

**OHIO TRI-COUNTY FOOD ALLIANCE
DBA SECOND HARVEST FOOD BANK
(A NONPROFIT ORGANIZATION)**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEARS ENDED DECEMBER 31, 2024 AND 2023

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 3
FINANCIAL STATEMENTS	
Statements of Financial Position	4
Statements of Activities	5 - 6
Statements of Functional Expenses	7 - 8
Statements of Cash Flows	9
Notes to Financial Statements	10 - 18
SUPPLEMENTARY INFORMATION	
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 <i>Government Auditing Standards</i>	19 - 20
Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By the Uniform Guidance	21 - 24
Schedule of Expenditures of Federal Awards	25 - 26
Schedule of Findings and Questioned Costs	27 - 29
Schedule of Prior Audit Findings	30 - 31
Corrective Action Plan	32



INDEPENDENT AUDITORS' REPORT

Board of Directors
Ohio Tri-County Food Alliance
dba Second Harvest Food Bank
Springfield, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **Ohio Tri-County Food Alliance dba Second Harvest Food Bank** (a nonprofit organization), which comprise the statements of financial position as of December 31, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of **Ohio Tri-County Food Alliance dba Second Harvest Food Bank** as of December 31, 2024 and 2023, 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Ohio Tri-County Food Alliance dba Second Harvest Food Bank** 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 Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of **Ohio Tri-County Food Alliance dba Second Harvest Food Bank** to continue as a going concern within one year after the date that the financial statements are available to be issued.

3601 Rigby Road • Suite 400 • Dayton, Ohio • 45342-4981
2206 Chester Blvd. • Richmond, Indiana • 47374-1219
3 Easton Oval • Suite 300 • Columbus, Ohio • 43219-6287
11175 Cicero Drive • Suite 300 • Alpharetta, Georgia • 30022-1166

INDEPENDENT AUDITORS' REPORT - CONTINUED

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of **Ohio Tri-County Food Alliance dba Second Harvest Food Bank**. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of **Ohio Tri-County Food Alliance dba Second Harvest Food Bank** 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.

INDEPENDENT AUDITORS' REPORT - CONTINUED

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025, on our consideration of **Ohio Tri-County Food Alliance dba Second Harvest Food Bank's** internal control over financial reporting, and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is 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 **Ohio Tri-County Food Alliance dba Second Harvest Food Bank's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Ohio Tri-County Food Alliance dba Second Harvest Food Bank's** internal control over financial reporting and compliance.



Columbus, Ohio
September 29, 2025

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 904,908	\$ 730,073
Accounts receivable - net	20,125	-
Grants receivable	7,648	34,825
Pledges receivable	35,000	20,000
Prepaid expenses	58,829	57,352
Inventory	<u>1,127,545</u>	<u>1,293,697</u>
Total current assets	2,154,055	2,135,947
OPERATING LEASE RIGHT-OF-USE ASSET	230,086	15,966
PROPERTY AND EQUIPMENT, NET	3,496,576	2,424,932
BENEFICIAL INTEREST IN ENDOWMENT FUNDS HELD BY THE SPRINGFIELD FOUNDATION	25,929	20,623
INVESTMENTS	<u>287,033</u>	<u>755,463</u>
	\$ 6,193,679	\$ 5,352,931
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of operating lease obligations	\$ 55,792	\$ 12,498
Accounts payable	179,314	25,708
Accrued expenses	29,011	60,840
Deferred income	<u>-</u>	<u>2,750</u>
Total current liabilities	<u>264,117</u>	<u>101,796</u>
LONG-TERM LIABILITIES		
Operating lease obligations, net of current maturities	<u>174,294</u>	<u>3,468</u>
Total liabilities	<u>438,411</u>	<u>105,264</u>
NET ASSETS		
Without donor restrictions	3,975,104	4,612,000
With donor restrictions	<u>1,780,164</u>	<u>635,667</u>
	<u>5,755,268</u>	<u>5,247,667</u>
	\$ 6,193,679	\$ 5,352,931

See notes to financial statements.

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT			
Government grants	\$ 446,105	\$ -	\$ 446,105
United Way allocation	127,266	-	127,266
Contributions	783,863	1,445,099	2,228,962
Grants and foundations	194,851	-	194,851
Net assets released from restrictions - purpose	<u>272,633</u>	<u>(272,633)</u>	<u>-</u>
Total Public Support	<u>1,824,718</u>	<u>1,172,466</u>	<u>2,997,184</u>
REVENUE			
Member agency fees	105,529	-	105,529
Contribution of nonfinancial assets - food and products	9,839,602	-	9,839,602
Change in value of beneficial interest in endowment funds	2,646	-	2,646
Contribution of nonfinancial assets	3,500	-	3,500
Rent	30,250	-	30,250
Other revenue	24,898	-	24,898
Net investment return	31,570	-	31,570
Net assets released from restrictions - purpose	<u>27,969</u>	<u>(27,969)</u>	<u>-</u>
Total Revenue	<u>10,065,964</u>	<u>(27,969)</u>	<u>10,037,995</u>
Total Public Support and Revenue	<u>11,890,682</u>	<u>1,144,497</u>	<u>13,035,179</u>
FUNCTIONAL EXPENSES			
Program services	11,525,357	-	11,525,357
Management and general	735,281	-	735,281
Fundraising	<u>266,940</u>	<u>-</u>	<u>266,940</u>
Total Functional Expenses	<u>12,527,578</u>	<u>-</u>	<u>12,527,578</u>
CHANGE IN NET ASSETS	(636,896)	1,144,497	507,601
NET ASSETS			
Beginning of year	<u>4,612,000</u>	<u>635,667</u>	<u>5,247,667</u>
End of year	<u>\$ 3,975,104</u>	<u>\$ 1,780,164</u>	<u>\$ 5,755,268</u>

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2023

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT			
Government grants	\$ 737,604	\$ -	\$ 737,604
United Way allocation	52,567	-	52,567
Contributions	1,211,874	46,248	1,258,122
Grants and foundations	329,552	-	329,552
Net assets released from restrictions - purpose	<u>287,462</u>	<u>(287,462)</u>	<u>-</u>
Total Public Support	<u>2,619,059</u>	<u>(241,214)</u>	<u>2,377,845</u>
REVENUE			
Member agency fees	150,582	-	150,582
Contribution of nonfinancial assets - food and products	13,558,180	-	13,558,180
Change in value of beneficial interest in endowment funds	2,010	-	2,010
Contribution of nonfinancial assets	4,890	-	4,890
Rent	33,000	-	33,000
Other revenue	19,906	-	19,906
Net investment return	64,199	-	64,199
Net assets released from restrictions - purpose	<u>244,003</u>	<u>(244,003)</u>	<u>-</u>
Total Revenue	<u>14,076,770</u>	<u>(244,003)</u>	<u>13,832,767</u>
Total Public Support and Revenue	<u>16,695,829</u>	<u>(485,217)</u>	<u>16,210,612</u>
FUNCTIONAL EXPENSES			
Program services	16,129,685	-	16,129,685
Management and general	516,094	-	516,094
Fundraising	<u>202,371</u>	<u>-</u>	<u>202,371</u>
Total Functional Expenses	<u>16,848,150</u>	<u>-</u>	<u>16,848,150</u>
CHANGE IN NET ASSETS	(152,321)	(485,217)	(637,538)
NET ASSETS			
Beginning of year	<u>4,764,321</u>	<u>1,120,884</u>	<u>5,885,205</u>
End of year	<u>\$ 4,612,000</u>	<u>\$ 635,667</u>	<u>\$ 5,247,667</u>

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2024

	2024			
	Program Services	Management and General	Fundraising	Total
Food distributed	\$ 9,645,910	\$ -	\$ -	\$ 9,645,910
Salaries and wages	796,559	273,446	118,889	1,188,894
Payroll taxes	67,214	23,073	10,032	100,319
Employee benefits	67,510	23,175	10,076	100,761
Temporary hire	119,423	-	-	119,423
Professional services	-	48,880	-	48,880
Insurance	38,837	23,303	15,535	77,675
Repairs and maintenance	124,131	53,199	-	177,330
Utilities	68,192	34,096	11,365	113,653
Telephone and internet	12,038	898	5,031	17,967
Office expense	69,440	4,309	43,423	117,172
Marketing and printing	7,830	-	31,321	39,151
Transportation and travel	46,218	15,444	8,192	69,854
Miscellaneous	1,589	9,543	4,766	15,898
Feeding program expense	9,643	-	-	9,643
Fundraising expense	-	-	8,310	8,310
Grant expense	69,326	-	-	69,326
Inventory spoilage	<u>192,576</u>	<u>192,576</u>	<u>-</u>	<u>385,152</u>
Total Functional Expenses Before Depreciation	11,336,436	701,942	266,940	12,305,318
Depreciation	<u>188,921</u>	<u>33,339</u>	<u>-</u>	<u>222,260</u>
Total Functional Expenses	<u>\$ 11,525,357</u>	<u>\$ 735,281</u>	<u>\$ 266,940</u>	<u>\$ 12,527,578</u>

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2023

	2023			
	Program Services	Management and General	Fundraising	Total
Food distributed	\$ 12,653,555	\$ -	\$ -	\$ 12,653,555
Salaries and wages	1,001,307	305,955	83,442	1,390,704
Payroll taxes	112,969	34,518	9,414	156,901
Employee benefits	92,914	28,390	7,743	129,047
Temporary hire	69,843	-	-	69,843
Professional services	76,347	23,328	6,362	106,037
Insurance	87,081	10,245	5,122	102,448
Repairs and maintenance	180,642	14,448	2,859	197,949
Utilities	93,852	18,313	2,289	114,454
Telephone and internet	11,073	2,847	1,898	15,818
Office expense	113,132	18,853	12,480	144,465
Marketing and printing	32,578	5,430	16,289	54,297
Transportation and travel	114,153	12,250	6,268	132,671
Miscellaneous	75,659	10,975	5,645	92,279
Feeding program expense	323,064	-	-	323,064
Fundraising expense	-	-	42,560	42,560
Inventory spoilage	<u>918,445</u>	<u>-</u>	<u>-</u>	<u>918,445</u>
Total Functional Expenses Before Depreciation	15,956,614	485,552	202,371	16,644,537
Depreciation	<u>173,071</u>	<u>30,542</u>	<u>-</u>	<u>203,613</u>
Total Functional Expenses	<u>\$ 16,129,685</u>	<u>\$ 516,094</u>	<u>\$ 202,371</u>	<u>\$ 16,848,150</u>

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 507,601	\$ (637,538)
Adjustments to reconcile change in net assets to net cash and cash equivalents provided (used) by operating activities:		
Depreciation	222,260	203,613
Change in value of beneficial interest in endowment funds	(2,646)	(2,010)
Contribution of nonfinancial assets - food and products	(9,839,602)	(13,558,180)
Contribution of nonfinancial assets - distributed and inventory spoilage	10,031,062	13,836,910
Inventory reserve	-	(250,000)
Accounts receivable reserve	(65,184)	70,184
Unrealized (gain) loss on investments	(11,785)	(29,739)
Realized gain on investments	(19,785)	(34,460)
Amortization of right-of-use assets	53,731	34,319
	<u>875,652</u>	<u>(366,901)</u>
Changes in operating assets and liabilities:		
Accounts receivable	45,059	(59,282)
Grants receivable	27,177	(22,858)
Pledges receivable	(15,000)	(20,000)
Prepaid expenses	(1,477)	44,750
Purchased inventory	(27,969)	(244,003)
Accounts payable	153,608	(37,596)
Accrued expenses	(31,829)	26,191
Deferred income	(2,750)	(13,692)
Operating lease liabilities	(53,731)	(34,319)
	<u>968,740</u>	<u>(727,710)</u>
Net Cash and Cash Equivalents Provided (Used) by Operating Activities		
	<u>968,740</u>	<u>(727,710)</u>
INVESTING ACTIVITIES		
Proceeds from sales of investments	500,000	300,000
Purchases of property and equipment	(1,293,905)	(44,726)
	<u>(793,905)</u>	<u>255,274</u>
Net Cash and Cash Equivalents Provided (Used) by Investing Activities		
	<u>(793,905)</u>	<u>255,274</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	174,835	(472,436)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>730,073</u>	<u>1,202,509</u>
End of year	<u>\$ 904,908</u>	<u>\$ 730,073</u>

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - Ohio Tri-County Food Alliance dba Second Harvest Food Bank

(the "Organization") is an Ohio not-for-profit corporation committed to alleviating hunger in its community. The Organization achieves this commitment through the distribution of food commodities to member agencies located in Clark County and various other counties in Ohio. The Organization's primary funding sources are from the United States Department of Agriculture (USDA), Feeding America, Shared Harvest Foodbank, the United Way campaign and donor contributions.

Basis of Presentation - Accounting standards require the Organization to report information regarding the financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization has no net assets that are required to be maintained in perpetuity.

Financial 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 the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents - Cash equivalents include amounts in money market funds and financial instruments with a maturity of less than three months at the date of purchase.

Minimum Cash Requirement - In accordance with the terms of a grantor, the Organization is required to maintain cash reserves without donor restrictions equal to or greater than the previous year's average quarterly cash operating expenses, which exclude distributions of donated food or demonstrate positive working capital. The Organization was in compliance with both requirements at December 31, 2024. The Organization was in compliance with one of those requirements at December 31, 2023.

Adoption of New Accounting Standards - In June 2016, the Financial Accounting Standards Board ("FASB") issued guidance (FASB ASC 326) which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through change in net assets. The most significant change in this standard is a shift from the incurred loss model to the expected loss model. Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in FASB ASC 326 were accounts receivable.

The Organization adopted the standard effective January 1, 2023. The impact of the adoption was not considered material to the consolidated financial statements and primarily resulted in new/enhanced disclosures only.

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounts Receivable - Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for credit loss expense and an adjustment for a valuation allowance based on its assessment of the current status of individual accounts. Clients not making payments in accordance with terms offered or historical practices are considered past due.

The Organization recognizes an allowance for losses on accounts receivable in an amount equal to the current expected credit losses. The estimation of the allowance is based on an analysis of historical loss experience, current receivables aging, and management's assessment of current conditions and reasonable and supportable expectation of future conditions, as well as an assessment of specific identifiable customer accounts considered at risk or uncollectible. The Organization assesses collectability by pooling receivables where similar characteristics exist and evaluates receivables individually when specific customer balances no longer share those risk characteristics and are considered at risk or uncollectible. The expense associated with the allowance for expected credit losses is recognized in management and general expenses. The allowance for credit losses was \$5,000 and \$70,184 at December 31, 2024 and 2023.

The Organization writes off receivables when there is information that indicates the debtor is facing significant financial difficulty and there is no possibility of recovery. If any recoveries are made from any accounts previously written off, they will be recognized in income or offset to credit loss expense in the year of recovery.

Grants Receivable - The Organization has grants receivable related to various grant contracts which are structured on a reimbursement basis. At December 31, 2024 and 2023, these balances were expected to be realized in one year or less.

Pledges Receivable - Unconditional pledges receivable are recorded at the net realizable value. Conditional promises to give are recorded only when the conditions on which they depend are substantially met and the promises become unconditional.

Inventory - Inventory consists of perishable and non-perishable foods and related products.

The Organization generally carries all donated and purchased inventory, including donations received through Feeding America, at \$1.97 and \$1.93 per pound at December 31, 2024 and 2023. The valuation per pound is based on the approximate average wholesale value of one pound of donated product at the national level as outlined in the Product Valuation Survey Methodology prepared for Feeding America. Management believes the estimate to be an accurate measure of the inventory cost. The Organization carries all federal and state program inventories using this same valuation methodology.

Property and Equipment - Property and equipment are stated at cost, while donated items are reported at fair value on the date of contribution, and depreciated over their estimated useful lives using the straight-line method. Depreciation expense was \$222,260 and \$203,613 for the years 2024 and 2023. Routine repairs and maintenance are charged to expense when incurred.

The Organization capitalizes all expenditures in excess of \$1,000 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support and net assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support and net assets without donor restrictions.

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Organization reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at December 31, 2024 and 2023.

Leases - The Organization leases vehicles and various other equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease right-of-use (ROU) assets, and current and long-term operating lease liabilities on the statement of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. As the operating leases do not provide an implicit interest rate, the Organization uses a risk free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Concentrations - The Organization's cash and cash equivalents as of December 31, 2024 and 2023 was on deposit in one financial institution which, at various times throughout the year was in excess of FDIC insurance limits of \$250,000.

Contributions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. 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 statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are recorded as without donor restrictions contributions.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in restricted net assets. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Tax Status - The Organization is a not-for-profit organization incorporated under the laws of the State of Ohio, and is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to federal income tax on any unrelated business taxable income.

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting for Uncertainty in Income Taxes - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy, as of December 31, 2024 and 2023.

Functional Allocation of Expenses - Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The main expenses that are allocated include salaries and wages and related employee benefits and payroll taxes which are allocated on the basis of estimates of time and effort. Facility related costs, including utilities, insurance, repairs and maintenance, and depreciation are allocated based on management's estimate using factors such as square footage utilization. The other allocated expenses are based on estimates.

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through September 29, 2025, the date the financial statements were available to be issued.

Reclassifications - Certain prior year amounts in the financial statement have been reclassified to conform with current year presentation.

NOTE 2 - REVENUE RECOGNITION

Funding received for which the resource providers do not receive commensurate value are accounted for as contributions. Unconditional contributions, including unconditional promises to give, are recognized as made. Conditional promises to give are recognized when the conditions on which they depend are met. The Organization receives conditional funding from various governmental grants. This funding is recognized as the Organization meets the donor-imposed conditions, which generally represent incurring allowable costs related to the grant. Accordingly, grant revenue is recognized on cost reimbursement grants in amounts equal to costs incurred or as the service has been rendered.

The most significant contributions received by the Organization consist of contribution of nonfinancial assets - food and related products, which are valued on an average wholesale value per pound based on published sources. Donated vehicles, equipment, investments and services are also recorded as contributions in the accompanying statements at their estimated fair value at the date of receipt. Donated services are recorded as public support only if they create or enhance non-financial assets or require specialized services. Numerous volunteers have made significant contributions of time to the Organization's policy making program and support functions. The value of this contributed time does not meet the criteria existing in accounting standards for recognition of contributed services and, accordingly, is not reflected in the accompanying financial statements.

The Organization also derives a minor portion of its revenue from contracts with customers. The Organization recognizes revenue as services are provided in an amount the Organization expects to be entitled to in exchange for service provided. There is no variable consideration or significant financing components related to contracts with customers.

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments. The Organization has the following financial assets, less those unavailable for general expenditure within one year:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 904,908	\$ 730,073
Accounts receivable	20,125	-
Grants receivable	7,648	34,825
Pledges receivable	35,000	20,000
Investments	287,033	755,463
Beneficial interest in endowment fund	<u>25,929</u>	<u>20,623</u>
Financial assets available to meet cash needs for general expenditures within one year	1,280,643	1,560,984
Less those unavailable for general expenditure within one year due to:		
Net assets - with donor restrictions - purpose restrictions	(1,780,164)	(635,667)
Beneficial interest in endowment fund	<u>(25,929)</u>	<u>(20,623)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ (525,450)</u>	<u>\$ 904,694</u>

NOTE 4 - ACCOUNTS RECEIVABLE

	<u>2024</u>	<u>2023</u>
Accounts receivable	\$ 25,125	\$ 70,184
Allowance for credit losses	<u>(5,000)</u>	<u>(70,184)</u>
	<u>\$ 20,125</u>	<u>\$ -</u>

The allowance for expected credit losses related to accounts receivable and changes therein during 2024 and 2023 are as follows:

	<u>2024</u>	<u>2023</u>
Beginning balance	\$ (70,184)	\$ -
Provisions for credit losses	-	(70,184)
Write-offs	<u>65,184</u>	<u>-</u>
Ending balance	<u>\$ (5,000)</u>	<u>\$ (70,184)</u>

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - PROPERTY AND EQUIPMENT

	<u>2024</u>	<u>2023</u>
Land	\$ 393,080	\$ 393,080
Buildings and improvements	1,607,615	1,607,615
Furniture and equipment	487,428	394,644
Vehicles	518,154	518,154
Leasehold improvements	498,803	498,803
Construction in progress	<u>1,215,361</u>	<u>14,240</u>
Total cost	4,720,441	3,426,536
Less accumulated depreciation	<u>1,223,865</u>	<u>1,001,604</u>
Property and equipment, net	<u>\$ 3,496,576</u>	<u>\$ 2,424,932</u>

NOTE 6 - FAIR VALUE MEASUREMENTS

	<u>2024</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Mutual fund	<u>\$ 287,033</u>	<u>\$ 287,033</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interest in endowment funds	<u>\$ 25,929</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 25,929</u>
	<u>2023</u>			
	<u>Total</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Mutual fund	<u>\$ 755,463</u>	<u>\$ 755,463</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interest in endowment funds	<u>\$ 20,623</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,623</u>

Level 1 - Fair values for investments are determined by reference to quoted market prices.

Level 2 - Fair values for investments are calculated using quoted market prices for similar assets in markets that are not active. The Organization did not have Level 2 investments as of December 31, 2024 and 2023.

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - FAIR VALUE MEASUREMENTS - CONTINUED

Level 3 - Fair values for investments are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair measurement. These inputs reflect assumptions of management about assumptions market participants would use in pricing the investments. The Organization maintains units of participation in pooled investment fund accounts held at a local community foundation. The investment pool maintains an asset allocation that distributes the pool's investments into a variety of classes including equity securities, fixed income securities, hedge funds, and mutual funds. The fair value as reported by The Springfield Foundation is based on the fair value of the individual securities within the pooled account as determined by the custodian using quoted market prices and other techniques, without adjustment by management. There were transfers totaling \$2,660 into Level 3 investments during 2024. There were no transfers in or out of Level 3 or purchases of Level 3 investments during 2023.

NOTE 7 - BENEFICIAL INTEREST IN ENDOWMENT FUNDS

The Organization has established The Second Harvest Foodbank Endowment Fund, a charitable endowment fund, with The Springfield Foundation, of which the Organization is the named beneficiary. The beneficial interest in the endowment fund was \$25,929 and \$20,623 at December 31, 2024 and 2023, and represents amounts contributed by the Organization, plus any net subsequent earnings retained in this fund. Net investment earnings of the endowment fund are included in the statements of activities as a change in net assets without donor restrictions.

NOTE 8 - LINE OF CREDIT

In January 2020, the Organization entered into a \$75,000 line of credit with a financial institution. Interest is payable monthly at Prime rate (7.50% and 8.50% at December 31, 2024 and 2023) plus 1.00%. The line of credit is secured by substantially all of the assets of the Organization. The line of credit is automatically renewed annually unless the Organization no longer wants to maintain the line of credit. There were no outstanding borrowings at December 31, 2024 and 2023.

NOTE 9 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions includes assets of the Organization with donor-imposed restrictions that have not been met as to specific purpose, or to later periods of time or after specific dates.

	<u>2024</u>	<u>2023</u>
Net assets with donor restrictions as to:		
Feeding America - Capacity Building	\$ 221,350	\$ 451,125
USDA	112,565	140,533
Maureen Sheehan Massaro Partner Agency Assisstance	35,376	1,150
Designated Grant Funds	195,512	-
Time	-	42,859
Building Project	<u>1,215,361</u>	<u>-</u>
	<u>\$ 1,780,164</u>	<u>\$ 635,667</u>

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - LEASING ACTIVITIES

The Organization leases certain vehicles and various other equipment under long-term cancelable and non-cancelable leases expiring at various dates through May 2031.

The following summarizes the line items in the statement of financial position which include the amounts for operating leases as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating Leases		
Operating lease right-of-use assets	<u>\$ 230,086</u>	<u>\$ 15,966</u>
Current operating lease liabilities	<u>\$ 55,792</u>	<u>\$ 12,498</u>
Long-term operating lease liabilities	<u>174,294</u>	<u>3,468</u>
Total operating lease liabilities	<u>\$ 230,086</u>	<u>\$ 15,966</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term		
Operating leases	5.03 years	1.02 years
Weighted Average Discount Rate		
Operating leases	4.36%	1.01%

The maturities of lease liabilities as of December 31, 2024 are as follows:

	<u>Operating</u>
2025	\$ 64,490
2026	61,010
2027	35,934
2028	27,576
2029	27,576
Thereafter	<u>39,066</u>
Total lease payments	255,652
Less interest	<u>(25,566)</u>
Present value of lease liabilities	<u>\$ 230,086</u>

The following provides a breakout of rent expense on the statements of functional expenses for the years ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating lease expense:		
Operating lease expense	<u>\$ 53,731</u>	<u>\$ 34,620</u>

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - LEASING ACTIVITIES - CONTINUED

The following summarizes cash flow information related to leases for the year ended December 31, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 53,731	\$ 34,620
Lease assets obtained in exchange for lease obligations:		
Operating leases	\$ 260,930	\$ -

NOTE 11 - LEASE REVENUE

On March 1, 2020, the Organization entered into a lease agreement with Wellspring. The lease is to allow use of office space. The lease payment was \$2,750 per month through February 2024. Lease revenue recognized was \$30,250 and \$33,000 during 2024 and 2023. The lease is now considered on month to month terms.

NOTE 12 - RETIREMENT PLAN

The Organization offers retirement benefits for all of its eligible full-time employees. The Organization established a SIMPLE IRA plan which is funded by contributions from the Organization and employees. Employees who have received at least \$5,000 in compensation in one of two of the preceding years and are expected to receive at least \$5,000 in compensation in the current year are eligible to participate. Contributions are paid as accrued. Employees vest immediately in employer contributions. The Organization makes 100% matching contributions on employee deferrals up to 3% of employee compensation. Organization contributions were \$13,944 and \$9,389 for the years 2024 and 2023.

NOTE 13 - CONTRIBUTED NONFINANCIAL ASSETS

	<u>2024</u>	<u>2023</u>
Food and products	\$ 9,839,602	\$ 13,558,180
Professional services	<u>3,500</u>	<u>4,890</u>
	<u>\$ 9,843,102</u>	<u>\$ 13,563,070</u>

The Organization recognized contributed nonfinancial assets within revenue and support, including contributed food and products and professional services.

Contributed food and products recognized consist of various nonperishable foods, pet food, and nonfood household products provided to the Organization for its operations. Contributed food and products are valued and are reported at the estimated fair value in the financial statements based on an average wholesale value per pound based on published sources. Contributed professional services are provided to the Organization to assist with the leadership team building and planning of next year's goals and is valued based off market rate.



**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**

Board of Directors
Ohio Tri-County Food Alliance dba Second Harvest Food Bank
Springfield, Ohio

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 financial statements of the **Ohio Tri-County Food Alliance dba Second Harvest Food Bank** (the "Organization"), which comprise the statement of financial position as of December 31, 2024, and the related 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 September 29, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a significant deficiency.

**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* -
CONTINUED**

Report on Compliance and Other Matters

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

Ohio Tri-County Food Alliance dba Second Harvest Food Bank Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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



Columbus, Ohio
September 29, 2025



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

Board of Directors
Ohio Tri-County Food Alliance dba Second Harvest Food Bank
Springfield, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **Ohio Tri-County Food Alliance dba Second Harvest Food Bank's** 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 each of the Organization's major federal programs for the year ended December 31, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Ohio Tri-County Food Alliance dba Second Harvest Food Bank** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each 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 requirement of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **Ohio Tri-County Food Alliance dba Second Harvest Food Bank** 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 each major federal program. Our audit does not provide a legal determination of **Ohio Tri-County Food Alliance dba Second Harvest Food Bank'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 **Ohio Tri-County Food Alliance dba Second Harvest Food Bank's** federal programs.

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

Auditors' Responsibility 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 to express an opinion on **Ohio Tri-County Food Alliance dba Second Harvest Food Bank'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 **Ohio Tri-County Food Alliance dba Second Harvest Food Bank's** compliance with the requirements of each 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 **Ohio Tri-County Food Alliance dba Second Harvest Food Bank'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 **Ohio Tri-County Food Alliance dba Second Harvest Food Bank'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 **Ohio Tri-County Food Alliance dba Second Harvest Food Bank'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.

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-002. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. **Ohio Tri-County Food Alliance dba Second Harvest Food Bank's** response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-002, to be a significant deficiency.

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.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. **Ohio Tri-County Food Alliance dba Second Harvest Food Bank's** response was not subjected to the other auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

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.

Brady, Ware & Schoenfeld, Inc.

Columbus, Ohio
September 29, 2025

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2024

<u>Federal Grantor/Pass-Through Grantor/Program of Cluster Title</u>	<u>Federal Assistance Listing Number</u>	<u>Pass- through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Total Federal Expenditures</u>
U.S. Department of Agriculture				
<i>Passed through Shared Harvest Foodbank Food Bank Network</i>	10.182	Various	\$ 343,664	\$ 424,894
<i>Passed through Ohio Association of Foodbanks</i>				
Supplemental Nutrition Assistance Program	10.561	Various	-	91,321
<i>Passed through Ohio Department of Job and Family Services</i>				
Commodity Supplemental Food Program	10.565	G-2223-17- 0730	788,123	880,244
<i>Passed through Shared Harvest Foodbank</i>				
Emergency Food Assistance Program (Food commodities)	10.569	Various	3,003,962	3,133,111
Total Food Distribution Cluster			3,792,085	4,013,355
Total U.S. Department of Agriculture			4,135,749	4,529,570
U.S. Treasury				
COVID-19 Coronavirus Relief Fund	21.027		102,735	131,631
U.S Department of Health and Human Services				
<i>Passed through Ohio Association of Foodbanks</i>				
Temporary Assistance for Needy Families	93.558	Various	-	51,302
Social Services Block Grant	93.667	Various	-	4,653
Total U.S. Department of Health and Human Services			-	55,955
TOTAL FEDERAL AWARDS			\$ 4,238,484	\$ 4,717,156

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

YEAR ENDED DECEMBER 31, 2024

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the Organization under programs of the federal government for the year ended December 31, 2024. 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 the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

The Uniform Guidance allows recipients to use a 10 percent de minimis indirect cost rate for federal awards with dates through September 30, 2024. The de minimis indirect cost rate was increased to up to 15% for federal awards with award dates beginning October 1, 2024. The Organization has elected not to use the applicable de minimis indirect cost rate.

Note 4 - Donated Commodities

The amounts reported as federal expenditures for certain federal programs represents federal commodities distributed to pantries and other qualified agencies during the fiscal year under the programs with FALN numbers 10.565 and 10.569. The value of federal commodities on hand for these programs at December 31, 2024 was \$543,690.

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2024

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the Organization were prepared in accordance with GAAP.
2. One significant deficiencies and no material weaknesses relating to the audit of the financial statements are reported in the 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*.
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
4. One significant deficiency relating to the audit of the major federal award program is reported in the Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs were FALN 10.565 Commodity Supplemental Food Program and FALN 10.569 - Emergency Food Assistance Program (Food commodities).
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Organization did not qualify as a low-risk auditee.

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED DECEMBER 31, 2024

FINANCIAL STATEMENT FINDING

SIGNIFICANT DEFICIENCY

Finding 2024-001 - Payroll Documentation and Approval Deficiencies

Condition: During our testing of payroll-related records, deficiencies were identified in the documentation and approval processes for both pay rates and employee timecards. Specifically, in one instance there was no documentation in employee file of approved pay rate, and for a specific pay period following the client's mid-year transition to a new payroll software system, approved employee timecards were unavailable for six employees. These issues resulted in a lack of approved pay-rate documentation and missing evidence of supervisory approval for hours worked.

Criteria: Organization policy and internal control best practices require that (1) all employee pay rates be approved by authorized personnel and documented prior to implementation, and (2) all employee timecards be reviewed and approved by supervisors prior to payroll processing. These controls are essential for ensuring accurate, authorized wage payments and compliance with labor regulations.

Cause: The identified deficiencies were due to (1) the termination of an employee during the audit year and the subsequent lack of retention of their employment file, and (2) a temporary disruption in timekeeping and approval workflows resulting from the client's transition to a new payroll software system, which led to the inability to migrate or retain timecard approvals for the affected pay period.

Effect: The absence of approved pay rate and timecard documentation increases the risk of payroll inaccuracies, unauthorized payments, and non-compliance with labor regulations. It also limits the organization's ability to validate payroll transactions during audits or employee disputes.

Recommendation: Management should establish and enforce formal processes for documenting pay rate and timecard approvals. These procedures should include written authorization by appropriate personnel, retention of approval records in a centralized and accessible location, and adherence to document retention policies. Additionally, management should implement measures to ensure continuity of payroll documentation during system transitions, such as retaining historical records, validating data migration, and establishing contingency plans to maintain compliance.

Views of Responsible Officials: See attached response.

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

YEAR ENDED DECEMBER 31, 2024

MAJOR FEDERAL AWARD PROGRAMS AUDIT

COMPLIANCE FINDING AND SIGNIFICANT DEFICIENCY

Finding 2024-002 - USDA Food Distribution and Authorized Signers

Condition: During our audit, it was identified that the Organization did not consistently obtain signatures from "approved shoppers" for USDA food products. Additionally, in at least one instance, the individual signing for a USDA distribution was not listed as an authorized signer. These issues indicate a lack of adherence to required procedures for verifying and documenting authorized individuals who pick up USDA food products.

Criteria: The Organization is required to maintain an "approved shopper" list for each partner agency, specifying who is authorized to pick up USDA food products. Furthermore, the Organization must ensure that those signing for deliveries are included on the approved list and that their signatures are properly obtained and cross-referenced.

Cause: Staff turnover within the Organization led to lapses in following established procedures, resulting in missed steps such as obtaining and verifying signatures against the approved shopper list.

Effect: As a result of these lapses, signatures were not consistently collected or compared to the approved shopper list, increasing the risk that unauthorized individuals may have received USDA food products and that proper records of distribution were not maintained.

Recommendation: We recommend that the Organization provide comprehensive training to all relevant staff on the correct procedures for obtaining and cross-referencing signatures for USDA food product distribution. This will help ensure compliance with requirements and improve the integrity of the distribution process.

Views of Responsible Officials: See attached response.

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

SCHEDULE OF PRIOR AUDIT FINDINGS

YEAR ENDED DECEMBER 31, 2023

MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding 2023-001 - Reporting Requirements

Condition: During our audit it was noted that the Organization was not completing a reporting requirement contained within the American Rescue Plan Act contract.

Criteria: The Organization is required to submit various reports on multiple timelines to the Ohio Association of Foodbanks.

Cause: The Organization had turnover at the Executive Director and Accounting levels in 2023.

Effect: The effect of the turnover caused this reporting requirements on this new grant to not be identified.

Recommendation: The recommendation is for the Organization to ensure that all required reporting is being timely submitted.

Current Status: All required reporting was completed during this audit year.

Finding 2023-002 - USDA Food Distribution

Condition: During our audit it was noted the Organization was not obtaining, in various instances, signatures of "approved shoppers" for USDA food product.

Criteria: The Organization is required to maintain an "approved shopper" list from each partner agency stating who was authorized from their agency to pick up USDA food product.

Cause: The Organization had turnover through-out the organization, and this required step was missed.

Effect: The effect of the turnover caused staff to not obtain signatures for USDA food product so these names could be cross referenced to the "approved shopper" listing.

Recommendation: The recommendation is for the Organization to ensure all staff are appropriately trained on obtaining and cross referencing signatures on USDA food product.

Current Status: Repeat finding. Refer to Finding 2024-002.

OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

SCHEDULE OF PRIOR AUDIT FINDINGS - CONTINUED

YEAR ENDED DECEMBER 31, 2023

Finding 2023-003 - USDA Food Distribution Authorized Signer

Condition: During our audit it was noted in one instance that the signer for a USDA distribution was not on the authorized signer listing.

Criteria: The Organization is required to maintain an "approved shopper" list from each partner agency stating who was authorized from their agency to pick up USDA food product and ensure the signer of a delivery is on the approved list.

Cause: The Organization had turnover through-out the organization, and this required step was missed.

Effect: The effect of the turnover caused staff to not compare signature to "approved shopper" list.

Recommendation: The recommendation is for the Organization to ensure all staff are appropriately trained on obtaining and cross referencing signatures on USDA food product.

Current Status: Repeat finding. Refer to Finding 2024-002.

Corrective Action Plan 2024

Finding 2024-001 – Payroll Documentation and Approval Deficiencies –

The Organization acknowledges that during testing of payroll-related records, deficiencies were identified in the documentation and approval processes for both pay rates and employee timecards. Specifically, in one instance there was no documentation in employee file of approved pay rate, and for a specific pay period following the client’s mid-year transition to a new payroll software system, approved employee timecards were unavailable for six employees . These issues resulted in a lack of approved pay-rate documentation and missing evidence of supervisory approval for hours worked.

The Finance Director, Faith Schiffer, has been tasked with ensuring the time cards are downloaded and maintained for each payroll from the current payroll reporting system. Additionally, the Finance Director and the Fractional Human Resources firm, Go HR have put measures in place to guarantee all future pay rate and positional changes are appropriately documented and those documents will be maintained electronically and in print.

Finding 2024-002 - USDA Food Distribution and Authorized Signers–

The Organization acknowledges it did not consistently obtain signatures from "approved shoppers" for USDA food products. Additionally, in at least one instance, the individual signing for a USDA distribution was not listed as an authorized signer. These issues indicate a lack of adherence to required procedures for verifying and documenting authorized individuals who pick up USDA food products.

The Organization will provide comprehensive training to all relevant staff on the correct procedures for obtaining and cross-referencing signatures for USDA food product distribution. This will help ensure compliance with requirements and improve the integrity of the distribution process.