



**SJT GROUP LLC**  
CERTIFIED PUBLIC ACCOUNTANTS



**Roadrunner Food Bank, Inc.**  
**(dba Roadrunner Food Bank of New Mexico)**

Independent Auditor's Report,  
Consolidated Financial Statements,  
and  
Single Audit Information

June 30, 2023 and 2022

# Roadrunner Food Bank, Inc.

## Table of Contents

	<u>Page</u>
<b>Independent Auditor's Report</b>	1-3
<b>Consolidated Financial Statements</b>	
Consolidated Statements of Financial Position	4-5
Consolidated Statements of Activities	6-7
Consolidated Statements of Functional Expenses	8-9
Consolidated Statements of Cash Flows	10-11
Notes to the Consolidated Financial Statements	12-28
<b>Single Audit Information</b>	
Schedule of Expenditures of Federal Awards	29
Notes to the Schedule of Expenditures of Federal Awards	30-31
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	32-33
Independent Auditor's Report on Compliance for the Major Program and On Internal Control Over Compliance Required by the Uniform Guidance	34-36
Schedule of Findings and Questioned Costs	37-38



## Independent Auditor's Report

Board of Directors  
Roadrunner Food Bank, Inc.

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

#### ***Opinion***

We have audited the accompanying consolidated financial statements of Roadrunner Food Bank, Inc. and its subsidiary Roadrunner Cold Storage, LLC (collectively “RRFB”, a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of RRFB as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Basis for Opinion***

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

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

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

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

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## ***Auditor's Responsibilities for the Audit of the Consolidated Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

## ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 schedule of expenditures of federal awards 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 February 26, 2024, on our consideration of RRFB's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of RRFB's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RRFB's internal control over financial reporting and compliance.

SJT Group LLC

Albuquerque, New Mexico  
February 26, 2024

## Consolidated Financial Statements

**Roadrunner Food Bank, Inc.**  
**Consolidated Statements of Financial Position**  
**June 30,**

	<u>2023</u>	<u>2022</u>
<b>Assets</b>		
Current assets		
Cash and cash equivalents	\$ 6,891,467	\$ 6,850,492
Investments	26,772,162	25,045,831
Accounts receivable	952,055	1,103,327
Contributions and grants receivable, current portion	433,208	420,607
Inventories	3,067,787	2,777,261
Prepaid expenses	<u>106,990</u>	<u>133,922</u>
Total current assets	<u>38,223,669</u>	<u>36,331,440</u>
Noncurrent assets		
Investments in long-term certificates of deposit	4,164,443	1,155,637
Contributions and grants receivable, net of current portion, unamortized discount and allowance for doubtful accounts	694,877	540,667
Right-of-use assets - operating leases	283,904	72,719
Right-of-use assets - finance leases	146,652	28,539
Software, net of accumulated amortization	158,585	216,923
Property and equipment, net of accumulated depreciation	<u>13,212,184</u>	<u>12,817,080</u>
Total noncurrent assets	<u>18,660,645</u>	<u>14,831,565</u>
Total assets	<u>\$ 56,884,314</u>	<u>\$ 51,163,005</u>

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

**Roadrunner Food Bank, Inc.**  
**Consolidated Statements of Financial Position – continued**  
**June 30,**

	2023	2022
<b>Liabilities and Net Assets</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 1,561,096	\$ 1,265,935
Operating lease liabilities, current portion	68,431	72,697
Financing lease liabilities, current portion	6,919	6,116
Total current liabilities	1,636,446	1,344,748
Noncurrent liabilities		
Operating lease liabilities, net of current portion	209,649	-
Financing lease liabilities, net of current portion	6,036	-
Total noncurrent liabilities	215,685	-
Total liabilities	1,852,131	1,344,748
Net assets		
Without donor restrictions	18,649,568	16,263,456
Without donor restrictions, board designated	31,754,869	29,565,355
Total net assets without donor restrictions	50,404,437	45,828,811
With donor restrictions	4,627,746	3,989,446
Total net assets	55,032,183	49,818,257
Total liabilities and net assets	\$ 56,884,314	\$ 51,163,005

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



**Roadrunner Food Bank, Inc.**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2023**  
**(With summarized financial information for the year ended June 30, 2022)**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>2023 Total</b>	<b>2022 Total</b>
<b>Support and Revenue</b>				
Donated food commodities - nonfederal	\$ 83,701,570	\$ -	\$ 83,701,570	\$ 70,206,983
Donated food commodities - federal	14,531,956	-	14,531,956	19,708,139
Contributions, grants and contracts	9,568,990	1,998,982	11,567,972	24,755,022
In-kind contributions	539,616	-	539,616	260,380
Shared maintenance and Mobile Food				
Pantry fees	326,527	-	326,527	467,486
Food sales	467,881	-	467,881	777,799
Federal and state grant revenue	8,270,522	-	8,270,522	4,018,511
Cold storage revenue	21,671	-	21,671	31,247
Special events	112,860	-	112,860	22,600
Other income	53,688	-	53,688	61,942
Agency membership fees	16,920	-	16,920	18,125
Investment income (loss)	1,844,694	-	1,844,694	(4,389,938)
Write-off of uncollectible pledges	-	(93,863)	(93,863)	(107,141)
Gain (loss) on disposal of equipment	(79,728)	-	(79,728)	2,698
Net assets released from restrictions	1,266,819	(1,266,819)	-	-
Total support and revenue	<u>120,643,986</u>	<u>638,300</u>	<u>121,282,286</u>	<u>115,833,853</u>
<b>Expenses</b>				
Program services	<u>112,989,366</u>	<u>-</u>	<u>112,989,366</u>	<u>104,059,587</u>
Supporting services				
Management and general	1,477,167	-	1,477,167	1,356,918
Fundraising	1,601,827	-	1,601,827	1,402,821
Total supporting services	<u>3,078,994</u>	<u>-</u>	<u>3,078,994</u>	<u>2,759,739</u>
Total expenses	<u>116,068,360</u>	<u>-</u>	<u>116,068,360</u>	<u>106,819,326</u>
Change in net assets	4,575,626	638,300	5,213,926	9,014,527
Net assets, beginning of year	<u>45,828,811</u>	<u>3,989,446</u>	<u>49,818,257</u>	<u>40,803,730</u>
<b>Net assets, end of year</b>	<u>\$ 50,404,437</u>	<u>\$ 4,627,746</u>	<u>\$ 55,032,183</u>	<u>\$ 49,818,257</u>

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

**Roadrunner Food Bank, Inc.**  
**Consolidated Statement of Activities**  
**For the Year Ended June 30, 2022**  
**(With summarized financial information for the year ended June 30, 2021)**

	Without Donor Restrictions	With Donor Restrictions	2022 Total	2021 Total
<b>Support and Revenue</b>				
Donated food commodities - nonfederal	\$ 70,206,983	\$ -	\$ 70,206,983	\$ 64,829,851
Donated food commodities - federal	19,708,139	-	19,708,139	62,408,948
Contributions, grants and contracts	22,834,432	1,920,590	24,755,022	30,037,213
In-kind contributions	260,380	-	260,380	247,659
Shared maintenance and Mobile Food				
Pantry fees	467,486	-	467,486	469,040
Food sales	777,799	-	777,799	930,460
Federal and state grant revenue	4,018,511	-	4,018,511	7,369,240
Cold storage revenue	31,247	-	31,247	45,812
Special events	22,600	-	22,600	-
Other income	61,942	-	61,942	68,886
Agency membership fees	18,125	-	18,125	-
Investment income (loss)	(4,389,938)	-	(4,389,938)	55,175
Write-off of uncollectible pledges	-	(107,141)	(107,141)	(48,012)
Gain on disposal of equipment	2,698	-	2,698	19,131
Gain on interest rate swap	-	-	-	234,703
Net assets released from restrictions	1,795,112	(1,795,112)	-	-
Total support and revenue	<u>115,815,516</u>	<u>18,337</u>	<u>115,833,853</u>	<u>166,668,106</u>
<b>Expenses</b>				
Program services	104,059,587	-	104,059,587	140,942,492
Supporting services				
Management and general	1,356,918	-	1,356,918	1,290,766
Fundraising	1,402,821	-	1,402,821	1,111,099
Total supporting services	<u>2,759,739</u>	<u>-</u>	<u>2,759,739</u>	<u>2,401,865</u>
Total expenses	<u>106,819,326</u>	<u>-</u>	<u>106,819,326</u>	<u>143,344,357</u>
Change in net assets	8,996,190	18,337	9,014,527	23,323,749
Net assets, beginning of year	<u>36,832,621</u>	<u>3,971,109</u>	<u>40,803,730</u>	<u>17,479,981</u>
<b>Net assets, end of year</b>	<u>\$ 45,828,811</u>	<u>\$ 3,989,446</u>	<u>\$ 49,818,257</u>	<u>\$ 40,803,730</u>

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

**Roadrunner Food Bank, Inc.**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2023**  
**(With summarized financial information for the year ended June 30, 2022)**

	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>2023 Total</b>	<b>2022 Total</b>
Donated food - in-kind	\$ 98,279,690	\$ -	\$ -	\$ 98,279,690	\$ 91,688,017
Cost of food distributed	6,577,733	-	-	6,577,733	4,785,144
Salaries and wages	3,568,506	1,060,469	595,012	5,223,987	4,555,454
Employee benefits	773,628	116,602	79,837	970,067	829,907
Transportation	937,214	-	-	937,214	1,035,676
Promotional	111,805	-	766,941	878,746	813,111
Depreciation and amortization	746,344	27,571	22,751	796,666	782,367
Occupancy	487,132	25,967	21,125	534,224	499,962
Supplies	522,177	2,912	1,378	526,467	348,255
Payroll taxes	309,960	46,718	31,987	388,665	339,614
Information technology	232,173	34,993	23,960	291,126	286,613
Professional services	45,072	77,497	21,754	144,323	220,924
Contract labor	144,256	-	-	144,256	360,921
Equipment rental and maintenance	74,742	11,265	7,714	93,721	88,819
Dues and subscriptions	64,342	5,316	11,209	80,867	31,952
Travel	46,440	7,294	310	54,044	27,910
Interest	46,224	342	311	46,877	15,730
Miscellaneous	2,091	41,535	216	43,842	58,146
Postage and shipping	276	15,155	15,800	31,231	33,024
Conferences and meetings	19,543	2,513	461	22,517	12,776
Printing and publications	18	1,018	1,061	2,097	5,004
Total expenses	<u>\$ 112,989,366</u>	<u>\$ 1,477,167</u>	<u>\$ 1,601,827</u>	<u>\$ 116,068,360</u>	<u>\$ 106,819,326</u>

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

**Roadrunner Food Bank, Inc.**  
**Consolidated Statement of Functional Expenses**  
**For the Year Ended June 30, 2022**  
**(With summarized financial information for the year ended June 30, 2021)**

	Program Services	Management and General	Fundraising	2022 Total	2021 Total
Donated food - in-kind	\$ 91,688,017	\$ -	\$ -	\$ 91,688,017	\$ 127,046,606
Cost of food distributed	4,785,144	-	-	4,785,144	6,534,781
Salaries and wages	3,111,831	924,757	518,866	4,555,454	4,320,638
Employee benefits	661,851	99,755	68,301	829,907	721,626
Transportation	1,035,676	-	-	1,035,676	887,210
Promotional	200,011	-	613,100	813,111	594,318
Depreciation and amortization	731,229	28,101	23,037	782,367	733,864
Occupancy	460,730	21,425	17,807	499,962	504,695
Supplies	342,452	3,726	2,077	348,255	324,404
Payroll taxes	231,990	68,942	38,682	339,614	292,148
Information technology	228,574	34,451	23,588	286,613	265,155
Professional services	106,484	89,170	25,270	220,924	91,122
Contract labor	305,891	23,399	31,631	360,921	466,807
Equipment rental and maintenance	70,833	10,676	7,310	88,819	80,201
Dues and subscriptions	24,583	5,440	1,929	31,952	6,423
Travel	27,910	-	-	27,910	21,280
Interest	15,077	342	311	15,730	334,705
Miscellaneous	21,028	36,897	221	58,146	64,128
Postage and shipping	2,028	6,000	24,996	33,024	23,492
Conferences and meetings	8,248	3,837	691	12,776	27,978
Printing and publications	-	-	5,004	5,004	2,776
Total expenses	<u>\$ 104,059,587</u>	<u>\$ 1,356,918</u>	<u>\$ 1,402,821</u>	<u>\$ 106,819,326</u>	<u>\$ 143,344,357</u>

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

**Roadrunner Food Bank, Inc.**  
**Consolidated Statements of Cash Flows**  
**For the Years Ended June 30,**

	2023	2022
<b>Cash flows from operating activities</b>		
Cash received from contributions and grants	\$ 19,577,820	\$ 28,185,938
Cash received from shared maintenance fees, food sales and agency membership fees	984,271	623,977
Other cash received	166,548	84,542
Interest and dividends received	788,227	512,663
Cash paid to employees and suppliers	(16,517,542)	(13,930,249)
Principal payments on operating leases	(84,980)	(17,863)
Cash paid for interest	(113)	(11,491)
Net cash provided by operating activities	4,914,231	15,447,517
<b>Cash flows from investing activities</b>		
Proceeds from the sale of investments	10,940,903	13,390,310
Purchases of investments and certificates of deposit	(14,619,573)	(31,424,887)
Purchases of property, equipment and software	(1,036,548)	(461,984)
Net cash used by investing activities	(4,715,218)	(18,496,561)
<b>Cash flows from financing activities</b>		
Principal payments on financing leases	(158,038)	(49)
Principal payments on long-term debt	-	(2,376)
Net cash used by financing activities	(158,038)	(2,425)
Net change in cash and cash equivalents	40,975	(3,051,469)
Cash and cash equivalents, beginning of year	6,850,492	9,901,961
<b>Cash and cash equivalents, end of year</b>	\$ 6,891,467	\$ 6,850,492

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

**Roadrunner Food Bank, Inc.**  
**Consolidated Statements of Cash Flows - continued**  
**For the Years Ended June 30,**

	<b>2023</b>	<b>2022</b>
<b>Reconciliation of change in net assets to net cash provided by operating activities</b>		
Change in net assets	<u><b>\$ 5,213,926</b></u>	<u><b>\$ 9,014,527</b></u>
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	<b>796,666</b>	782,367
Amortization of right-of-use assets	<b>125,942</b>	22,641
Write-off of uncollectible pledges	<b>93,863</b>	107,141
Loss (gain) on disposal of equipment	<b>79,728</b>	(2,698)
Net realized and unrealized loss (gain) on investments	<b>(1,056,467)</b>	4,902,601
Non-cash decrease in donated inventory	<b>46,164</b>	1,772,895
In-kind contribution of property and equipment	<b>(176,612)</b>	(3,999)
Forgiveness of PPP loan	<b>-</b>	(578,100)
Changes in assets and liabilities:		
Accounts receivable	<b>151,272</b>	(670,680)
Contributions and grants receivable	<b>(260,674)</b>	(5,496)
Inventories	<b>(336,690)</b>	14,336
Prepaid expenses	<b>26,932</b>	(85,466)
Accounts payable and accrued liabilities	<b>295,161</b>	195,311
Operating lease liabilities	<b>(84,980)</b>	(17,863)
Total adjustments	<u><b>(299,695)</b></u>	<u><b>6,432,990</b></u>
Net cash provided by operating activities	<u><b>\$ 4,914,231</b></u>	<u><b>\$ 15,447,517</b></u>

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

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

**1) Organization and Nature of Activities**

Roadrunner Food Bank, Inc. (RRFB) (dba Roadrunner Food Bank of New Mexico) is a New Mexico nonprofit corporation established in 1980. RRFB distributes food through a network of agencies, including emergency food pantries, group homes, low-income day care centers, shelters, soup kitchens, and other regional food banks. Food donated to RRFB comes from a variety of sources, including national and local manufacturers, supermarkets, large food distributors, growers, food brokers, food drives, affiliated food banks in the Feeding America network, and the State of New Mexico Human Services Department (NMHSD). The food received from the NMHSD is pass-through food from the U.S. Department of Agriculture (USDA). Food inventory is also purchased by RRFB.

RRFB is the sole member of Roadrunner Cold Storage, LLC (RRCS). RRCS provides cold storage, cross docking, and backhauling services for entities that are not hunger-related. The income from these services is unrelated to the mission of RRFB and is reported as an unrelated business activity. RRCS is a single-member limited liability company and, as such, is a disregarded entity for income tax purposes. RRCS uses the facilities and personnel of RRFB and reimburses RRFB for these costs. The financial activity of RRCS is included in the accompanying consolidated financial statements and tax return of RRFB with all intercompany transactions and balances eliminated. References to RRFB hereafter generally include RRCS.

RRFB is an affiliate of Feeding America (a national network of member Food Banks) and is a member of the New Mexico Association of Food Banks (the "Association"). The Association is a five-member collaborative organization whose primary function is to advocate on behalf of those experiencing hunger in every community throughout the State of New Mexico and to serve as an educational resource to local and state governments.

RRFB sponsors direct-service programs, including Childhood Hunger Initiatives, Mobile Food Pantries, Senior Hunger Initiatives, Healthy Foods Initiatives, Emergency Family Food boxes, disaster relief supplies, and food referral services. RRFB's main sources of revenue and support are donated food from non-federal sources, donated food commodities from the USDA, contributions and grants, food sales, and shared maintenance fees, which are fees paid by participating agencies for the handling of food by RRFB.

While many of the effects from the COVID-19 pandemic have now abated to a significant extent, its adverse impact on both the global and US economies have continued. Segments of the global economy are experiencing ongoing supply chain issues, lack of adequate production capacity, workforce shortages, geopolitical unrest, and a variety of shipping and logistical issues. Shortages of consumer and other goods, along with federal stimulus policies related to the pandemic and rising wages have led to high rates of inflation, significantly increasing the cost of food, energy and transportation.

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

1) **Organization and Nature of Activities – continued**

Thanks to an outpouring of support from the community and government agencies, RRFB has continued to serve at an elevated level to deliver significant relief to New Mexicans facing economic hardships. In communities with heightened challenges with food insecurity and access impediments, including Luna, Otero, Sandoval, and Bernalillo counties, RRFB focused on bringing additional food distributions and other resource supports. There was special focus placed on indigenous and highly rural communities to ensure food access and capacity building activities.

Federal funding of specific pandemic-relief programs targeting food insecurity hit unprecedented levels in fiscal year 2021 but many were discontinued in fiscal year 2022, with donations returning to a more historically normal level.

In addition, as initially reported in the 2021 annual report, RRFB received unprecedented and transformational gifts that included \$25 million from a single donor. The first \$12.5 million gift was received in fiscal 2021, and the second gift of \$12.5 million was approved by the donor and transmitted to RRFB in fiscal year 2022. This gift, in conjunction with the outpouring of support from concerned businesses and individuals during the pandemic allowed RRFB to pay off the \$8 million balance of its mortgage debt on its office and warehouse property in Albuquerque, and the establishment of a \$30 million quasi-endowment fund (see Note 3). The quasi-endowment fund was designated by the Board of Directors to be used to sustain and grow RRFB's operating capacity through workforce stabilization and network strengthening objectives. RRFB's financial statements reflect a substantial increase in assets and decrease in debt as a direct result of these events.

2) **Summary of Significant Accounting Policies**

Basis of Accounting

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables and liabilities.

Basis of Presentation

The accompanying consolidated financial statements are presented in accordance with the accounting and reporting standards required by FASB ASC 958, *Not for Profit Entities*. FASB ASC 958 requires RRFB to report information regarding its financial position and activities according to two classes of net assets:

- ◆ *Net assets without donor restrictions* represent the portion of RRFB's net assets that are not restricted by donor-imposed stipulations and are available for operations at management's discretion. All contributions made to RRFB are received without donor restrictions unless specifically restricted by the donor.



**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

2) Summary of Significant Accounting Policies – continued

- ◆ *Net assets with donor restrictions* represent resources restricted by donors as to purpose or by the passage of time and resources whose use by RRFB is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of RRFB. See Note 12 for more information on RRFB’s net assets with donor restrictions.

Reclassifications

Certain reclassifications have been made to the 2022 financial information to conform to the 2023 financial statement presentation. Such reclassifications had no effect on 2022 total net assets or changes in net assets.

Use of Estimates

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

Cash and Cash Equivalents

For purposes of the consolidated statements of cash flows, cash on deposit with financial institutions and highly-liquid investments with an initial maturity of three months or less are considered to be cash equivalents. RRFB maintains its cash and cash equivalent balances in various financial institutions. These cash balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. Bank balances exceeded the insured limits of the FDIC during the years ended June 30, 2023 and 2022. RRFB has not experienced any losses in these accounts and believes it is not exposed to any significant credit risk related to the uninsured cash balances.

Investments

Investments are reported at fair value. Fair value is 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. Realized and unrealized gains and losses, as well as investment expenses, are reflected within investment income in the consolidated statements of activities. Investment income and gains (losses) restricted by donors are reported as increases (decreases) in net assets without donor restrictions unless donor-imposed restrictions have not been met in the reporting period in which the income and gains are recognized. Investment income consists of the following for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Interest and dividend income	\$ 788,227	\$ 512,663
Realized and unrealized gains (losses)	<u>1,056,467</u>	<u>(4,902,601)</u>
Total investment income (loss)	<u>\$ 1,844,694</u>	<u>\$ (4,389,938)</u>

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

2) Summary of Significant Accounting Policies – continued

Accounts Receivable

Accounts receivable are stated at unpaid balances less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying past-due accounts and by using historical experience applied to an aging of accounts receivable. RRFB charges off uncollectible accounts receivable when it is determined the receivable will not be collected.

Inventories

Inventories consist of donated food, purchased food, and food received from the USDA through the NMHSD. Purchased food inventories are valued at the lower of cost or market, with cost for purchased food determined using the first-in first-out method. Donated food is valued using the fair value on the date of donation. USDA commodities are valued at the fair market value on the date of donation.

For the years ended June 30, 2023 and 2022, food received from the USDA was valued at \$1.57 and \$1.53 per pound, respectively, representing the fair value. Donated inventories for the years ended June 30, 2023 and 2022, including non-food items, were valued at \$1.93 and \$1.92 per pound, respectively. Both fair market value rates were provided by Feeding America pursuant to special agreed-upon procedures that determines the annual valuation of donated products. The difference between the two values is the inclusion of donated non-food items, such as hand sanitizer and personal hygiene products, since they are often included in what is donated. Non-food items are specifically excluded from the value of commodities.

Shipping and Handling Costs

Amounts incurred by RRFB for freight are included in the cost of food distributed.

Property and Equipment

Property and equipment that are purchased are stated at cost. Property and equipment that are received by donation are recorded at the estimated fair value on the date of donation. Such donations are reported as support without donor restrictions unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property are reported as support with donor restrictions. Absent donor stipulations regarding how long those donated assets must be maintained, RRFB reports the expiration of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. RRFB reclassifies net assets with donor restrictions to net assets without donor restrictions at that time. Purchased or donated property and equipment that costs in excess of \$5,000 is capitalized. Depreciation is calculated on a straight-line basis in amounts sufficient to relate the cost of depreciable assets to operations over their estimated useful lives, which range from three to thirty years.

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

2) Summary of Significant Accounting Policies – continued

Impairment of Long-Lived Assets

RRFB reviews its long-lived assets and certain identifiable intangibles 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 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 asset exceeds the fair value of the asset.

Accrued Paid Time Off (PTO)

Qualified employees are entitled to accumulate PTO according to a graduated leave schedule depending on length of service and the employee's hire date. The maximum amount of PTO hours that employees may carry at any time is equal to twice the amount of PTO hours that the employee will earn during the employment year.

Upon termination, employees will be paid for their unused PTO if they leave in good standing. Each full-time, qualified employee earns two personal days per annum at the start of each calendar year. No payment shall be made for unused personal days at termination of employment.

Employees may voluntarily donate accumulated PTO hours to a shared leave bank for distribution to assist other employees who are unable to work for an extended period of time exceeding their accumulated PTO due to a catastrophic health condition. All donated hours are placed into a general shared leave bank and can be used for any approved employee.

Revenue Recognition

Revenues from other member agencies for shared maintenance fees are recognized when the performance obligation of purchasing and delivering food is met. The performance obligation consists of providing member agencies with donated and purchased food for distribution. The fees are used to cover the costs of food transportation, storage, handling, and packing.

Contribution revenue is recognized when cash, securities or other assets or an unconditional promise to give is received. Conditional promises to give – that is, those with a measurable performance or other barrier and a right of return – are not recognized until the conditions upon which they depend have been met. Contributions received are recorded as net assets with or without donor restrictions. Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction.

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

2) Summary of Significant Accounting Policies – continued

When a restriction expires (i.e., when the time or purpose of the restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements of activities as “net assets released from restrictions.”

Grants are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received prior to incurring qualifying expenditures are reported as refundable advances in the consolidated statements of financial position. RRFB received advance payment under the Paycheck Protection Program (PPP) of \$578,100 that was fully forgiven and recognized as revenue in fiscal year 2022. The revenue from the PPP advance is reported as a portion of contributions, grants and contracts revenue in the consolidated statement of activities for 2022.

Donated Services and Materials

Significant contributions of services are recorded if the services create or enhance non-financial assets or require specialized skills. Recognized contributed services are recorded at the fair value of the services on the date of donation. Significant donations of materials are recorded at their fair value on the date of donation. For the years ended June 30, 2023 and 2022, RRFB reported in-kind donated services of \$5,762 and \$154, respectively, that met the revenue recognition criteria above.

RRFB also has a number of volunteers who donate their time. The value of their time, including fringe benefits, as well as additional community in-kind services, are estimated to be \$737,000 and \$635,000 for the years ended June 30, 2023 and 2022, respectively. In accordance with accounting principles generally accepted in the United States of America, the value of the volunteer and community service time is not recorded in the consolidated financial statements.

Fair Value Measurements

RRFB follows accounting standards for fair value measurements, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. Fair value measurements define 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.

Fair value measurements also establish a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

- ◆ *Level 1 Inputs* – unadjusted quoted prices for identical assets or liabilities in active markets that the organization has the ability to access.

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

2) Summary of Significant Accounting Policies – continued

- ◆ *Level 2 Inputs* – include:
  - Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.
  - Inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- ◆ *Level 3 Inputs* – unobservable inputs which reflect the organization’s own assumptions about the assumptions market participants would use in pricing the asset or liability.

RRFB’s investments are measured at fair value on a recurring basis and are, therefore, subject to fair value measurement disclosures. For the years ended June 30, 2023 and 2022, the application of valuation techniques has been consistent with previous years.

Functional Allocation of Expenses

The costs of providing program and other activities have been summarized on a functional basis in the consolidated statements of activities. Accordingly, certain costs have been allocated among the program and supporting services benefited. Such allocations are determined by management on an equitable basis. The expenses that are allocated include the following:

<u>Expense</u>	<u>Allocation method</u>
Salaries and wages	Staffing allocation
Employee benefits	Staffing allocation
Depreciation and amortization	Square footage allocation
Occupancy	Square footage allocation
Interest	Square footage allocation
Payroll taxes	Staffing allocation
Information technology	Staffing allocation
Office supplies	Staffing allocation
Equipment rental and maintenance	Staffing allocation

All other expenses are allocated through specific identification to the program or supporting services benefited.

Income Taxes

RRFB is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and has been classified by the Internal Revenue Service as an organization that is not a private foundation.

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

2) Summary of Significant Accounting Policies – continued

RRCS is not exempt from income taxes and is a disregarded entity for income tax purposes. The net income or loss of RRCS is reported as unrelated business income or loss by RRFB. The unrelated business activity of RRCS has generated net losses for the years ended June 30, 2023 and 2022; therefore, no income tax expense is recorded in the consolidated financial statements for these years.

RRFB determined no material unrecognized tax benefits or liabilities exist as of June 30, 2023 and 2022. If applicable, RRFB will recognize interest and penalties related to underpayment of income taxes as income tax expense. As of June 30, 2023 and 2022, RRFB had no amounts related to unrecognized income tax benefits and no amounts related to accrued interest and penalties. RRFB does not anticipate any significant changes to unrecognized tax benefits over the next year.

Management of RRFB believes its activities allow it to continue to be classified as an organization exempt from income tax under Section 501(c)(3) of the Internal Revenue Code and believes the only activities subject to unrelated business income tax are the cold storage and backhauling services provided to non-hunger related entities. The statute of limitations for examination of RRFB's returns expires three years from the due date of the return or the date filed, whichever is later. RRFB's returns for the years ended June 30, 2021 through 2023 are thus open for examination.

Subsequent Events

Generally accepted accounting principles state that the financial statements should include the effects of all subsequent events that provide additional information about conditions in existence as of the balance sheet date. RRFB management has evaluated subsequent events for possible adjustment or disclosure through February 26, 2024, the date the consolidated financial statements were available to be issued.

3) **Investments**

The Board of Directors established a quasi-endowment fund during fiscal year 2021. As a precursor to the creation of the quasi-endowment, RRFB implemented a new Investment Policy Statement (IPS). The IPS addresses investment objectives, time horizon, liquidity and risk tolerance for two investment funds: a short-term investment “Operational Fund” for board-designated assets and a “Quasi-Endowment Fund.” The short-term investments in the Operational Fund may include fixed income investments, but should primarily take the form of cash equivalents, money market accounts, certificates of deposit, and Treasury bills.

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

3) Investments – continued

The Operational Fund targets a return at the 3-month Treasury bill rate, is highly liquid and has zero tolerance for risk or negative returns. The Quasi-Endowment Fund portfolio may contain a mix of equities, global fixed income investments, and alternative investments. The targeted strategic allocation is 60% equities to 35% global fixed income and 5% alternative investments. The Quasi-Endowment Fund is defined by a long-term time horizon (in perpetuity), return target to exceed the spending policy (4%) plus inflation over a rolling 7-year average, and an acceptable risk level consistent with benchmarks with maximum single-year loss of 25% at the 90% confidence level.

These funds are classified as net assets without donor restrictions – board designated. At June 30, 2023 and 2022, the quasi-endowment fund investments are comprised of the following:

	<u>2023</u>	<u>2022</u>
Government securities	\$ 3,961,932	\$ 3,153,452
Corporate bonds	2,795,497	2,585,425
Equities	9,433,126	10,305,790
Mutual funds	<u>10,581,607</u>	<u>9,001,164</u>
Total investments	<u>\$ 26,772,162</u>	<u>\$ 25,045,831</u>

RRFB’s investments are measured at fair value on a recurring basis as of June 30, 2023 and 2022, using the following valuation inputs:

	<u>2023</u>	
	<u>Level 1</u>	<u>Total</u>
Government securities	\$ 3,961,932	\$ 3,961,932
Corporate bonds	2,795,497	2,795,497
Equities	9,433,126	9,433,126
Mutual funds	<u>10,581,607</u>	<u>10,581,607</u>
Total investments	<u>\$ 26,772,162</u>	<u>\$ 26,772,162</u>

	<u>2022</u>	
	<u>Level 1</u>	<u>Total</u>
Government securities	\$ 3,153,452	\$ 3,153,452
Corporate bonds	2,585,425	2,585,425
Equities	10,305,790	10,305,790
Mutual funds	<u>9,001,164</u>	<u>9,001,164</u>
Total investments	<u>\$ 25,045,831</u>	<u>\$ 25,045,831</u>

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

**4) Liquidity and Availability**

The following reflects RRFB's financial assets as of the consolidated statements of financial position date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the consolidated statements of financial position date. Amounts not available include amounts set aside for capital improvements that could be drawn upon if the governing board approves that action.

	<u>2023</u>	<u>2022</u>
Financial assets, at year-end		
Cash and cash equivalents	\$ 6,891,467	\$ 6,850,492
Investments	26,772,162	25,045,831
Accounts receivable	952,055	1,103,327
Contributions and grants receivable	1,128,085	961,274
Investments in long-term certificates of deposit	<u>4,164,443</u>	<u>1,155,637</u>
Total financial assets, at year-end	<b>39,908,212</b>	35,116,561
Less amounts unavailable for general expenditures within one year, due to contributions and grants receivable and certificates of deposits maturing in more than one year.	<b>(1,179,295)</b>	(1,199,761)
Less amounts unavailable to management without Board approval	<u><b>(31,342,869)</b></u>	<u>(29,153,355)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u><b>\$ 7,386,048</b></u>	<u>\$ 4,763,445</u>

RRFB manages its liquidity needs through its approved IPS. All investments of RRFB shall allow for immediate or near-immediate liquidity to fund RRFB's ongoing operations and any short-term obligations. The Operating Fund portfolio shall provide 100% liquidity within two days' notice, while at least 95% of the Quasi-Endowment Fund portfolio is expected to be redeemable within 3 days' notice.

**5) Inventories**

Inventories consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Donated food commodities - nonfederal	\$ 1,357,472	\$ 1,607,427
Donated food commodities - federal	551,640	347,849
Purchased inventory	<u>1,158,675</u>	<u>821,985</u>
Total inventories	<u><b>\$ 3,067,787</b></u>	<u>\$ 2,777,261</u>



**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

**6) Contributions and Grants Receivable**

Contributions and grants receivable are as follows at June 30:

	<u>2023</u>	<u>2022</u>
General operations	\$ 1,334,042	\$ 1,234,682
Childhood Hunger Initiative	9,743	19,743
Less: Unamortized discount	(131,125)	(82,190)
Less: Allowance for doubtful accounts	<u>(84,575)</u>	<u>(210,961)</u>
Total contributions and grants receivable, net	<u>\$ 1,128,085</u>	<u>\$ 961,274</u>
Amounts due in:		
Less than one year	\$ 433,208	\$ 420,607
One to five years	<u>910,577</u>	<u>833,818</u>
Total contributions and grants receivable	<u>\$ 1,343,785</u>	<u>\$ 1,254,425</u>

Contributions received, including unconditional promises to give, are valued and initially recorded based on the estimated future cash flows based on historical experience. Promises to give that are expected to be collected in future years are recorded at the present value of their estimated future cash flows. The discount on those amounts are computed using risk-free interest rates ranging from 4.13% to 7.78%, as adjusted, where applicable for the assessed credit risk of the donation, applicable to the years in which the promises are received. Amortization of the discount is included in contribution revenue in the consolidated statements of activities.

**7) Property and Equipment, Net**

Property and equipment, net, consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Depreciable		
Buildings and improvements	\$ 12,600,422	\$ 12,058,816
Vehicles	3,057,600	2,787,904
Warehouse equipment	964,528	888,815
Office equipment	89,950	89,950
Landscaping	61,266	61,266
Less: Accumulated depreciation	<u>(6,277,638)</u>	<u>(5,600,100)</u>
Total depreciable property and equipment, net	10,496,128	10,286,651
Land	2,490,575	2,490,575
Construction in progress	<u>225,481</u>	<u>39,854</u>
Property and equipment, net	<u>\$ 13,212,184</u>	<u>\$ 12,817,080</u>

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

**8) Refundable Advance – Paycheck Protection Program (PPP) Loan**

RRFB was granted a \$578,100 loan in April 2020 under the PPP administered by a Small Business Administration (SBA) approved partner. The loan was uncollateralized and was fully guaranteed by the Federal government. RRFB was eligible for loan forgiveness of up to 100% of the loan, upon meeting certain requirements. RRFB initially recorded the loan as a refundable advance and recorded the forgiveness in accordance with guidance for conditional contributions when there is no longer a measurable performance or other barrier and a right to return of the PPP loan. The loan was forgiven in full by the SBA in July 2021 and is reported as a portion of contributions, grants and contracts revenue in the consolidated statement of activities in 2022.

**9) Operating Leases**

Operating leases consist of the following at June 30, 2023 and 2022:

- ◆ RRFB entered into a vehicle lease commencing on February 29, 2020. RRFB incurred initial direct costs of \$2,000 on this lease, which are amortized over the life of the lease, along with 36 monthly payments of \$247 due thereafter through January 2023. This lease was extended for six months, resulting in additional monthly payments of \$253 through July 2023. RRFB measures the operating lease liability at June 30, 2023 and 2022 of \$503 and \$2,073, respectively, by calculating the present value of the future lease payments using a discount rate of 5%.
- ◆ RRFB entered into a lease for four vehicles commencing on January 7, 2016. Monthly lease payments of \$7,440 are due through April 2023. Three of the vehicles were returned to the lessor in 2023 and the remaining vehicle was leased under a new lease for five years with a bargain purchase option (which is reported by RRFB as a finance lease, see Note 10). Variable lease expenses are also incurred on this lease, which represent mileage and other performance or output charges. RRFB measures the operating lease liability at June 30, 2023 and 2022 of \$0 and \$66,163, respectively, by calculating the present value of the future lease payments using a discount rate of 1.15%.
- ◆ RRFB entered into an office space lease commencing on August 1, 2017. Monthly lease payments ranging between \$1,368 and \$1,482 are due through July 2022. This lease was not extended during 2023. RRFB measures the operating lease liability at June 30, 2023 and 2022 of \$0 and \$1,480, respectively, by calculating the present value of the future lease payments using a discount rate of 1.74%.
- ◆ RRFB entered into an equipment storage space lease commencing on March 3, 2017. Monthly lease payments of \$375 are due through February 2023. This lease was extended for one year, resulting in additional monthly payments of \$500 through February 2024. RRFB measures the operating lease liability at June 30, 2023 and 2022 of \$3,926 and \$2,981, respectively, by calculating the present value of the future lease payments using a discount rate of 5%.

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

9) Operating Leases – continued

- ◆ RRFB entered into a lease for two vehicles commencing on April 26, 2023. Monthly lease payments of \$5,369 are due through April 2028. Two additional vehicles are included in this lease but required monthly payments on these vehicles do not commence until August 2023. Variable lease expenses are also incurred on this lease, which represent mileage and other performance or output charges. RRFB measures the operating lease liability at June 30, 2023 and 2022 of \$273,651 and \$0, respectively, by calculating the present value of the future lease payments using a discount rate of 5%.

The total minimum rental commitments as of June 30, 2023 under RRFB’s operating leases, excluding variable lease expenses, are as follows:

<i>Year Ended June 30,</i>	<u>Operating Leases</u>
2024	\$ 68,431
2025	64,431
2026	64,431
2027	64,431
2028	<u>53,693</u>
	315,417
Less: Present value of future cash flows	<u>(37,337)</u>
	<u>\$ 278,080</u>

Right-of-use assets have a carrying value of \$318,713 and \$311,545 at June 30, 2023 and 2022 respectively. Accumulated amortization of right-of-use assets totaled \$34,809 and \$238,826 at June 30, 2023 and 2022, respectively.

During the years ended June 30, 2023 and 2022, operating lease expenses totaled \$105,674 and \$118,614, respectively, which is reported as a portion of occupancy and transportation expenses in the consolidated statements of functional expenses. These expenses do not include variable lease expenses of \$14,393 and \$14,525 for the years ended June 30, 2023 and 2022, respectively, which is also reported as a portion of transportation expenses in the consolidated statements of functional expenses.

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

**10) Finance Leases**

Finance leases consist of the following at June 30, 2023 and 2022:

- ◆ RRFB entered into a security system lease commencing on March 16, 2020. Monthly lease payments of \$618 are due through April 2023. This lease was extended for two years in 2023, resulting in additional monthly payments of \$618 through April 2025. RRFB measures the finance lease liability at June 30, 2023 and 2022 of \$12,955 and \$6,116, respectively, by calculating the present value of the future lease payments using a discount rate of 5%.
- ◆ In July 2022, RRFB amended an operating lease for one vehicle, which contains a bargain purchase option. RRFB prepaid the minimum lease payments due under this amended lease agreement, resulting in no finance lease liability at June 30, 2023.

Minimum rental commitments as of June 30, 2023 under RRFB's finance leases, excluding variable lease expenses, include \$6,919 due in fiscal year 2024 and \$6,036 due in fiscal year 2025.

The right-of-use assets have a carrying value of \$239,017 and \$39,110 at June 30, 2023 and 2022, respectively. Accumulated amortization totaled \$92,365 and \$10,571 at June 30, 2023 and 2022, respectively. Amortization expense of right-of-use finance leases totaled \$46,764 and \$4,239 for the years ended June 30, 2023 and 2022, respectively, and is included as a portion of interest expense in the consolidated statements of functional expenses.

**11) Net Assets Without Donor Restrictions – Board Designated**

RRFB's governing board has designated, from net assets without donor restrictions, funds to be used at the discretion of the board. These uses include, but are not limited to:

- ◆ *Quasi-endowment fund* – funds available to produce resources for RRFB capacity building and future expenditures with anticipated annual spending of 4% of the past rolling seven-year average market value of the portfolio.
- ◆ *General fund* – funds available to cover expenses in the case of lack of funding or cash flows, to fund a new or experimental program, as needed in the case of a disaster, or for funding capital projects that are unfunded.
- ◆ *Capital fund* – funds available for capital projects that are unfunded by other sources.
- ◆ *Produce fund* – funds available to be used without prior board approval for produce acquisition and distribution purposes.
- ◆ *Fuel pricing hedge fund* – funds available to be used without prior board approval if the price of fuel rises to the point where the approved budget is over-spent by \$50,000.

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

11) Net Assets Without Donor Restrictions – Board Designated – continued

Board designated net assets consist of the following as of June 30:

	<u>2023</u>	<u>2022</u>
Quasi-endowment fund	\$ 26,772,162	\$ 25,653,860
General fund	2,518,389	2,218,066
Capital fund	2,052,318	1,281,429
Produce fund	362,000	362,000
Fuel pricing hedge fund	<u>50,000</u>	<u>50,000</u>
Total net assets without donor restrictions - board designated	<u>\$ 31,754,869</u>	<u>\$ 29,565,355</u>

12) Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
<b>Restricted for time:</b>		
General operations	\$ 1,343,785	\$ 1,254,425
<b>Restricted for purpose:</b>		
COVID-19 relief grants	1,212,223	1,212,223
Retail agency capacity grant	665,266	750,000
Equitable food access grants	328,232	160,000
Outreach - SNAP	202,506	-
General food distribution	187,914	85,315
Health and wellness initiatives	170,726	27,742
Service insights and agency portal	132,732	248,850
Childhood Hunger Initiative (CHI) grants	131,531	58,029
Senior Hunger Initiative (SHI) grants	125,000	150,000
Other grants	<u>127,831</u>	<u>42,862</u>
Total net assets with donor restrictions	<u>\$ 4,627,746</u>	<u>\$ 3,989,446</u>

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

**13) Retirement Plan**

RRFB has a 403(b) Thrift Retirement Plan (the “Plan”). The Plan provides an employer matching contribution for participating employees who are at least eighteen years of age and have completed a minimum of one year of service. Employees with at least 1,000 hours of any non-profit employment during the last three years are immediately eligible for the employer matching contribution. Employees who normally work less than twenty hours per week are not eligible for employer matching contributions. RRFB’s employer match equals the lesser of the employee’s contributions to the Plan or 4% of the employee’s compensation for 2023 and 2022. RRFB matching contributions were \$94,691 and \$70,521 for the years ended June 30, 2023 and 2022, respectively.

**14) Power Purchase Agreement**

On July 20, 2015, RRFB entered into a power purchase agreement with a local solar provider for a term of 25 years. The solar provider designed and installed a solar panel photovoltaic system (the “system”), which it also maintains and owns, on RRFB’s premises. This system provides a portion of RRFB’s electricity at an agreed upon reduced rate. The provider retains the environmental credits, financial incentives, and tax benefits associated with the system.

The agreement was amended in March 2016 by increasing the buy-out option to cover the second solar array that had been installed. RRFB has the option to purchase the solar equipment in years 6, 10, 15, 25, or any agreed upon interval for the amount equal to the higher of the fair market value of the system and its output or \$432,000; \$364,000; \$297,000; or \$75,600 for the years noted above, respectively.

On February 29, 2016, RRFB entered into a power efficiency agreement with the same local solar provider that designed and installed the solar arrays. The agreement is for RRFB to host a demand charge reduction and energy storage system for a period of 10 years. RRFB has no ownership rights of the system and bears no risk of loss but benefits through demand charge reduction savings. The savings are shared between RRFB and the solar company, with RRFB paying up to 75% of the savings in demand charge up to a specified per month maximum.

**15) Related Party**

During fiscal year 2023, RRFB established a banking relationship with a local financial institution. At June 30, 2023, RRFB maintained bank balances totaling \$5,135,531 with this financial institution. At June 30, 2023, two members of RRFB’s Board of Director’s held positions as Senior Vice-Presidents with the same local financial institution.

**Roadrunner Food Bank, Inc.**  
**Notes to the Consolidated Financial Statements**  
**June 30, 2023 and 2022**

**16) Roadrunner Cold Storage, LLC**

Revenues and expenses of RRCS for the years ending June 30 are as follows:

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Cold storage revenue	\$ <u>21,671</u>	\$ <u>31,247</u>
<b>Expenses</b>		
Salaries and wages	11,046	10,980
Occupancy	22,290	24,495
Depreciation	390	381
Equipment rental and maintenance	1,538	1,538
Miscellaneous	<u>17</u>	<u>121</u>
Total expenses	<u>35,281</u>	<u>37,515</u>
Change in net assets	<u>\$ (13,610)</u>	<u>\$ (6,268)</u>

**17) In-Kind Contributions**

RRFB received the following in-kind contributions for the years ended June 30:

	<u>2023</u>	<u>2022</u>
Property and equipment	\$ 176,612	\$ 3,999
Professional services	5,763	154
Supplies	121,505	34,717
Souper Bowl	37,530	-
Public relations	<u>198,206</u>	<u>221,510</u>
Total in-kind contributions	<u>\$ 539,616</u>	<u>\$ 260,380</u>

All donated property, equipment, and supplies were utilized by RRFB's programs and supporting services, including for use as part of RRFB's Souper Bowl event. Donated property and equipment are valued at fair value at the date of donation. Donated supplies are valued at the wholesale prices that would be received for selling similar products. Donated professional services and public relations are recognized at their estimated fair value if they create or enhance nonfinancial assets or they require specialized skills that would need to be purchased if they were not donated. RRFB received contributed legal and public relations services that are reported using current rates for similar services.

## Single Audit Information



**Roadrunner Food Bank, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

Federal Grantor / Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-through Grantor or Other Identifying Number	Passed Through to Subrecipients	Federal Expenditures
<b>U.S. Department of Agriculture</b>				
<i>Passed through the New Mexico Human Services Department</i>				
Food Distribution Cluster				
Emergency Food Assistance Program (Administrative Costs)	10.568	21-630-9000-0049	\$ -	\$ 1,059,514
Emergency Food Assistance Program (Conversion)	10.568	21-630-9000-0049	-	462,088
COVID-19 Emergency Food Assistance Program (ARPA)	10.568	21-630-9000-0049	-	645,161
Emergency Food Assistance Program (Research and Resiliency)	10.568	21-630-9000-0049	-	30,975
Emergency Food Assistance Program (Food Commodities)	10.569	21-630-9000-0049	<u>13,846,855</u>	<u>13,846,855</u>
Total Food Distribution Cluster			<u>13,846,855</u>	<u>16,044,593</u>
<b>Total U.S. Department of Agriculture</b>			<b><u>13,846,855</u></b>	<b><u>16,044,593</u></b>
<b>Corporation for National and Community Services</b>				
<i>Passed through the New Mexico Commission for Community Volunteerism</i>				
AmeriCorps State and National Grants	94.006	22-631-7004-00033	-	148,311
AmeriCorps State and National Grants (SC)	94.006	21-631-7004-00029	-	128,686
AmeriCorps State and National Grants (PHE)	94.006	21-631-7004-00047	<u>-</u>	<u>10,591</u>
<b>Total Corporation for National and Community Services</b>			<u>-</u>	<b><u>287,588</u></b>
<b>Total expenditures of federal awards</b>			<b><u>\$ 13,846,855</u></b>	<b><u>\$ 16,332,181</u></b>

**The accompanying notes are an integral part of this schedule.**

**Roadrunner Food Bank, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**1) Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Roadrunner Food Bank, Inc. (RRFB) under programs of the federal government for the year ended June 30, 2023. Because the Schedule presents only a selected portion of the operations of RRFB, it is not intended to and does not present the financial position, changes in net assets, or cash flows of RRFB.

**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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

**3) Indirect Cost Rate**

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

**4) Non-Cash Assistance**

Non-cash assistance recorded in the Schedule consists of food commodities donated by the USDA (The Emergency Food Assistance Program, or TEFAP, ALN 10.569) and passed through the New Mexico Human Services Department to RRFB. The donated food commodities are valued at the estimated fair value of \$1.57 per pound (as valued by Feeding America). RRFB’s accounting policy for donated inventories is more fully described in Note 2 to the consolidated financial statements and follows accounting principles generally accepted in the United States of America. All food commodities reported in the Schedule are further passed through from RRFB to subrecipients (emergency food pantries, group homes, low-income day care centers, shelters, and soup kitchens).

Donated food commodities inventory at June 30, 2023 is reported in the consolidated financial statements (Note 5) at \$551,640 using an estimated fair value of \$1.57 per pound.

**Roadrunner Food Bank, Inc.**  
**Notes to the Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**5) Reconciliation of the Schedule to the Consolidated Financial Statements**

The following is a reconciliation of the expenditures reported in the Schedule to the federal and state grants revenue and federal donated food commodities revenue reported in the consolidated financial statements:

Donated food commodities - TEFAP	\$ 13,846,855
Other federal grant expenditures	<u>2,485,326</u>
Total expenditures of federal awards	16,332,181
Other nonfederal grant expenditures	5,785,196
Transformation of donated food commodities	481,310
Increase in donated food commodities inventory	<u>203,791</u>
Total federal and state grant revenues and federal donated food commodities reported in the consolidated financial statements	<u><u>\$ 22,802,478</u></u>



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

Board of Directors  
Roadrunner Food Bank, Inc.

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 *Government Auditing Standards*, issued by the Comptroller General of the United States, the consolidated financial statements of Roadrunner Food Bank, Inc. (RRFB), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 26, 2024.

### **Report on Internal Control over Financial Reporting**

In planning and performing our audit of the consolidated financial statements, we considered RRFB's internal control over financial reporting (internal control) as a basis for determining 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 RRFB's internal control. Accordingly, we do not express an opinion on the effectiveness of RRFB's internal control.

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

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

## **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether RRFB's consolidated 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 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 RRFB's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering RRFB's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SJT Group LLC

Albuquerque, New Mexico  
February 26, 2024



## Independent Auditor's Report on Compliance for the Major Program and On Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors  
Roadrunner Food Bank, Inc.

### **Report on Compliance for the Major Federal Program**

#### ***Opinion on the Major Federal Program***

We have audited Roadrunner Food Bank, Inc.'s (RRFB) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on RRFB's major federal program for the year ended June 30, 2023. RRFB's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, RRFB complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

#### ***Basis for Opinion on the Major Federal Program***

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

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

#### ***Responsibilities of Management for Compliance***

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

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## ***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

## **Report on Internal Control Over Compliance**

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

SJT Group LLC

Albuquerque, New Mexico  
February 26, 2024



**Roadrunner Food Bank, Inc.**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2023**

**Section I — Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Noncompliance material to financial statements noted?	No

***Federal Awards***

Type of auditor’s report issued on compliance for the major program:	Unmodified
Internal control over the major program:	
Material weaknesses identified?	No
Significant deficiencies identified?	None reported
Any audit findings disclosed that are required to be reported in accordance with the Uniform Guidance?	No

Identification of the major program:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.568/10.569	Food Distribution Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low-risk auditee?	Yes

**Roadrunner Food Bank, Inc.**  
**Schedule of Findings and Questioned Costs – continued**  
**For the Year Ended June 30, 2023**

**Section II — Financial Statement Findings**

None.

**Section III — Federal Award Findings and Questioned Costs**

None.