET ASSETS	$ 119,778,952	$ 78,804,283

ST. MARY'S FOOD BANK ALLIANCE
AND SMFB FOUNDATION

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)

	Without Donor Restrictions	With Donor Restrictions	2021 Total	2020 Total
SUPPORT AND REVENUES				
Donated surplus food and commodities	$ 203,003,795	$ -	$ 203,003,795	$ 149,511,522
Community contributions	53,292,400	316,783	53,609,183	40,244,498
Government grants	10,290,592	-	10,290,592	4,673,541
Kids Cafe	3,095,002	-	3,095,002	3,535,722
Shared maintenance fees	-	-	-	6,094
Source program	523,056	-	523,056	508,801
CK Catering	6,320	-	6,320	44,289
Investment return	7,182,406	-	7,182,406	1,211,243
Change in beneficial interest in perpetual trust	-	953,901	953,901	-
Miscellaneous and other revenue	231,252	-	231,252	129,499
Net assets released from restrictions	441,856	(441,856)	-	-
TOTAL SUPPORT AND REVENUES	278,066,679	828,828	278,895,507	199,865,209
EXPENSES				
Program Services				
Community food	156,029,741	-	156,029,741	123,158,829
Child nutrition	5,272,292	-	5,272,292	5,602,133
Commodity supplemental food program	7,725,982	-	7,725,982	6,795,282
Grocery rescue and other distributions	57,390,488	-	57,390,488	35,176,077
Skills center	808,015	-	808,015	1,031,975
Total Program Services	227,226,518	-	227,226,518	171,764,296
Supporting Services				
Fundraising and communications	7,696,427	-	7,696,427	5,991,991
General administration	3,087,016	-	3,087,016	2,929,821
Total Supporting Services	10,783,443	-	10,783,443	8,921,812
TOTAL EXPENSES	238,009,961	-	238,009,961	180,686,108
CHANGE IN NET ASSETS	40,056,718	828,828	40,885,546	19,179,101
NET ASSETS, BEGINNING OF YEAR	75,243,573	622,987	75,866,560	56,687,459
NET ASSETS, END OF YEAR	$ 115,300,291	$ 1,451,815	$ 116,752,106	$ 75,866,560

ST. MARY'S FOOD BANK ALLIANCE
AND SMFB FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2021

	Community Food	Child Nutrition	CSFP	Grocery Rescue and Other Distributions	Skills Center	Total Program Services	Fundraising and Communications	General Administration	Total Expenses
Compensation	$ 6,519,250	$ 1,417,186	$ 328,279	$ 2,353,944	$ 682,975	$ 11,301,634	$ 2,005,164	$ 1,980,175	$ 15,286,973
Food purchases	1,280,333	3,170,910	-	1,088	23,663	4,475,994	145,612	-	4,621,606
Occupancy costs	1,310,486	100,923	65,990	473,189	15,990	1,966,578	576	10,630	1,977,784
Depreciation	1,353,152	109,157	68,139	488,595	977	2,020,020	-	38,569	2,058,589
Donated food surplus	141,861,007	138,430	7,079,363	52,752,765	-	201,831,565	-	-	201,831,565
Education and training	7,870	5,181	396	2,842	11,808	28,097	8,848	2,164	39,109
Fuel	566,908	39,617	28,547	204,699	187	839,958	995	-	840,953
Insurance	157,091	6,629	7,910	56,722	-	228,352	6,500	102,766	337,618
Supplies	-	4,294	-	-	10,621	14,915	330	1,266	16,511
Other expenses	355,265	16,628	17,890	128,280	24,895	542,958	17,640	30,382	590,980
Packaging products	443,909	158,123	22,353	160,286	443	785,114	27,264	-	812,378
Postage/mail	652	28	33	236	-	949	187,088	5,225	193,262
Printing	6,360	296	320	2,296	6,934	16,206	20,575	1,070	37,851
Professional fees	313,754	13,641	15,799	113,290	6,240	462,724	393,463	291,980	1,148,167
Rental/lease	982,786	41,474	49,489	354,863	11,439	1,440,051	-	34,706	1,474,757
Administration	149,206	9,407	5,132	36,798	3,012	203,555	706,764	141,726	1,052,045
Technology	98,881	7,485	4,979	35,704	7,445	154,494	6,384	425,365	586,243
Travel	93,688	5,752	4,718	33,829	1,386	139,373	9,215	20,950	169,538
Vehicle costs	529,143	27,131	26,645	191,062	-	773,981	-	42	774,023
Donor communications	-	-	-	-	-	-	2,220,878	-	2,220,878
Community outreach	-	-	-	-	-	-	1,939,131	-	1,939,131
TOTAL FUNCTIONAL EXPENSES	$ 156,029,741	$ 5,272,292	$ 7,725,982	$ 57,390,488	$ 808,015	$ 227,226,518	$ 7,696,427	$ 3,087,016	$ 238,009,961

See Notes to Consolidated Financial Statements

ST. MARY'S FOOD BANK ALLIANCE
AND SMFB FOUNDATION

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

Year Ended June 30, 2020

	Community Food	Child Nutrition	CSFP	Grocery Rescue and Other Distributions	Skills Center	Total Program Services	Fundraising and Communications	General Administration	Total Expenses
Compensation	$ 6,084,687	$ 1,496,256	$ 342,325	$ 1,645,485	$ 773,471	$ 10,342,224	$ 1,764,914	$ 1,787,343	$ 13,894,481
Food purchases	1,326,631	3,367,556	242	3,907	88,451	4,786,787	325,754	-	5,112,541
Occupancy costs	891,913	99,681	50,179	241,200	10,703	1,293,676	7,791	3,905	1,305,372
Depreciation	1,331,283	123,911	74,898	360,019	62,116	1,952,227	-	29,509	1,981,736
Donated food surplus	110,967,520	151,675	6,183,792	32,234,030	-	149,537,017	-	-	149,537,017
Education and training	11,119	5,670	626	3,007	11,935	32,357	1,102	2,667	36,126
Fuel	491,645	66,611	27,660	132,956	381	719,253	778	90	720,121
Insurance	154,594	8,237	8,697	41,807	-	213,335	6,500	60,449	280,284
Supplies	305	7,317	17	83	20,743	28,465	50	8,323	36,838
Other expenses	104,635	8,103	5,887	28,296	36,930	183,851	21,352	56,327	261,530
Packaging products	514,511	151,581	28,946	139,139	672	834,849	-	-	834,849
Postage/mail	806	43	45	218	-	1,112	82,787	3,187	87,086
Printing	5,919	507	333	1,601	4,385	12,745	23,284	2,265	38,294
Professional fees	1,519	7,392	85	411	-	9,407	323,204	257,916	590,527
Rental/lease	618,083	33,947	34,773	167,149	2,462	856,414	-	26,752	883,166
Administration	92,927	19,394	5,228	25,130	3,280	145,959	463,562	206,005	815,526
Technology	76,845	4,094	4,323	20,781	152	106,195	963	456,717	563,875
Travel	39,066	5,790	2,200	10,565	16,273	73,894	21,408	28,366	123,668
Vehicle costs	444,821	44,368	25,026	120,293	21	634,529	-	-	634,529
Donor communications	-	-	-	-	-	-	1,672,003	-	1,672,003
Community outreach	-	-	-	-	-	-	1,276,539	-	1,276,539
TOTAL FUNCTIONAL EXPENSES	$ 123,158,829	$ 5,602,133	$ 6,795,282	$ 35,176,077	$ 1,031,975	$ 171,764,296	$ 5,991,991	$ 2,929,821	$ 180,686,108

ST. MARY'S FOOD BANK ALLIANCE
AND SMFB FOUNDATION

CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended June 30, 2021
(with comparative totals for the year ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 40,885,546	$ 19,179,101
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	2,058,589	1,981,736
Loss on sale/disposal of property and equipment	64,325	5,535
Contributions restricted to investment in property and equipment	(708,891)	(518,530)
Change in beneficial interest in perpetual trust	(953,901)	-
Realized and unrealized gains on investments	(6,391,695)	(648,239)
(Increase) decrease in assets:		
Inventory	(1,043,039)	(289,898)
Program and other receivables	653,888	(415,551)
Pledges receivable	120,000	60,000
Bequests receivable	473,155	629,540
Prepaid expenses	(101,332)	(130,818)
Increase (decrease) in liabilities:		
Accounts payable	234,707	(72,883)
Accrued payroll expenses	200,777	278,709
Gift annuities payable	11,624	31,819
Net cash provided by operating activities	35,503,753	20,090,521
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of property and equipment	(1,978,052)	(2,791,617)
Purchase of investments	(32,428,788)	(20,198,181)
Proceeds from sale of property and equipment	7,550	-
Proceeds from sale of investments	264,041	2,634,952
Net cash used in investing activities	(34,135,249)	(20,354,846)
CASH FLOWS FROM FINANCING ACTIVITIES		
Collection of contributions restricted to investment in property and equipment	708,891	518,530
Payments on capital lease obligations	(326,380)	(310,673)
Net cash provided by financing activities	382,511	207,857
NET CHANGE IN CASH AND CASH EQUIVALENTS	1,751,015	(56,468)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	5,170,309	5,226,777
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 6,921,324	$ 5,170,309
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid for interest	$ 68,498	$ 84,634

(1) Nature of operations and summary of significant accounting policies

Nature of Operations - St. Mary's Food Bank Alliance ("St. Mary's"), the world's first food bank, was established in 1967. St. Mary's is a community-based Arizona not-for-profit corporation whose primary mission is to alleviate hunger through gathering and distributing food to those in need, education, and advocacy. St. Mary's is supported by various sources including community donations and government funding. Its main programs are described below and the impact COVID-19 has had on these programs is further discussed in Note 12:

- **Community Food** - Community Food consists of the Emergency Food and Source Distribution programs. Emergency Food is distributed at no cost to families in need. Emergency Food Boxes and supplemental donated items are designed to provide temporary food assistance during times of crisis while a more permanent solution is found. Source distribution is a volume-buying service offered by St. Mary's to its partner agency organizations. By purchasing in truckload quantities, St. Mary's is able to procure popular food items, which are not normally available as donations, at wholesale prices and pass the savings on to its agencies.

- **Child Nutrition** - Child Nutrition consists of the Kids Cafe, Backpacks and School Pantry programs. Kids Cafe continues to be the largest component of St. Mary's Child Nutrition efforts. The Kids Cafe meal-service program, which is funded by the Arizona Department of Education through the U.S. Department of Agriculture, provides Arizona children with what is often their last meal of the day. The addition of the weekend Backpack and School Pantry programs has expanded the services offered to school aged children. St. Mary's collaborates with more than 219 schools, community centers, churches and other neighborhood groups to provide healthy meals daily in after-school and summer programs. In addition to the nutritious meals, these programs include recreational components and access to after-school tutoring.

- **Skills Center** - The Skills Center consists of the Community Kitchen, CK Catering, and LIFT programs. Community Kitchen is a life skills and food service training program for those with barriers to employment. Students gain the skills to get jobs offering livable wages and opportunities for advancement through hands-on food service training as well as classroom studies. LIFT is a hands-on training program that teaches adults with barriers to employment to be successful in the warehouse and logistics industry.

- **Commodity Supplemental Food Program ("CSFP")** - CSFP consists of a program solely funded by federal funds which works to improve the health of elderly people at least 60 years of age by supplementing their diets with nutritious commodity foods.

- **Grocery Rescue and Other Distributions** - The vast majority of Grocery Rescue and Other Distributions consists of food rescued from retail grocery partners directly by St. Mary's and its partner agencies.

SMFB Foundation (the "Foundation") is a 501(c)(3) entity established to enable the growth of St. Mary's long-term reserves and is controlled by St. Mary’s.

The significant accounting policies followed by St. Mary’s and the Foundation, collectively referred to in these consolidated financial statements as the “Organization”, are summarized below:

(1) Nature of operations and summary of significant accounting policies (continued)

Basis of presentation - The accompanying consolidated financial statements are presented in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 958-205, *Not-for-Profit Entities - Presentation of Financial Statements*. Under ASC 958-205, the Organization is required to report information regarding their financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions
Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions
Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated that the funds be maintained in perpetuity. At June 30, 2020, the Organization had no perpetual net assets with donor restrictions.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the consolidated statement of activities and change in net assets.

Prior-year summarized information - The consolidated financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America ("GAAP"). Accordingly, such information should be read in conjunction with the Organization's consolidated financial statements for the year ended June 30, 2020, from which the summarized information was derived.

Principles of consolidation - The consolidated financial statements include the accounts of St. Mary's and the Foundation. All significant inter-organization transactions and accounts have been eliminated in consolidation.

Management's use of estimates - The preparation of consolidated financial statements in conformity 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 date of the consolidated financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents - For purposes of reporting cash flows, cash and cash equivalents include liquid accounts with original maturities of three months or less that are not designated for investment purposes. Deposits at each institution are insured in limited amounts by the Federal Deposit Insurance Corporation ("FDIC"). Periodically, the Organization maintains cash in its financial institutions in excess of the amounts insured by the FDIC.

(1) Nature of operations and summary of significant accounting policies (continued)

Inventory - Donated inventories are stated at the estimated value per pound as determined by Feeding America, a national association of food banks which provides assistance and valuation of food and grocery products. Purchased inventories are stated at the lower of cost, as determined using the first-in, first-out (“FIFO”) basis, or net realizable value.

Program and other receivables - Program and other receivables include amounts due from various governmental agencies for program services provided and amounts due from agency partners and are carried at the outstanding balances less an allowance for doubtful accounts, if applicable. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual receivables. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to program and other receivables.

Bequests - Bequests are recognized as contribution revenue in the period the Organization receives notification the court has found the will of the donor’s estate to be valid and all conditions have been substantially met. At June 30, 2021 and 2020, bequests receivable are all due within one year. Management provides for probable uncollectible bequests receivable through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual bequests receivable, if necessary. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to bequests receivable. At June 30, 2021 and 2020, bequests receivable are deemed by management to be fully collectible; accordingly, an allowance for uncollectible bequests is not considered necessary.

Promises to give - Unconditional promises to give (pledges) that are to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in future years are initially recorded at the fair value of their estimated future cash flows as of the date of the promise to give through the use of a present value discount technique. In periods subsequent to initial recognition, unconditional promises to give are reported at the amount management expects to collect and are discounted over the collection period using the same discount rate as determined at the time of initial recognition. The discount rate determined at the initial recognition of the unconditional promise to give is based upon management’s assessment of many factors, including when the pledge is expected to be collected, the creditworthiness of the donors, the Organization’s past collection experience and its policies concerning the enforcement of promises to give, expectations about possible variations in the amount or timing, or both, of the cash flows, and other factors concerning the receivable’s collectability. Amortization of the discounts, if any, is included in contributions. Conditional promises to give are recognized when the conditions on which they depend are substantially met. At June 30, 2021 and 2020, management considers promises to give to be collectible in full and, accordingly, an allowance for uncollectible promises to give is not considered necessary. At June 30, 2021 and 2020, all pledges receivable are due within one year.

(1) Nature of operations and summary of significant accounting policies (continued)

Property and equipment - Purchased property and equipment are valued at cost and donated property and equipment are recorded at fair value at the date of gift to the Organization. Maintenance and repairs are charged to operations when incurred. Generally, property and equipment additions in excess of $5,000 are capitalized. Depreciation and amortization of property and equipment are computed on a straight-line basis over estimated useful lives which range from of 3 to 31 years for buildings and improvements, 3 to 20 years for furniture, fixtures and equipment, 5 to 8 years for equipment held under capital leases and 3 to 10 years for vehicles. When assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the accounts and gains and losses are included in operations.

Impairment of long-lived assets - The Organization accounts for long-lived assets in accordance with the provisions of FASB ASC 360, *Property, Plant, and Equipment*. FASB ASC 360 requires that long-lived assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. No impairment charges were recorded for the years ended June 30, 2021 or 2020.

Investments - The Organization accounts for its investments in accordance with FASB ASC 958-321, *Not-for-Profit Entities - Investments - Equity Securities* and FASB ASC 958-320, *Not-for-Profit Entities - Investments - Debt Securities*. Under FASB ASC 958-320 and FASB ASC 958-321, the Organization reports investments in equity and debt securities at fair value in the consolidated statement of financial position. The fair value of marketable equity securities with readily determinable fair values are based on quoted market prices. The fair value of fixed income securities are measured using quoted market prices multiplied by the quantity held when quoted market prices are observable. If quoted market prices are not available, fair value is determined using one, or a combination, of the following methods: (1) a matrix pricing for similar bonds, (2) quoted prices for recent trading activity of assets with similar characteristics to the bond or (3) using an income approach valuation technique that considers, among other things, rates currently observed in publicly traded debt markets for debt of similar terms to companies with comparable credit risk and a credit value adjustment to consider the likelihood of counterparty nonperformance, after consideration for the impact of collateralization and netting agreements, if applicable.

Investment income or loss (including unrealized and realized gains and losses on investments, interest, and dividends) is included in net assets without restrictions unless the associated income or loss is restricted. Declines in the fair value of investments below their cost that are deemed to be other than temporary are reflected as realized losses. There were no declines in fair value of investments below their cost that were deemed to be other than temporary as of and for the years ended June 30, 2021 and 2020.

The Organization invests in various types of investments which are exposed to a variety of risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investments, it is at least reasonably possible that changes in the values of investments will occur in the near term and that such changes could materially affect the amounts reported in the consolidated statement of financial position.

(1) Nature of operations and summary of significant accounting policies (continued)

Fair value measurement - FASB ASC 820, *Fair Value Measurement,* establishes a common definition for fair value to be applied to accounting principles generally accepted in the United States of America requiring use of fair value, establishes a framework for measuring fair value, and expands disclosures about such fair value measurements. FASB ASC 820 also establishes a hierarchy for ranking the quality and reliability of the information used to determine fair values. FASB ASC 820 requires that assets and liabilities carried at fair value be classified and disclosed in one of the following three categories:

Level 1: Unadjusted quoted market prices in active markets for identical assets or liabilities.

Level 2: Unadjusted quoted prices in active markets for similar assets or liabilities, unadjusted quoted prices for identical or similar assets or liabilities in markets that are not active, or inputs other than quoted prices that are observable for the asset or liability.

Level 3: Unobservable inputs for the asset or liability.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used maximize the use of observable inputs and minimize the use of unobservable inputs.

Revenue from contracts with customers - The Organization’s Source Program and CK Catering program are accounted for as exchange transactions in accordance with FASB ASC Topic 606, *Revenue from Contracts with Customers*, as described below.

Source program revenues from sales of food items to the public are reported at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for the goods. Amounts received for sales are recorded as revenue at the point in time the goods are transferred to the customer. Payment is due at the time of the sale and this transaction may result in accounts receivable.

CK catering program revenues for catering events held are reported at an amount that reflects the consideration to which the Organization expects to be entitled in exchange for providing services. Cancellation provisions vary by program and refunds may be available for services not provided. Revenue is recognized at the time the event is held. Unearned fees are reflected as contract liabilities in the accompanying consolidated statement of financial position. As of June 30, 2021 and 2020, there were no contract liabilities associated with CK catering program revenues.

Substantially all of the Organization’s contracts with customers include a single performance obligation to transfer the promised good or service. The Organization does not have any significant financing components as payment is generally received in a customary time frame from the customers. The contracts do not contain material amounts of variable consideration. At contract inception, the Organization evaluates the probability of collecting the transaction price based on the history of payment by the customer.

Upon the adoption of ASC 606, the following practical expedients were utilized:

- Application of the modified-retrospective method upon adoption of ASC Topic 606 which allowed new accounting standards to be applied only to contracts that were not considered substantially complete as of July 1, 2019.

(1) Nature of operations and summary of significant accounting policies (continued)

- When an unconditional right to consideration from a customer in an amount that corresponds directly with the value of performance completed to date exists, revenue is recognized equal to the amount to which there is a right to invoice for services performed.
- When the Organization transfers goods or services to a customer and payment from the customer is expected within one year or less, a significant financing component is presumed not to exist.

Government grants and Kids Cafe revenue - The Organization has contracts with city, state and federal agencies to provide a variety of program services to the public based on contract requirements, including eligibility, reimbursement, and other requirements. These contracts from governmental agencies were determined to be conditional contributions and are recorded as revenue as the conditions are met, which is generally when the related expenditures are incurred over the period the service is provided or under unit of service contracts as services are provided. As these are generally non-exchange contracts, amounts billed for unpaid services are included in program and other receivables in the accompanying consolidated statement of financial position. Advances are recorded as deferred revenue upon receipt.

Funding sources may, at their discretion, request reimbursement for expenses or return of funds, or both, as a result of noncompliance by the Organization with the terms of the grants or contracts. Additionally, if the Organization terminates their activities, all unearned amounts are to be returned to the funding sources.

As of June 30, 2021 and 2020, the Organization had various governmental grants that are conditional in nature and the revenue can only be recognized once funds have been spent on qualified costs. As of June 30, 2021 and 2020, the remaining amount of conditional contributions under these governmental grants is not material to the consolidated financial statements.

Contributions - The Organization evaluates grants and contributions for evidence of the transfer of commensurate value from the Organization to the grantor or resource provider. The transfer of commensurate value from the Organization to the grantor or resource provider may include instances when a) the goods or services provided by the Organization directly benefit the grantor or resource provider or are for the sole use of the grantor or resource provider or b) the grantor or resource provider obtains proprietary rights or other privileges from the goods or services provided by the Organization. When such factors exist, the Organization accounts for the grants or contributions as exchange transactions under ASC 606, *Revenue from Contracts with Customers*, or other appropriate guidance. In the absence of these factors, the Organization accounts for the award under the contribution accounting model.

In the absence of the transfer of commensurate value from the Organization to the resource provider, the Organization evaluates the contribution for criteria indicating the existence of measurable barriers to entitlement for the Organization or the right of return to the resource provider. A barrier to entitlement is subject to judgment and generally represents an unambiguous threshold for entitlement that provides clarity to both the Organization and resource provider whether the threshold has been met and when. These factors may include measurable performance thresholds or limited discretion on the part of the Organization to use the funds. Should the existence of a measurable barrier to entitlement exist and be accompanied by a right of return of the funds to the resource provider or release of the resource provider from the obligation, the contribution is treated as a conditional contribution. If both the barrier to entitlement and right of return do not exist, the contribution is unconditional.

(1) Nature of operations and summary of significant accounting policies (continued)

The Organization recognizes amounts received from unconditional contributions at the time the Organization receives notification of the award. Contributions that include conditions imposed by the grantor or resource provider are recognized when those conditions are met by the Organization.

The Organization accounts for contributions in accordance with FASB ASC 958-605, *Not-for-Profit Entities - Revenue Recognition*. In accordance with FASB ASC 958-605, contributions received are recorded as contributions without donor restrictions or contributions with donor restrictions depending on the existence and/or nature of any donor restrictions. All donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities and change in net assets as net assets released from restrictions. Restricted contributions, where restrictions are fulfilled in the same period in which the contribution is received, are shown as additions to net assets without donor restrictions.

Beneficial interest in perpetual trust - The Organization is the sole beneficiary of a perpetual trust that is held and controlled by a third party in perpetuity. Under perpetual trust agreements, the Organization records the contribution with donor restriction at the fair value of the Organization's beneficial interest in the trust assets. Income earned on the trust assets is recorded as income from beneficial interest in perpetual trust without donor restriction in the accompanying consolidated statement of activities and change in net assets, unless otherwise restricted by the donor. Subsequent changes in fair value of the beneficial interest in the trust assets are recorded as changes in beneficial interest in perpetual trust in the with donor restriction net asset class. The trust's assets include primarily mutual funds and government bonds.

Donated materials and services - Donated materials are recorded at their estimated fair value as of the date of donation. Donated materials include donated rent and discounted leases on transportation equipment.

Donated services are recorded in accordance with FASB ASC 958-605 at their estimated fair value if they (a) create or enhance the Organization's nonfinancial assets or (b) require specialized skills, are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. The Organization utilizes the services of numerous volunteers to perform a variety of tasks that assist the Organization with specific programs, campaign solicitations, and various committee assignments. During the year ended June 30, 2021, the Organization received the benefit of approximately 112,000 hours from approximately 45,000 volunteers. During the year ended June 30, 2020, the Organization received the benefit of approximately 177,000 hours from approximately 70,000 volunteers. This support has not been recorded as a component of contribution revenue as it does not meet the recognition criteria under FASB ASC 958-605.

Advertising - Advertising costs are expensed as incurred. Advertising expenses totaled $38,873 and $35,848 respectively, for the years ended June 30, 2021 and 2020.

(1) Nature of operations and summary of significant accounting policies (continued)

Functional expenses - The costs of providing the Organization's various programs and other activities have been reported on a functional basis in the accompanying consolidated statement of activities and change in net assets. The consolidated statement of functional expenses presents the natural classification detail of expense by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Directly identifiable expenses are charged to programs and supporting services. The Organization charges substantially all of the expenses directly to the appropriate function. Program services expenses are allocated among the specific programs on the basis of pounds of food distributed during the fiscal year. General and administrative expenses include those expenses that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

Income tax status - St. Mary's and the Foundation qualify as tax-exempt organizations under Section 501(c)(3) of the Internal Revenue Code (the "Code") and, accordingly, there is no provision for income taxes for these organizations. In addition, they qualify for the charitable contribution deduction under Section 170 of the Code and have been classified as organizations that are not private foundations. Income determined to be unrelated business taxable income would be taxable.

St. Mary's and the Foundation evaluate their uncertain tax positions, if any, on a continual basis through review of their policies and procedures, review of their regular tax filings, and discussions with outside experts. At June 30, 2021 and 2020, management believes St. Mary's and the Foundation did not have any uncertain tax positions.

St. Mary's and the Foundation's federal Returns of Organizations Exempt from Income Tax (Form 990) for 2018, 2019, and 2020 are subject to examination by the IRS, generally for three years after they were filed. As of the date of this report, the 2021 returns had not yet been filed.

Recent accounting pronouncements - In May 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*, that supersedes most current revenue recognition guidance, including industry-specific guidance. The Organization adopted this standard as of July 1, 2019, using a modified retrospective approach to contracts that were not completed as of this date. Under the modified retrospective approach, the guidance is applied to the most current period presented, recognizing the cumulative effect of the adoption change as an adjustment to beginning net assets. The timing of revenue recognition was not affected by the adoption of Topic 606. As a result, there was no adjustment to net assets as of July 1, 2019.

In June 2018, the FASB issued ASU No. 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. ASU 2018-08 clarifies the characterization of grants and similar contracts with governmental agencies as either reciprocal transactions (exchanges) or nonreciprocal transactions (contributions). ASU 2018-08 also provided additional guidance to distinguish between conditional and unconditional contributions. The Organization adopted ASU 2018-08 during fiscal year 2020 using the modified prospective approach. Adoption of this ASU did not impact the timing or revenue recognition, but did expand disclosures.

(1) Nature of operations and summary of significant accounting policies (continued)

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, *Leases* (Topic 842). ASU 2016-02 requires that a lease liability and related right-of-use-asset representing the lessee's right to use or control the asset be recorded on the consolidated statement of financial position upon the commencement of all leases except for short-term leases. Leases will be classified as either finance leases or operating leases, which are substantially similar to the classification criteria for distinguishing between capital leases and operating leases in existing lease accounting guidance. The ASU's original effective date was delayed twice pursuant to ASU 2015-14 and ASU 2020-05. The effective date for the Organization is now fiscal year ending June 30, 2023. The Organization has estimated that if they were to adopt ASU 2016-02 for the year ended June 30, 2021, a non-current right of use asset of approximately $946,000 and a corresponding current and non-current lease liability of approximately $281,000 and $665,000, respectively, would be recorded in the accompanying consolidated statement of financial position as of June 30, 2021. The estimate was calculated using the minimum future lease payments (See Note 10) and a discount rate of 0.87% representing an estimated risk free rate.

In September 2020, the FASB issued ASU No. 2020-07, *Not-for-Profit Entities (Topic 958) Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets,* which requires the Organization to present contributed nonfinancial assets in a separate line item in the consolidated statement of activities and change in net assets and disclose qualitative information about whether the contributed nonfinancial assets were either monetized or utilized during the reporting period. Additionally, the Organization must disclose a description of the valuation techniques and inputs used to arrive at a fair value measure at initial recognition. The ASU is effective for fiscal years beginning after June 15, 2021. Early adoption is permitted. The Organization is currently evaluating the impact adoption would have on the consolidated financial statements.

(2) Concentrations of credit risk

Financial instruments that subject the Organization to potential concentrations of credit risk consist principally of cash and investments. The Organization maintains its cash in bank accounts, which are insured in limited amounts by the Federal Deposit Insurance Corporation ("FDIC"). Periodically, the Organization maintains cash in its financial institutions in excess of the amounts insured by the FDIC.

The Organization also maintains cash in accounts with investment firms. The accounts contain cash and securities. Balances are insured up to $500,000 (with a limit of $250,000 for cash) by the Securities Investor Protection Corporation ("SIPC"). The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash balances.

Of the program and other receivables at June 30, 2021 and 2020, 85% and 94%, respectively, are due from departments within the State of Arizona. Concentrations of credit risk with respect to these receivables are limited due to the nature of the receivables and the collection history with the funding sources. The Organization requires no collateral on its program and other receivables.

Of the bequests receivable at June 30, 2021, 100% is due from two donors, and at June 30, 2020 40%, was due from one donor.

Of donated surplus food and commodities revenues during the years ended June 30, 2021 and 2020, 37% and 29%, respectively, was donated from two organizations and one organization, respectively.

(3) Inventory

Inventory consists of the following at June 30:

	2021	2020
Donated food inventory	$ 8,843,636	$ 7,828,421
Government food	2,310,023	2,153,007
Purchased food inventory	642,480	781,201
Other inventory	13,233	3,704
Total cost and donated value	$ 11,809,372	$ 10,766,333

The Organization receives donated food from various private and public sources. In order to provide a measurable basis for evaluating the primary mission of the Organization, management values food for purposes of including donated and distributed food as components of the accompanying consolidated financial statements. For the years ended June 30, 2021 and 2020, donated food of approximately 119,414,000 pounds and 100,343,000 pounds, respectively, valued at a composite price of $1.70 and $1.49 per pound, respectively, is reflected in the accompanying consolidated statement of activities and change in net assets as donated surplus food and commodities. The composite price is the estimated weighted average wholesale amount per pound, as determined by Feeding America.

Shipping and handling costs for donated food are expensed as they are incurred, and are included in the accompanying consolidated statement of activities and change in net assets within program services expense.

(4) Investments

Investments consist of the following at June 30:

	2021	2020
Cash and money market funds	$ 9,102,773	$ 15,007,149
Mutual funds:		
Large cap equity	313,184	256,630
Small cap equity	757,409	261,530
Other equity	1,063,425	458,926
Fixed income	16,468,917	5,778,955
Fixed income:		
Corporate bonds	4,413,952	3,464,289
Government bonds	8,624,068	3,917,422
Other	468,148	167,707
Market linked certificates of deposit	771,375	-
Market linked notes and securities	1,074,935	-
Exchange traded funds	35,108,954	10,811,757
Hedge funds	513,667	-
Total	$ 78,680,807	$ 40,124,365

(4) Investments (continued)

Investment return is summarized as follows for the years ended June 30:

	2021	2020
Interest and dividends	$ 1,027,515	$ 674,457
Unrealized investment gains	5,502,090	10,064
Realized investment gains	889,605	638,175
Investment fees	(236,804)	(111,453)
Total investment return	$ 7,182,406	$ 1,211,243

(5) Split interest agreements

The Organization currently administers charitable gift annuities that provide an annual income payment to the beneficiaries until the income obligation is completed in accordance with the donor’s trust agreement. The assets contributed under the charitable gift annuities are carried at fair value. Contribution revenues are recognized at the date the annuities are established after recording liabilities for the present value of the estimated future payments to be made to the donors and/or other beneficiaries. Present values are calculated using a risk-free discount rate determined at the time the annuities are established, and actuarial tables and guidelines used for calculating the available deduction for income tax purposes. The liabilities are adjusted for the accretion of the discount and other changes in the estimates of future benefits. As of June 30, 2021 and 2020, the present value of the annuity payment liability is $279,252 and $267,628, respectively. To calculate the present value of the charitable gift annuity, management used the applicable federal rate of approximately 5% as of June 30, 2021 and 2020. Charitable gift annuities are estimated to mature through 2041. Assets of the Organization that are reserved for charitable gift annuities totaled $477,972 and $407,788 at June 30, 2021 and 2020, respectively, and are included within investments in the accompanying consolidated statements of financial position.

(6) Property and equipment

Property and equipment consist of the following at June 30:

	2021	2020
Land	$ 2,202,865	$ 2,202,865
Buildings and improvements	23,553,341	23,170,047
Furniture, fixtures, and equipment	5,267,389	4,745,191
Vehicles	3,443,970	3,158,797
Equipment held under capital leases	2,441,600	2,598,449
	36,909,165	35,875,349
Accumulated depreciation and amoritization	(18,176,147)	(16,420,460)
	18,733,018	19,454,889
Construction in progress	559,151	21,297
Property and equipment, net	$ 19,292,169	$ 19,476,186

Depreciation expense charged to operations was $2,058,589 and $1,981,736, respectively, for the years ended June 30, 2021 and 2020.

(7) Fair value measurement

The following table sets forth, by level within the fair value hierarchy, the Organization's assets that are measured at fair value on a recurring basis as of June 30, 2021:

	(Level 1)	(Level 2)	(Level 3)	Total
Investments:				
Cash and money market funds	$ 9,102,773	$ -	$ -	$ 9,102,773
Mutual funds:				
Large cap equity	313,184	-	-	313,184
Small cap equity	757,409	-	-	757,409
Other equity	1,063,425	-	-	1,063,425
Fixed income	16,468,917	-	-	16,468,917
Fixed income:				
Corporate bonds	-	4,413,952	-	4,413,952
Government bonds	-	8,624,068	-	8,624,068
Other	-	468,148	-	468,148
Market linked certificates of deposit	-	771,375	-	771,375
Market linked notes and securities	-	444,615	630,320	1,074,935
Exchange traded funds	35,108,954	-	-	35,108,954
Total investments	62,814,662	14,722,158	630,320	78,167,140
Beneficial interest in perpetual trust	-	-	953,901	953,901
Total assets	$ 62,814,662	$ 14,722,158	$ 1,584,221	$ 79,121,041

The following table sets forth, by level within the fair value hierarchy, the Organization's assets that are measured at fair value on a recurring basis as of June 30, 2020:

	(Level 1)	(Level 2)	(Level 3)	Total
Investments:				
Cash and money market funds	$ 15,007,149	$ -	$ -	$ 15,007,149
Mutual funds:				
Large cap equity	256,630	-	-	256,630
Small cap equity	261,530	-	-	261,530
Other equity	458,926	-	-	458,926
Fixed income	5,778,955	-	-	5,778,955
Fixed income:				
Corporate bonds	-	3,464,289	-	3,464,289
Government bonds	-	3,917,422	-	3,917,422
Other	-	167,707	-	167,707
Exchange traded funds	10,811,757	-	-	10,811,757
Total investments	$ 32,574,947	$ 7,549,418	$ -	$ 40,124,365

(7) Fair value measurement (continued)

The Organization currently has no other financial instruments subject to fair value measurement on a recurring basis.

Beneficial interest in perpetual trust - The fair value of the beneficial interest agreement is recorded at the fair value of the investment which is held by a third-party trustee and then adjusted for the Organization's interest in the assets. The fair value of the beneficial interest is estimated to approximate the fair value of the underlying assets of the trust itself. While the underlying assets of the trust are primarily observable, the fair value of beneficial interest itself is not observable in markets and, accordingly, this trust is classified within Level 3 of the valuation hierarchy.

In accordance with FASB ASC 820, the Organization is required to disclose the nature and risks of investments reported at net asset value ("NAV"). Investments reported at NAV as a practical expedient are excluded from the fair value hierarchy.

Hedge fund – The Organization invests in the Millennium International HedgeFocus Fund Ltd ("Millennium International"). Millennium International is a feeder fund that indirectly invests predominantly in Millennium Partners, L.P ("MP"). To meet its objectives, the fund allocates capital across a diverse set of strategies and asset classes seeking the optimal mix of return and risk. Those strategies include RV fundamental equity, quantitative strategies, equity arbitrage and fixed income strategies, among others. The primary objective of the fund is to achieve absolute returns with minimal risks rather than outperform a given benchmark or asset class. The investment in the fund totaled $513,667 and $0 as of June 30, 2021 and 2020, respectively. The investment can be redeemed quarterly by providing 90 days of advanced notice, and the redemption period does not begin until after an initial one year lock up period, as defined in the agreement. At June 30, 2021, the Organization has $217,500 in unfunded commitments to the fund.

(8) Capital lease obligations

The Organization has entered into capital leases for vehicles and other equipment. These leases expire at various periods through March 2024. The assets and liabilities under capital leases are recorded at the lower of the present value of the minimum future lease payments or the fair value of the assets. Amortization expense under these capital leases is included in depreciation expense. Interest rates on these capital leases vary from 4.73% to 5.25%.

The following is a summary of assets held under capital leases at June 30:

	2021	2020
Vehicle and other equipment	$ 2,441,600	$ 2,598,449
Accumulated depreciation and amortization	(1,965,118)	(1,790,361)
Assets held under capital leases, net	$ 476,482	$ 808,088

(8) Capital lease obligations (continued)

Future minimum lease payments under these capital leases are as follows:

Years Ending June 30,		
2022	$	323,020
2023		176,855
2024		131,014
Total minimum lease payments	$	630,889
Less amounts representing interest		(86,217)
Present value of minimum lease payments		544,672
Current maturities		(275,684)
Noncurrent maturities	$	268,988

Interest expense related to the capital leases above totaled approximately $69,000 and $85,000, respectively, for the years ended June 30, 2021 and 2020.

(9) Net assets

Net assets without donor restrictions include board-designated assets that have been set aside by the Board of Directors of St. Mary's. Board-designated funds are intended to fund future capital projects and early-stage strategic initiatives which are Board-approved but not considered in the annual operating budget, as well as provide potential funding for food purchases in the event of scarcity and for a future recession, should such situations present themselves. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution. The board designated net assets are held in investment accounts by the Foundation and total $74,474,084 and $35,752,732 respectively, as of June 30, 2021 and 2020.

Net assets with donor restrictions are available for the following restricted purposes as of June 30:

	2021		2020	
Time restrictions	$	-	$	118,667
Purpose restrictions		497,914		504,320
Restricted in perpetuity		953,901		-
Total net assets with donor restrictions	$	1,451,815	$	622,987

Net assets with donor restrictions released from restriction during the year ended June 30, 2021 are as follows:

Satisfaction of purpose restriction:		
Skills center	$	118,496
Equipment		80,125
School pantry and backpacks		243,235
Total net assets with donor restrictions released from restrictions	$	441,856

(10) Operating leases

The Organization leases office equipment and office space under operating lease agreements that expire through October 2025. Future minimum payments under these non-cancelable operating leases as of June 30, 2021 are as follows:

Years Ending June 30,		
2022	$	283,202
2023		295,922
2024		214,101
2025		136,560
2026		35,027
Total minimum lease payments	$	964,812

It is expected that in the normal course of business, leases that expire will be renewed or replaced by other leases.

Total rental expense under these leases as well as short term vehicle leases was approximately $1,472,000 and $882,000, respectively, for the years ended June 30, 2021 and 2020.

Additionally, the Organization entered into an agreement in September 1998 to receive donated office and warehouse facilities from an unrelated party in Surprise, Arizona. The lease automatically renews annually and can be terminated by either party. The space has an estimated fair value of $.75 and $.50 per square foot at June 30, 2021 and 2020, respectively. For the years ended June 30, 2021 and 2020, the Organization recognized an in-kind contribution of $261,677 and $173,526, respectively, related to this donated space which is included in community contributions in the accompanying consolidated statement of activities and change in net assets.

(11) Retirement plan

The Organization participates in a qualified 401(k) defined contribution retirement plan (the "Plan") for eligible employees. Effective January 1, 2018, employees who have attained the age of 21 are eligible to participate in the Plan after 30 days of employment. Participants are automatically enrolled at a 6% elective deferral rate. The Organization has a discretionary match policy whereby employees receive an employer match on the first 3% of their eligible pay contributed to the Plan and 50% of the next 3% of their eligible pay contributed to the Plan. Contributions to the Plan under this arrangement were $493,661 and $415,107, respectively, for the years ended June 30, 2021 and 2020.

(12) Risks and contingencies

Periodically, the Organization is involved in litigation and claims arising in the normal course of operations. In the opinion of management and based on consultation with legal counsel, losses, if any, from these matters are covered by insurance or are immaterial.

On March 11, 2020, the World Health Organization declared the outbreak of a respiratory disease caused by a new coronavirus as a “pandemic”. First identified in late 2019 and now known as COVID-19, the outbreak has impacted millions of individuals worldwide.

In response to the pandemic, the U.S. Government has enacted fiscal and monetary stimulus measures to counteract the disruption caused by the coronavirus. The Organization continues to assess how they might benefit from and utilize the various monetary stimulus measures. Additionally, the Organization has received significant additional contributions in fiscal 2021 and 2020 to provide temporary food assistance during the pandemic.

The extent of the impact of COVID-19 on the Organizations operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, and the impact on customers, donors, employees, volunteers, and vendors, all of which are uncertain and cannot be predicted. Additionally, the outbreak could impact the Organization’s ability to receive cash and food donations, impact future grants and contracts from government agencies and may impact the Organization’s ability to collect on receivables. The pandemic has also impacted U.S. and global financial marks and the Organization’s investments have experienced significant volatility.

As of the date the consolidated financial statements were available to be issued, the Organization has incurred additional costs related primarily to the need to hire additional personnel and to clean and maintain facilities and food stores. However, as a result of additional donations and government food donations, the Organization’s operations have not been negatively impacted and the Organization continues to closely monitor the situation. Depending on the severity and duration of the pandemic, the Organization could experience a material impact to operations, cash flows and financial condition. The extent of the impact cannot be reasonably estimated at this time.

(13) Liquidity and availability of resources

The Organization regularly monitors the availability of resources required to meet its operating needs and other contractual commitments, while also striving to maximize the return on investment of its available funds. For purposes of analyzing resources available to meet general expenditures over a 12-month period, the Organization considers all expenditures related to its ongoing mission-based activities as well as the conduct of services undertaken to support those activities to be general expenditures.

The following table reflects the Organization’s financial assets as of June 30, 2021 and 2020, reduced by amounts that are not currently available to meet general expenditures within one year of the consolidated statement of financial position date because of contractual restrictions or internal board designations. Amounts not available include investments necessary to fund gift annuities, net assets with donor restrictions and board-designated funds. Board-designated funds are intended to fund future capital projects and early-stage strategic initiatives which are Board-approved but not considered in the annual operating budget, as well as provide potential funding for food purchases in the event of scarcity and for a future recession, should such situations present themselves. In the event the need arises to utilize the board-designated funds for liquidity purposes, the reserves could be drawn upon through board resolution.

(13) Liquidity and availability of resources (continued)

	2021	2020
Cash and cash equivalents	$ 6,921,324	$ 5,170,309
Program and other receivables, net	1,606,894	2,260,782
Pledges receivable	20,000	140,000
Bequests receivable	150,000	623,155
Investments	78,680,807	40,124,365
Total financial assets	87,379,025	48,318,611
Less: Board designated net assets	(74,474,084)	(35,752,732)
Less: Investments designated to fund gift annuities	(477,972)	(407,788)
Less: Net assets with donor restriction	(497,914)	(622,987)
Financial assets available to meet cash needs for general expenditures within one year	$ 11,929,055	$ 11,535,104

While the Organization’s investments are classified as long-term in the accompanying consolidated statement of financial position based on management’s intent, the investments could be readily liquidated without significant penalty to fund operating cash flow needs, except as noted above.

(14) Subsequent events

The Organization has evaluated events through November 22, 2021, which is the date the consolidated financial statements were available to be issued.

Effective July 27, 2021, the Organization executed a priority credit line agreement (“PCLA Agreement”) with a financial institution. The PCLA Agreement is collateralized by certain investment assets held by the Organization with the same financial institution. The borrowing capacity on the PCLA Agreement is subject to fluctuation based on the total market value of these underlying assets pledged as collateral and market conditions. The PCLA Agreement bears a variable interest rate of the WSJ Prime Rate if the total market value of the underlying assets is less than $5 million or a rate of the WSJ Prime Rate less 0.50% if the total market value of the underlying assets is greater than $5 million.

In August 2021, the Organization entered into an agreement for the purchase of two specific parcels of land at an aggregate purchase price of $9,985,000, which was financed through borrowings under the PCLA Agreement. In conjunction with the purchase of one of the parcels of land, the Organization entered into a lease to rent out the premises to the previous tenant through January 2024. In addition, the Organization assumed the lease to rent out the premises for the second parcel of land occupied by an existing tenant, which expires in October 2025 unless the Organization elects its option in the lease to request the tenant to vacate the property at an agreed upon early termination fee.

ADDITIONAL INFORMATION

ST. MARY'S FOOD BANK ALLIANCE
AND SMFB FOUNDATION

ADDITIONAL INFORMATION

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

June 30, 2021

A S S E T S

	St. Mary's	Foundation	Eliminations	Total
CURRENT ASSETS				
Cash and cash equivalents	$ 5,768,855	$ 1,152,469	$ -	$ 6,921,324
Inventory	11,809,372	-	-	11,809,372
Program and other receivables,				
net of allowance for doubtful accounts of $20,000	1,606,894	-	-	1,606,894
Pledges receivable	20,000	-	-	20,000
Bequests receivable	150,000	-	-	150,000
Prepaid expenses	344,485	-	-	344,485
TOTAL CURRENT ASSETS	19,699,606	1,152,469	-	20,852,075
INVESTMENTS	5,359,192	73,321,615	-	78,680,807
BENEFICIAL INTEREST IN PERPETUAL TRUST	953,901	-	-	953,901
PROPERTY AND EQUIPMENT, net	19,292,169	-	-	19,292,169
TOTAL ASSETS	$ 45,304,868	$ 74,474,084	$ -	$ 119,778,952

L I A B I L I T I E S   A N D   N E T   A S S E T S

	St. Mary's	Foundation	Eliminations	Total
CURRENT LIABILITIES				
Accounts payable	$ 1,002,486	$ -	$ -	$ 1,002,486
Accrued expenses	1,200,436	-	-	1,200,436
Current maturities of gift annuities payable	23,606	-	-	23,606
Current maturities of capital lease obligations	275,684	-	-	275,684
TOTAL CURRENT LIABILITIES	2,502,212	-	-	2,502,212
GIFT ANNUITIES PAYABLE, less current maturities	255,646	-	-	255,646
CAPITAL LEASE OBLIGATIONS, less current maturities	268,988	-	-	268,988
TOTAL LIABILITIES	3,026,846	-	-	3,026,846
NET ASSETS	42,278,022	74,474,084	-	116,752,106
TOTAL LIABILITIES AND NET ASSETS	$ 45,304,868	$ 74,474,084	$ -	$ 119,778,952

ST. MARY'S FOOD BANK ALLIANCE
AND SMFB FOUNDATION

ADDITIONAL INFORMATION

CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGE IN NET ASSETS

Year Ended June 30, 2021

	St. Mary's	Foundation	Eliminations	Total
SUPPORT AND REVENUES				
Donated surplus food and commodities	$ 203,003,795	$ -	$ -	$ 203,003,795
Community contributions	53,609,183	31,700,000	(31,700,000)	53,609,183
Government grants	10,290,592	-	-	10,290,592
Kids Cafe	3,095,002	-	-	3,095,002
Source program	523,056	-	-	523,056
CK Catering	6,320	-	-	6,320
Investment return	157,700	7,024,706	-	7,182,406
Change in beneficial interest in perpetual trust	953,901	-	-	953,901
Miscellaneous and other revenue	231,252	-	-	231,252
TOTAL SUPPORT AND REVENUES	271,870,801	38,724,706	(31,700,000)	278,895,507
EXPENSES				
Program Services				
Community food	156,029,741	-	-	156,029,741
Child nutrition	5,272,292	-	-	5,272,292
Commodity supplemental food program	7,725,982	-	-	7,725,982
Grocery rescue and other distributions	57,390,488	-	-	57,390,488
Skills center	808,015	-	-	808,015
Grants	31,700,000	-	(31,700,000)	-
Total Program Services	258,926,518	-	(31,700,000)	227,226,518
Supporting Services				
Fundraising and communications	7,696,427	-	-	7,696,427
General administration	3,083,662	3,354	-	3,087,016
Total Supporting Services	10,780,089	3,354	-	10,783,443
TOTAL EXPENSES	269,706,607	3,354	(31,700,000)	238,009,961
CHANGE IN NET ASSETS	2,164,194	38,721,352	-	40,885,546
NET ASSETS, BEGINNING OF YEAR	40,113,828	35,752,732	-	75,866,560
NET ASSETS, END OF YEAR	$ 42,278,022	$ 74,474,084	$ -	$ 116,752,106

UNIFORM GUIDANCE
SUPPLEMENTARY REPORTS

ST. MARY'S FOOD BANK ALLIANCE
AND SMFB FOUNDATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

Federal Grantor / Pass-Through Agency / Program or Cluster Title	Assistance Listing Number	Pass-Through Grantor's Identifying Number	Passed Through to Subrecipeints	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
Food Distribution Cluster				
Passed through Arizona Department of Economic Security				
Commodity Supplemental Food Program (Administrative Costs)	10.565	ADES17-174333	$ -	$ 613,784
Commodity Supplemental Food Program (Administrative Costs)	10.565	CTR052593	-	128,020
Commodity Supplemental Food Program (Food Commodities)	10.565	Commodity Food	3,829,235	7,095,603
Emergency Food Assistance Program (Administrative Costs)	10.568	ADES17-174333	-	594,731
Emergency Food Assistance Program (Administrative Costs)	10.568	CTR052635	-	479,409
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568	ADES17-174333	-	2,995,979
COVID-19 Emergency Food Assistance Program (Administrative Costs)	10.568	CTR052635	-	701,464
Emergency Food Assistance Program (Food Commodities)	10.569	Commodity Food	32,954,191	47,794,164
Total Food Distribution Cluster (10.565, 10.568 and 10.569)			36,783,426	60,403,154
Passed through Arizona Department of Economic Security				
Supplemental Nutrition Assistance Program (SNAP) Employment and Training (E&T) Data and Technical Assistance Grants	10.537	Unknown	-	174,989
Passed through Arizona Department of Economic Security				
Trade Mitigation Food Purchase and Distribution Program	10.178	ADES17-174333	-	404,000
Passed through Arizona Department of Education				
Child and Adult Care Food Program (Child Feeding)	10.558	KR02-1170-ALS	-	569,336
Passed through Arizona Department of Education				
Summer Food Service Program for Children (Summer Feeding)	10.559	ED09-0001	-	2,158,830
COVID-19 - Summer Food Service Program for Children (Summer Feeding)	10.559	ED09-0001	-	380,941
Total Summer Food Service Program for Children (10.559)			-	2,539,771
Total U.S. Department of Agriculture			36,783,426	64,091,250
U.S. DEPARTMENT OF LABOR				
Workforce Innovation and Opportunity Act, Adult Programs	17.258	Unknown	-	33,279
Total U.S. Department of Labor			-	33,279
U.S. DEPARTMENT OF THE TREASURY				
Passed through City of Phoenix				
Coronavirus Relief Funds Grant	21.019	Unknown	-	2,700,000
Total U.S. Department of the Treasury			-	2,700,000
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through Arizona Department of Economic Security				
Temporary Assistance for Needy Families (Food Assistance)	93.558	ADES17-174333	-	215,713
Total U.S. Department of Health and Human Services			-	215,713
U.S. DEPARTMENT OF HOMELAND SECURITY				
Passed through Federal Emergency Management Agency				
Emergency Food and Shelter National Board Program	97.024	Unknown	-	275,000
Total U.S. Department of Homeland Security			-	275,000
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 36,783,426	$ 67,315,242

See Independent Auditors' Report
See Notes to Schedule of Expenditures of Federal Awards

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

(1) Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the federal grant activity of ***St. Mary’s Food Bank Alliance and SMFB Foundation*** 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* 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 ***St. Mary’s Food Bank Alliance and SMFB Foundation***, it is not intended to and does not present the consolidated financial position, changes in net assets or cash flows of ***St. Mary’s Food Bank Alliance and SMFB Foundation***.

(2) Summary of significant accounting policies

Expenditures reported on the Schedule of Expenditures of Federal Awards 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. ***St. Mary's Food Bank Alliance and SMFB Foundation*** has elected not to use the ten percent de minimus indirect cost rate as allowed under the Uniform Guidance.

(3) Assistance listing numbers

The program titles and assistance listing numbers were obtained from the 2021 Assistance Listings.

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

To the Board of Directors of

ST. MARY'S FOOD BANK ALLIANCE AND SMFB FOUNDATION

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of ***St. Mary's Food Bank Alliance and SMFB Foundation*** which comprise the consolidated statement of financial position as of June 30, 2021, and the related consolidated statements of activities and change in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 22, 2021.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our 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 ***St. Mary's Food Bank Alliance and SMFB Foundation's*** consolidated financial statements are free from material misstatement, we performed tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the consolidated financial statements. However, providing an opinion on compliance with those provisions was not an objective of our 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.

Mayer Hoffman McCann P.C.

November 22, 2021

MHM

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors of

ST. MARY'S FOOD BANK ALLIANCE AND SMFB FOUNDATION

Report on Compliance for Each Major Federal Program

We have audited ***St. Mary's Food Bank Alliance and SMFB Foundation's*** compliance 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 ***St. Mary's Food Bank Alliance and SMFB Foundation's*** major federal programs for the year ended June 30, 2021. ***St. Mary's Food Bank Alliance and SMFB Foundation's*** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

Opinion on Each Major Federal Program

In our opinion, ***St. Mary's Food Bank Alliance and SMFB Foundation*** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on their major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of ***St. Mary's Food Bank Alliance and SMFB Foundation*** 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 ***St. Mary's Food Bank Alliance and SMFB Foundation'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 ***St. Mary's Food Bank Alliance and SMFB Foundation's*** internal control over compliance.

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

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

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

Mayer Hoffman McCann P.C.

November 22, 2021

ST. MARY'S FOOD BANK ALLIANCE
AND SMFB FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

Section I – Summary of Auditors' Results

Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to the consolidated financial statements noted?	No

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of Auditors' Report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major federal programs:

Assistance Listing Number	Name of Federal Program or Cluster
10.565, 10.568 and 10.569	Food Distribution Cluster
10.559	Summer Food Service Program for Children (Summer Feeding)
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between type A and type B programs:	$2,019,457
Auditee qualified as low-risk auditee?	Yes

ST. MARY'S FOOD BANK ALLIANCE
AND SMFB FOUNDATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

Section II – Financial Statement Findings

None noted

Section III – Findings and Questioned Costs Relating to Federal Awards

None noted