

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

**FINANCIAL STATEMENTS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

# OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

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YEARS ENDED DECEMBER 31, 2022 AND 2021

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## INDEPENDENT AUDITORS' REPORT

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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, 2022 and 2021, 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, 2022 and 2021, 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 audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

Management is responsible for the preparation and fair presentation of 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.

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## INDEPENDENT AUDITORS' REPORT - CONTINUED

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### ***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

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### ***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 February 21, 2024, on our consideration of **Ohio Tri-County Food Alliance dba Second Harvest Food Bank and Affiliated Corporations'** 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 and Affiliated Corporations'** 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 and Affiliated Corporations'** internal control over financial reporting and compliance.



Columbus, Ohio  
February 21, 2024

**OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK**

**STATEMENTS OF FINANCIAL POSITION**

**DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 1,202,509	\$ 953,888
Accounts receivable	10,902	29,581
Grants receivable	11,967	294,572
Pledges receivable	-	178,813
Prepaid expenses	102,102	75,120
Inventory	<u>1,078,422</u>	<u>2,078,708</u>
Total current assets	<b>2,405,902</b>	3,610,682
OPERATING LEASE RIGHT-OF-USE ASSET	<b>50,285</b>	-
PROPERTY AND EQUIPMENT, NET	<b>2,583,819</b>	2,635,169
BENEFICIAL INTEREST IN ENDOWMENT FUNDS HELD BY THE SPRINGFIELD FOUNDATION	<b>18,613</b>	21,102
INVESTMENTS	<u>991,265</u>	<u>599,823</u>
	<b>\$ 6,049,884</b>	<b>\$ 6,866,776</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Current maturities of operating lease obligations	\$ 34,319	\$ -
Accounts payable	63,303	16,408
Accrued expenses	34,649	27,325
Deferred income	<u>16,442</u>	<u>15,994</u>
Total current liabilities	<u>148,713</u>	<u>59,727</u>
LONG-TERM LIABILITIES		
Operating lease obligations, net of current maturities	<u>15,966</u>	-
Total liabilities	<u>164,679</u>	<u>59,727</u>
<b>NET ASSETS</b>		
Without donor restrictions	<b>5,049,544</b>	5,425,257
With donor restrictions	<u>835,661</u>	<u>1,381,792</u>
	<u>5,885,205</u>	<u>6,807,049</u>
	<b>\$ 6,049,884</b>	<b>\$ 6,866,776</b>

See notes to financial statements.

**OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2022**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT</b>			
Government grants	\$ 464,250	\$ -	\$ 464,250
United Way allocation	14,633	-	14,633
Contributions	868,827	-	868,827
Grants and foundations	1,008,074	451,125	1,459,199
Net assets released from restrictions - purpose	<u>264,999</u>	<u>(264,999)</u>	<u>-</u>
Total Public Support	<u>2,620,783</u>	<u>186,126</u>	<u>2,806,909</u>
<b>REVENUE</b>			
Member agency fees	107,820	-	107,820
Contribution of nonfinancial assets - food and products	8,201,786	384,536	8,586,322
Change in value of beneficial interest in endowment funds	(2,499)	-	(2,499)
Contribution of nonfinancial assets	5,000	-	5,000
Rent	32,500	-	32,500
Other revenue	7,135	-	7,135
Net investment return	(8,559)	-	(8,559)
Net assets released from restrictions - purpose	<u>1,116,793</u>	<u>(1,116,793)</u>	<u>-</u>
Total Revenue	<u>9,459,976</u>	<u>(732,257)</u>	<u>8,727,719</u>
Total Public Support and Revenue	<u>12,080,759</u>	<u>(546,131)</u>	<u>11,534,628</u>
<b>FUNCTIONAL EXPENSES</b>			
Program services	11,967,173	-	11,967,173
Management and general	303,303	-	303,303
Fundraising	<u>185,996</u>	<u>-</u>	<u>185,996</u>
Total Functional Expenses	<u>12,456,472</u>	<u>-</u>	<u>12,456,472</u>
<b>CHANGE IN NET ASSETS</b>	(375,713)	(546,131)	(921,844)
<b>NET ASSETS</b>			
Beginning of year	<u>5,425,257</u>	<u>1,381,792</u>	<u>6,807,049</u>
End of year	<u>\$ 5,049,544</u>	<u>\$ 835,661</u>	<u>\$ 5,885,205</u>

**OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK**

**STATEMENT OF ACTIVITIES**

**YEAR ENDED DECEMBER 31, 2021**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>PUBLIC SUPPORT</b>			
Government grants	\$ 2,292,167	\$ -	\$ 2,292,167
Contributions	1,050,769	-	1,050,769
Grants and foundations	633,733	131,333	765,066
Net assets released from restrictions - purpose	<u>262,387</u>	<u>(262,387)</u>	<u>-</u>
Total Public Support	<u>4,239,056</u>	<u>(131,054)</u>	<u>4,108,002</u>
<b>REVENUE</b>			
Member agency fees	93,473	-	93,473
Contribution of nonfinancial assets - food and products	12,417,593	1,116,793	13,534,386
Change in value of beneficial interest in endowment funds	3,284	-	3,284
Contribution of nonfinancial assets	114,115	-	114,115
Rent	30,000	-	30,000
Other revenue	17,420	-	17,420
Net investment return	<u>(162)</u>	<u>-</u>	<u>(162)</u>
Total Revenue	<u>12,675,723</u>	<u>1,116,793</u>	<u>13,792,516</u>
Total Public Support and Revenue	<u>16,914,779</u>	<u>985,739</u>	<u>17,900,518</u>
<b>FUNCTIONAL EXPENSES</b>			
Program services	16,550,787	-	16,550,787
Management and general	223,648	-	223,648
Fundraising	<u>106,303</u>	<u>-</u>	<u>106,303</u>
Total Expenses	<u>16,880,738</u>	<u>-</u>	<u>16,880,738</u>
<b>CHANGE IN NET ASSETS</b>	34,041	985,739	1,019,780
<b>NET ASSETS</b>			
Beginning of year	<u>5,391,216</u>	<u>396,053</u>	<u>5,787,269</u>
End of year	<u>\$ 5,425,257</u>	<u>\$ 1,381,792</u>	<u>\$ 6,807,049</u>



**OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2022**

	<b>2022</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Food distributed	\$ 9,197,995	\$ -	\$ -	\$ 9,197,995
Inventory reserve	250,000	-	-	250,000
Salaries and wages	859,698	167,474	89,319	1,116,491
Payroll taxes	102,084	19,886	10,606	132,576
Employee benefits	84,206	16,404	8,749	109,359
Temporary hire	50,491	-	-	50,491
Professional services	117,717	22,932	12,230	152,879
Insurance	22,402	2,635	1,318	26,355
Repairs and maintenance	176,336	16,075	2,967	195,378
Utilities	65,230	10,619	-	75,849
Telephone and internet	9,318	2,526	1,615	13,459
Office expense	100,182	17,190	6,524	123,896
Marketing and printing	39,839	2,490	7,470	49,799
Transportation and travel	131,878	4,462	2,231	138,571
Miscellaneous	23,271	984	984	25,239
Feeding program expense	70,488	-	-	70,488
Fundraising expense	-	-	41,983	41,983
Inventory spoilage	<u>489,408</u>	<u>-</u>	<u>-</u>	<u>489,408</u>
Total Functional Expenses Before Depreciation	11,790,543	283,677	185,996	12,260,216
Depreciation	<u>176,630</u>	<u>19,626</u>	<u>-</u>	<u>196,256</u>
Total Functional Expenses	<u>\$ 11,967,173</u>	<u>\$ 303,303</u>	<u>\$ 185,996</u>	<u>\$ 12,456,472</u>

**OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK**

**STATEMENT OF FUNCTIONAL EXPENSES**

**YEAR ENDED DECEMBER 31, 2021**

	<b>2021</b>			
	<b>Program Services</b>	<b>Management and General</b>	<b>Fundraising</b>	<b>Total</b>
Food distributed	\$ 13,586,654	\$ -	\$ -	<b>\$ 13,586,654</b>
Salaries and wages	555,960	108,304	57,762	<b>722,026</b>
Payroll taxes	73,018	14,224	7,586	<b>94,828</b>
Employee benefits	70,423	13,719	7,317	<b>91,459</b>
Temporary hire	312,819	-	-	<b>312,819</b>
Professional services	71,526	13,934	7,431	<b>92,891</b>
Insurance	34,969	4,114	2,057	<b>41,140</b>
Repairs and maintenance	199,874	20,819	3,593	<b>224,286</b>
Utilities	73,384	11,946	-	<b>85,330</b>
Telephone and internet	6,706	1,818	1,162	<b>9,686</b>
Office expense	49,125	12,208	3,484	<b>64,817</b>
Marketing and printing	46,121	2,883	8,648	<b>57,652</b>
Transportation and travel	172,709	2,957	1,478	<b>177,144</b>
Miscellaneous	119,526	(64)	(64)	<b>119,398</b>
Feeding program expense	656,993	-	-	<b>656,993</b>
Fundraising expense	-	-	5,849	<b>5,849</b>
Inventory spoilage	<u>369,522</u>	<u>-</u>	<u>-</u>	<u><b>369,522</b></u>
Total Functional Expenses Before Depreciation	16,399,329	206,862	106,303	<b>16,712,494</b>
Depreciation	<u>151,458</u>	<u>16,786</u>	<u>-</u>	<u><b>168,244</b></u>
Total Functional Expenses	<u><b>\$ 16,550,787</b></u>	<u><b>\$ 223,648</b></u>	<u><b>\$ 106,303</b></u>	<u><b>\$ 16,880,738</b></u>

**OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK**

**STATEMENTS OF CASH FLOWS**

**YEARS ENDED DECEMBER 31, 2022 AND 2021**

	<u>2022</u>	<u>2021</u>
<b>OPERATING ACTIVITIES</b>		
Change in net assets	\$ (921,844)	\$ 1,019,780
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	196,256	168,244
Change in value of beneficial interest in endowment funds	2,499	(3,285)
Contribution of nonfinancial assets - food and products	(8,586,322)	(13,534,386)
Contribution of nonfinancial assets - distributed and inventory spoilage	9,687,403	13,956,176
Inventory reserve	250,000	-
Unrealized loss on investments	27,699	2,833
Realized gain on investments	(19,140)	(2,656)
Amortization of right-of-use assets	34,015	-
	<u>670,566</u>	<u>1,606,706</u>
Changes in operating assets and liabilities:		
Accounts receivable	18,679	21,428
Grants receivable	282,605	(169,711)
Pledges receivable	178,813	192,654
Prepaid expenses	(26,982)	(47,692)
Purchased inventory	(350,784)	(503,356)
Accounts payable	46,895	(133,507)
Accrued expenses	7,324	13,559
Deferred income	448	11,205
Operating lease liabilities	(34,015)	-
	<u>793,549</u>	<u>991,286</u>
Net Cash Provided by Operating Activities		
	<u>793,549</u>	<u>991,286</u>
<b>INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	-	300,000
Purchases of investments	(400,022)	(900,000)
Purchases of property and equipment	(144,906)	(326,093)
	<u>(544,928)</u>	<u>(926,093)</u>
Net Cash Used by Investing Activities		
	<u>(544,928)</u>	<u>(926,093)</u>
<b>NET INCREASE IN CASH</b>	<b>248,621</b>	<b>65,193</b>
<b>CASH</b>		
Beginning of year	<u>953,888</u>	<u>888,695</u>
End of year	<u>\$ 1,202,509</u>	<u>\$ 953,888</u>

# OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### 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.

**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, 2022 and 2021.

**Accounts Receivable** - Accounts receivable balances have been adjusted for all known uncollectible accounts. Initial and ongoing credit evaluations are performed at management's discretion. Management reviews individual accounts receivable balances on a regular basis. Organizations not making payments in accordance with terms offered or historical practices are determined to be past due. Accounts are written off when management determines that probability of collection is remote. Therefore, no allowance for doubtful accounts was considered necessary at December 31, 2022 and 2021.

**Grants and Pledges Receivable** - Grants receivable and unconditional pledges receivable in less than one year are recorded at net realizable value. Unconditional pledges receivable expected to be received in one or more years are discounted to net realizable value.

**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 \$1.92 and \$1.79 per pound at December 31, 2022 and 2021. 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.

NOTES TO FINANCIAL STATEMENTS

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED**

**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 \$196,256 and \$168,244 for the years 2022 and 2021. 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.

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, 2022 and 2021.

**Leases** - In February 2016, the Financial Accounting Standards Board (FASB) issued guidance Accounting Standards Codification [ASC] 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective January 1, 2022, and recognized and measured leases existing at January 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available. Lease disclosures for the year ended December 31, 2021, are made under prior lease guidance in FASB ASC 840.

The Organization elected the available practical expedients to account for their existing operating leases as operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on January 1, 2022 a lease liability of \$84,300, which represents the present value of the remaining operating lease payments of \$85,290, discounted using the risk free-borrowing rate and a ROU asset of \$84,300.

The standard had an impact on the statement of financial position, but did not have a material impact on the statement of activities, nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for the operating 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 ROU assets, and current and long-term operating lease liabilities on the statement of financial position.

# OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

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 as of December 31, 2022 and 2021 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.

**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, 2022 and 2021.

# OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

**Functional Allocation of Expenses** - The financial statements report certain categories of expenses that are attributed to more than one program or supporting function. Therefore, expenses require allocation 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, security, maintenance, and depreciation are allocated based on management's estimate using factors such as square footage utilization.

**Subsequent Events** - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 21, 2024, 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 excess of grant revenue over cash received is recognized as a receivable and the excess of cash received over grant revenue is recognized as a refundable advance.

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

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### 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>2022</u>	<u>2021</u>
Financial assets:		
Cash	\$ 1,202,509	\$ 953,888
Accounts receivable	10,902	29,581
Grants receivable	11,967	294,572
Pledges receivable	-	178,813
Investments	991,265	599,823
Beneficial interest in endowment fund	<u>18,613</u>	<u>21,102</u>
Financial assets available to meet cash needs for general expenditures within one year	2,235,256	2,077,779
Less those unavailable for general expenditure within one year due to:		
Net assets - with donor restrictions - purpose restrictions	(451,125)	(264,999)
Beneficial interest in endowment fund	<u>(18,613)</u>	<u>(21,102)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,765,518</u>	<u>\$ 1,791,678</u>

### NOTE 4 - PROPERTY AND EQUIPMENT

	<u>2022</u>	<u>2021</u>
Buildings and improvements	\$ 1,607,615	\$ 1,585,437
Furniture and equipment	757,239	724,785
Vehicles	518,154	433,554
Leasehold improvements	<u>498,803</u>	<u>493,128</u>
Total cost	3,381,811	3,236,904
Less accumulated depreciation	<u>797,992</u>	<u>601,735</u>
Property and equipment, net	<u>\$ 2,583,819</u>	<u>\$ 2,635,169</u>



# OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 5 - FAIR VALUE MEASUREMENTS

	2022			
	Total	Level 1	Level 2	Level 3
Investments				
Mutual fund	<u>\$ 991,265</u>	<u>\$ 991,265</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interest in endowment funds	<u>\$ 18,613</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,613</u>
2021				
	Total	Level 1	Level 2	Level 3
Investments				
Mutual fund	<u>\$ 599,823</u>	<u>\$ 599,823</u>	<u>\$ -</u>	<u>\$ -</u>
Beneficial interest in endowment funds	<u>\$ 21,102</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 21,102</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.

**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.

### NOTE 6 - 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 \$18,613 and \$21,102 at December 31, 2022 and 2021, 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 7 - 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 3.25% at December 31, 2022 and 2021) 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, 2022 and 2021.

**OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK**

**NOTES TO FINANCIAL STATEMENTS**

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**NOTE 8 - 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>2022</u>	<u>2021</u>
Net assets with donor restrictions as to:		
Purpose	\$ 835,661	\$ 1,381,792

**NOTE 9 - LEASING ACTIVITIES**

The Organization leases certain vehicles and various other equipment under long-term cancelable and non-cancelable leases expiring at various dates through 2025.

The following summarizes the line items in the statement of financial position which include the amounts for operating leases as of December 31, 2022:

	<u>2022</u>
<b>Operating Leases</b>	
Operating lease right-of-use assets	<u>\$ 50,285</u>
Current operating lease liabilities	\$ 34,319
Long-term operating lease liabilities	<u>15,966</u>
Total operating lease liabilities	<u>\$ 50,285</u>

The following summarizes the weighted average remaining lease term and discount rate as of December 31, 2022:

	<u>2022</u>
<b>Weighted Average Remaining Lease Term</b>	
Operating leases	1.64 years
<b>Weighted Average Discount Rate</b>	
Operating leases	0.93%

The maturities of lease liabilities as of December 31, 2022 are as follows:

	<u>Operating</u>
2023	\$ 34,620
2024	12,570
2025	<u>3,480</u>
Total lease payments	50,670
Less interest	<u>(385)</u>
Present value of lease liabilities	<u>\$ 50,285</u>

# OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK

## NOTES TO FINANCIAL STATEMENTS

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### NOTE 9 - LEASING ACTIVITIES - CONTINUED

The following provides a breakout of rent expense on the statements of functional expenses for the years ended December 31, 2022 and 2021:

	<u>2022</u>	<u>2021</u>
Operating lease expense:		
Operating lease expense	\$ 34,620	\$ 27,306

The following summarizes cash flow information related to leases for the year ended December 31, 2022:

	<u>2022</u>
Cash paid for amounts included in the measurement of lease liabilities:	
Operating cash flows for operating leases	\$ 34,620

### NOTE 10 - 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 is \$2,500 per month through February 2024. Lease revenue recognized during 2022 and 2021 was \$30,000.

### NOTE 11 - 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 \$11,057 and \$9,564 for the years 2022 and 2021.

### NOTE 12 - CONTRIBUTED NONFINANCIAL ASSETS

	<u>2022</u>	<u>2021</u>
Food and products	<u>\$ 8,586,322</u>	<u>\$ 13,534,386</u>

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

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.



**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**

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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, 2022, 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 February 21, 2024.

**Report on Internal Control Over Financial Reporting**

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

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

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

**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**

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**Report on Compliance and Other Matters**

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

**Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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  
February 21, 2024



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

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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, 2022. 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, 2022.

***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

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### ***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

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### Other Matters

The results of our auditing procedures disclosed instances 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 2022-001 and 2022-002. 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 certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

*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 deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-001 and 2022-002, to be significant deficiencies.

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**

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*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  
February 21, 2024

**OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**YEAR ENDED DECEMBER 31, 2022**

<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>
<b>U.S. Department of Agriculture</b>				
<i>Passed through Shared Harvest Foodbank</i> Cooperative Extension Service	10.500	Various	\$ -	\$ 20,016
<i>Passed through Ohio Association of Foodbanks</i> Supplemental Nutrition Assistance Program	10.561	Various	-	99,230
<i>Passed through Ohio Department of Job and Family Services</i> Commodity Supplemental Food Program	10.565	G-2223-17- 0730	-	635,953
<i>Passed through Shared Harvest Foodbank</i> Emergency Food Assistance Program (Food commodities)	10.569	Various	3,728,435	3,728,435
Total Food Distribution Cluster			3,728,435	4,364,388
<i>Passed through Ohio Department of Education (DOE)</i> Summer Food Service Program for Children	10.559	Various	-	12,462
Total U.S. Department of Agriculture			3,728,435	4,496,096
<b>U.S. Treasury</b>				
COVID-19 Coronavirus Relief Fund	21.027		30,510	30,510
<b>U.S. Department of Homeland Security</b>				
<i>Passed through the United Way</i> Emergency Food and Shelter National Board Program	97.024	Various	-	42,034
<b>U.S. Department of HUD</b>				
<i>Passed through Clark County, Ohio</i> Community Development Block Grant	14.228	Various	-	126,770
<b>U.S. Department of Health and Human Services</b>				
<i>Passed through Ohio Association of Foodbanks</i> Temporary Assistance for Needy Families	93.558	Various	469,045	529,628
Social Services Block Grant	93.667	Various	16,196	16,196
Total U.S. Department of Health and Human Services			485,241	545,824
<b>TOTAL FEDERAL AWARDS</b>			<b>\$ 4,244,186</b>	<b>\$ 5,241,234</b>

**OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED**

**YEAR ENDED DECEMBER 31, 2022**

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**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, 2022. 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 Organization has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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 CFDA numbers 10.559, 10.565, 10.569, and 10.651. The value of federal commodities on hand for these programs at December 31, 2022 was \$384,536.

**OHIO TRI-COUNTY FOOD ALLIANCE DBA SECOND HARVEST FOOD BANK**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**YEAR ENDED DECEMBER 31, 2022**

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**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. No significant deficiencies or 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. Two significant deficiencies relating to the audit of the major federal award program are 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 CDFA 10.565 Commodity Supplemental Food Program, CDFA 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, 2022

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MAJOR FEDERAL AWARD PROGRAMS AUDIT

**Finding 2022-001 - Federal Audit Clearinghouse (FAC)**

**Condition:** During our audit it was noted the FAC reporting package for the December 31, 2022 single audit was not filed timely.

**Criteria:** The Organization is required to file the FAC reporting package 30 days after receipt of the auditors' report or within nine months after the fiscal year-end, which ever comes first, under 2 CFR 200.512.

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

**Effect:** The effect of the turnover caused delays in getting the single audit completed timely.

**Recommendation:** The recommendation is for the Organization to ensure that there is a process and procedure in place to ensure timely audit completion so the FAC reporting package can be filed timely.

**Views of Responsible Officials:** See attached response.

**Finding 2022-002 - USDA Food Distribution**

**Condition:** During our audit it was noted the Organization was not obtaining, in all 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.

**Views of Responsible Officials:** See attached response.

## Corrective Action Plan 2022

### Finding 2022-001 - Federal Audit Clearinghouse (FAC)-

The Organization recognizes its lapse in filing the FAC on time. Amidst changes in accounting personnel and the Executive Director role throughout 2022 and early 2023, the Organization has now appointed a Finance Director and filled the Executive Director position.

Faith Schiffer, the new Finance Director, will oversee the timely completion of the financial statement audit and ensure the FAC filing meets its deadline.

### Finding 2022-002 - USDA Food Distribution-

The Organization encountered challenges in obtaining "approved shopper" signatures on food invoices for partner agencies due to turnover in the Inventory staff. However, the staffing issue has been addressed, and the new staff members have received adequate training.

Austin Wilson, in their capacity as Network Membership Specialist, will oversee the training of staff in Inventory procedures to ensure smooth operations moving forward.