

WEST OHIO FOOD BANK
LIMA, OHIO

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED
JUNE 30, 2018 AND 2017

WEST OHIO FOOD BANK
LIMA, OHIO

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November 16, 2018

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
West Ohio Food Bank
Lima, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of West Ohio Food Bank (a nonprofit organization) which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities and cash flow for the years then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to have above present fairly, in all material respects, the financial position of the West Ohio Food Bank as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Functional Expenses and 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, are presented for purposes of additional analysis and are 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 themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2018, on our consideration of West Ohio 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 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 West Ohio Food Bank's internal control over financial reporting compliance.

A handwritten signature in red ink, appearing to read "E. J. Green and Company", is located in the bottom right corner of the page.

WEST OHIO FOOD BANK
LIMA, OHIO

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2018	2017
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 1,087,446	\$ 876,870
Accounts Receivable - Note J	95,854	37,394
Inventory - Note L	791,672	935,373
Prepaid Expenses	25,356	12,214
Total Current Assets	2,000,328	1,861,851
<u>Property and Equipment:</u>		
Building and Land Improvements	1,680,279	1,578,424
Furniture and Equipment	197,520	197,520
Office Equipment	19,068	19,068
Vehicles	326,617	326,617
Total Property and Equipment	2,223,484	2,121,629
Less: Accumulated Depreciation	(937,389)	(860,042)
Net Property and Equipment - Note A	1,286,095	1,261,587
<u>Total Assets</u>	\$ 3,286,423	\$ 3,123,438

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>		
Accounts Payable	\$ 14,435	\$ 38,879
Accrued Payroll Liabilities	22,723	21,128
Deferred Revenue	-	14,748
Current Portion of Long-Term Liabilities	77,898	74,611
Total Current Liabilities	115,056	149,366
<u>Long-Term Liabilities:</u>		
Notes Payable - Note N	455,304	530,670
Less: Current Portion of Long-Term Liabilities	(77,898)	(74,611)
Total Long-Term Liabilities	377,406	456,059
<u>Total Liabilities</u>	492,462	605,425
<u>Net Assets:</u>		
Unrestricted	2,724,326	2,481,891
Temporarily Restricted - Note A	69,635	36,122
<u>Total Net Assets</u>	2,793,961	2,518,013
<u>Total Liabilities and Net Assets</u>	\$ 3,286,423	\$ 3,123,438

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

EXHIBIT A

WEST OHIO FOOD BANK
LIMA, OHIO

STATEMENTS OF ACTIVITIES
For the Years Ended June 30, 2018 and 2017

	June 30, 2018		
	Unrestricted	Temporarily Restricted	Total
<u>Revenues and Support:</u>			
Contributed Food	\$ 5,437,309	\$ -	\$ 5,437,309
Donations and Grants	1,153,968	97,150	1,251,118
Shared Maintenance Fees	195,963	-	195,963
Wholesale Food Distribution	213,530	-	213,530
Interest Income	4,440	-	4,440
Other Income	2,990	-	2,990
Net Assets Released from Restrictions	63,637	(63,637)	-
Total Revenues and Support	\$ 7,071,837	\$ 33,513	\$ 7,105,350
 <u>Expenses - Schedule #1:</u>			
Program Expenses	\$ 6,722,384	\$ -	\$ 6,722,384
Management and General	70,838	-	70,838
Fundraising	36,180	-	36,180
Total Expenses	6,829,402	-	6,829,402
Increase/(Decrease) in Net Assets	242,435	33,513	275,948
Net Assets - Beginning of Year	2,481,891	36,122	2,518,013
Net Assets - End of Year	\$ 2,724,326	\$ 69,635	\$ 2,793,961

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

EXHIBIT B

June 30, 2017

<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ 5,774,204	\$ -	\$ 5,774,204
1,080,960	36,122	1,117,082
226,323	-	226,323
293,134	-	293,134
1,672	-	1,672
4,781	-	4,781
-	-	-
<u>\$ 7,381,074</u>	<u>\$ 36,122</u>	<u>\$ 7,417,196</u>
\$ 6,639,909	\$ -	\$ 6,639,909
95,178	-	95,178
35,903	-	35,903
<u>6,770,990</u>	<u>-</u>	<u>6,770,990</u>
610,084	36,122	646,206
<u>1,871,807</u>	<u>-</u>	<u>1,871,807</u>
<u>\$ 2,481,891</u>	<u>\$ 36,122</u>	<u>\$ 2,518,013</u>

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

EXHIBIT B

WEST OHIO FOOD BANK
LIMA, OHIO

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	June 30,	
	2018	2017
<u>Cash Flows from Operating Activities:</u>		
Increase/(Decrease) in Net Assets	\$ 275,948	\$ 646,206
Adjustments to Reconcile Increase/(Decrease) in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
(Increase)/Decrease in Accounts Receivable	(58,460)	11,263
(Increase)/Decrease in Inventory	143,701	(384,246)
(Increase)/Decrease in Prepaid Expenses	(13,142)	(1,500)
Increase/(Decrease) in Accounts Payable	(24,444)	28,817
Increase/(Decrease) in Accrued Payroll Liabilities	1,595	(21,352)
Increase/(Decrease) in Deferred Revenue	(14,748)	(92)
Depreciation	77,347	82,046
Total Adjustments	111,849	(285,064)
<u>Net Cash Provided/(Used) by Operating Activities</u>	387,797	361,142
<u>Cash Flows from Financing Activities:</u>		
Payments on Notes Payable	(75,366)	(72,543)
<u>Net Cash Provided/(Used) by Financing Activities</u>	(75,366)	(72,543)
<u>Cash Flow from Investing Activities:</u>		
(Purchase)/Disposal of Property and Equipment	(101,855)	(16,228)
<u>Net Cash Provided/(Used) by Investing Activities</u>	(101,855)	(16,228)
<u>Net Increase/(Decrease) in Cash and Cash Equivalents</u>	210,576	272,371
Cash and Cash Equivalents at Beginning of Year	876,870	604,499
Cash and Cash Equivalents at End of Year	\$ 1,087,446	\$ 876,870
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash Paid During the Year for Interest	\$ 21,664	\$ 23,352

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

EXHIBIT C

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note A – Summary of Significant Accounting Policies

Purpose of Organization

The West Ohio Food Bank is a non-profit organization that collects, stores, and distributes food to over one hundred charitable organizations feeding the hungry in an eleven-county area of West Central Ohio. The Food Bank is designed to stop the waste of wholesome food and redistribute it to church groups and service agencies that feed the hungry people of West Central Ohio. The West Ohio Food Bank is a certified affiliated member of Feeding America located in Chicago, Illinois. The Food Bank is supported primarily through donor contributions of food and cash.

Basis of Accounting

The West Ohio Food Bank prepares its financial statements in accordance with the generally accepted accounting principles (GAAP) of the United States of America.

Accounts Receivable

Receivables are comprised primarily of reimbursements from grant activities. Additionally, the West Ohio Food Bank grants credit to qualifying agencies within their eleven-county service area. Substantially all of the accounts receivable are considered collectible. Accordingly, no allowance for doubtful accounts is required. Accounts are considered to be delinquent if there is no payment activity for six months.

Inventory

Inventory consists of food that the West Ohio Food Bank has in the warehouse and is available for distribution. At June 30, 2018 and 2017 donated inventory and inventory received from USDA is valued at \$1.73 and \$1.67 per pound, respectively, which is based on the 2016 and 2015 Feeding America Product Valuation Surveys, respectively. Purchased inventory is valued at the purchase price.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Cash and cash equivalents for purposes of the statement of cash flows include checking accounts, savings accounts, petty cash, and gift cards.

WEST OHIO FOOD BANK
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NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note A – Summary of Significant Accounting Policies – (continued)

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board Accounting Standards Codification (ASC) 958 (formerly Statement of Financial Accounting Standards No. 117), *Not-For-Profit Entities*. Under ASC 958, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets:

Unrestricted: Includes all resources over which the Organization's Board of Trustees has discretionary control to use in carrying on the operations of the Organization.

Temporarily Restricted: Includes all resources expendable only for operating purposes specified by the donor or grantor. Satisfaction of temporary restriction is made when revenue is expended for a project or when the revenue may be spent due to passage of a time restriction. At June 30, 2018 and 2017, the Organization had temporarily restricted net assets of \$69,635 and \$36,122, respectively, consisting of donations received for the warehouse partitions and accounting software.

Permanently Restricted: Includes all resources that are not expendable as specified by the donor or grantor. At June 30, 2018 and 2017, the Organization had no permanently restricted net assets.

Property and Equipment

Property and equipment is stated at cost or, if donated, at the approximate fair value at the date of donation, less accumulated depreciation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. Generally, expenditures for maintenance and repairs are charged against operations. Property and equipment with a cost of \$1,000 or more is capitalized and depreciated.

	June 30,	
	2018	2017
Property and Equipment	\$ 2,223,484	\$ 2,121,629
Accumulated Depreciation	<u>(937,389)</u>	<u>(860,042)</u>
Net Property and Equipment	<u>\$ 1,286,095</u>	<u>\$ 1,261,587</u>

Depreciation expense for the years ended June 30, 2018 and 2017 was \$77,347 and \$82,046, respectively.

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note A – Summary of Significant Accounting Policies – (continued)

Revenue Recognition

Revenue from grant awards, contracts, and other services is recognized when earned. Revenue from grants and contracts is recognized only to the extent that it is expended in accordance with grantor requirements. Amounts received but not yet expended are classified as Deferred Revenue. Revenue from other support and donations is recognized when received.

Use of Estimates

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

Note B – Fair Value of Financial Instruments

The following method and assumption was used by the West Ohio Food Bank in estimating the fair value of their financial instruments:

Cash and Cash Equivalents

The carrying amount reported in the Statement of Financial Position for cash and cash equivalents approximates fair value.

Note C – Concentrations of Credit Risks

Financial instruments that potentially subject the Organization to credit risk include cash on deposit with a financial institution exceeding the \$250,000 ceiling insured by U.S. Federal Deposit Insurance Corporation. At June 30, 2018 and 2017, the Organization had deposits exceeding the insured amount by \$584,283 and \$448,782, respectively.

Note D – Donated Services

Numerous volunteers have donated significant amounts of time to the West Ohio Food Bank's fundraising efforts, special events, and program services. During the years ended June 30, 2018 and 2017, 339 and 355, respectively, volunteers donated approximately 5,112 and 7,482, respectively, hours of their time for the benefit of the Organization.

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note E – Contracts with Governmental Agencies

West Ohio Food Bank contracts with governmental agencies to provide food assistance as follows:

Commodity Supplemental Food Program: This program serves nutritionally at-risk, income-eligible participants with the goals of supplementing their diets and promoting self-sufficiency. The targeted participant population in the State of Ohio is the elderly, defined as individuals ages 60 and older.

Emergency Food Assistance Program: This program provides temporary food assistance to low-income persons to supplement their diets.

Temporary Assistance for Needy Families: This program provides temporary food assistance to needy families with children so that children can be cared for in their own homes.

Social Services: This program provides temporary food assistance to needy individuals in an effort to prevent dependency and increase the self-sufficiency of these individuals.

Note F – Noncompliance with Grantor Restrictions

Financial awards from federal, state and local governmental entities in the form of grants and contracts are subject to special audit. Such audits could result in claims against the Organization for disallowed costs or noncompliance with contract restrictions. No provision has been made for any liabilities that may arise from such audits.

Note G – Commitment and Contingencies

The Organization is subject to other various claims, legal proceedings and investigations covering a wide range of matters that arise in the ordinary course of business. In the opinion of management, all other such matters are adequately covered by insurance or by accruals and if not so covered, are without merit or are of such kind, or involve such amounts, as would not have a significant effect on the financial position or results of operations of the Organization, if disposed of unfavorably.

Note H – Retirement Plan

The Organization matches eligible employees' retirement contributions up to a maximum rate of 5% of their wages. For the years ended June 30, 2018 and 2017, this amount totaled \$12,246 and \$12,448, respectively.

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note I – Income Taxes

Federal Income Taxes

West Ohio Food Bank is a not for profit organization exempt from Federal Income Taxes under Section 501(c)(3) of the Internal Revenue Code of 1986 as amended. It has been classified as an organization that is not a private foundation under Section 509(a)1 of the Internal Revenue Code. In addition, West Ohio Food Bank qualifies for the charitable contribution deduction under Section 170(b)(1)(A).

West Ohio Food Bank files an annual income tax return – Form 990 in the U.S. Federal jurisdiction and also annually files with the State of Ohio Attorney General under the Ohio Charitable Law section. The Organization’s U.S. federal income tax returns for the years ended June 30, 2014 and prior are closed and are no longer subject to examination.

Note J – Accounts Receivable

Accounts Receivable at June 30, 2018 and 2017 consisted of the following:

	June 30,	
	2018	2017
Member Agencies	\$ 16,737	\$ 6,606
USDA	31,461	12,132
CSFP	28,724	15,341
OASPA and OFP	15,617	-
Miscellaneous	3,315	3,315
Total Accounts Receivable	\$ <u>95,854</u>	\$ <u>37,394</u>

Note K – Compensated Absences

The employees of the West Ohio Food Bank are provided vacation pay benefits. Vacation pay benefits earned, but not used, at June 30, 2018 and 2017 totaled \$10,741 and \$9,436, respectively.

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note L – Inventory

Food donated to the Organization is capitalized as inventory and recorded as an unrestricted contribution into the corresponding income account, depending on the source of the donation. Donated inventory and inventory received from USDA is valued at \$1.73 and \$1.67 per pound, respectively, based on the 2016 and 2015 Feeding America Product Valuation Surveys, respectively. The Organization also maintains an inventory of food which was purchased by the Organization to be distributed. These items are recorded at their purchase price. Inventory at June 30, 2018 and 2017 consisted of the following:

	June 30,	
	2018	2017
Donated Food	\$ 477,271	\$ 546,170
USDA	164,597	186,797
OFP	82,678	166,604
CSFP	60,110	27,297
Purchased Inventory	7,016	8,505
	<u>\$ 791,672</u>	<u>\$ 935,373</u>

Note M – Operating Leases

The Organization's leasing activities consist principally of the leasing of various copiers and printers under operating leases that expire over the next five years.

The following is a schedule by years of future minimum rental payments required under operating leases that have initial or remaining non-cancellable lease terms in excess of one year as of June 30, 2018:

Year Ending June 30,	
2019	\$ 15,379
2020	13,970
2021	11,996
2022	8,997
	<u>\$ 50,342</u>

Lease expense paid during the year ended June 30, 2018 and 2017 was \$15,773 and \$21,506, respectively.

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note N – Long-Term Obligations

The Organization's long-term obligations during fiscal year 2018 were as follows:

<u>Long-Term Debt</u>	<u>Balance at</u> <u>6/30/17</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>6/30/18</u>	<u>Due Within</u> <u>One Year</u>
Mortgage Loan #1	\$ 285,612	\$ -	\$ 34,382	\$ 251,230	\$ 34,938
Mortgage Loan #2	206,495	-	23,529	182,966	24,914
Truck Loan	<u>38,563</u>	<u>-</u>	<u>17,455</u>	<u>21,108</u>	<u>18,046</u>
Total Long-Term Debt	<u>\$ 530,670</u>	<u>\$ -</u>	<u>\$ 75,366</u>	<u>\$ 455,304</u>	<u>\$ 77,898</u>

Mortgage Loan #1 – On November 17, 2009, the Organization entered into a promissory note at a variable rate of prime plus 3.25% for \$645,000 collateralized by their building located on East Kibby Street. The note matures on November 17, 2024.

Mortgage Loan #2 – On November 29, 2011, the Organization entered into a promissory note at a variable rate of prime plus 3.25% for \$330,000 collateralized by their building located on East Kibby Street. The note matures on November 29, 2024.

Truck Loan – On August 26, 2014, the Organization entered into a promissory note for \$85,007 at a fixed rate of 3.25% for the purchase of a 2015 Freightliner Straight Truck Model M2-106. The note matures on August 26, 2019.

Interest expense paid during the years ended June 30, 2018 and 2017 was \$21,664 and \$23,352 respectively.

As of June 30, 2018, aggregate annual maturities of long-term obligations were as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Debt</u> <u>Maturing</u>
2019	\$ 77,898
2020	65,706
2021	65,571
2022	68,635
2023	71,842
2024-2025	<u>105,652</u>
Total	<u>\$ 455,304</u>

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2018 and 2017

Note O – Subsequent Events

Subsequent events have been evaluated through November 16, 2018, which is the date the financial statements were available to be issued. Nothing material was noted to be disclosed.

WEST OHIO FOOD BANK
LIMA, OHIO

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Food	\$ 5,708,241	\$ -	\$ -	\$ 5,708,241
Personnel Costs:				
Salaries and Wages	491,116	21,588	26,984	539,688
Payroll Taxes	39,734	1,746	2,178	43,658
Employee Benefits	58,321	2,564	3,204	64,089
Total Personnel Costs	<u>589,171</u>	<u>25,898</u>	<u>32,366</u>	<u>647,435</u>
Transportation Costs:				
Transportation and Packaging Costs	17,675	-	-	17,675
Fuel	30,763	-	-	30,763
Repairs and Maintenance	38,860	-	-	38,860
Insurance and Other Costs	2,094	-	-	2,094
Total Transportation Costs	<u>89,392</u>	<u>-</u>	<u>-</u>	<u>89,392</u>
Building Costs:				
Utilities	68,607	2,859	-	71,466
Repairs and Maintenance	17,340	723	-	18,063
Equipment Rental and Supplies	21,083	-	-	21,083
Insurance and Other Costs	15,392	641	-	16,033
Total Building Costs	<u>122,422</u>	<u>4,223</u>	<u>-</u>	<u>126,645</u>
Administrative Costs:				
Professional Fees	-	26,392	-	26,392
Office Supplies	17,737	739	-	18,476
Telephone	4,399	183	-	4,582
Special Events	-	-	1,149	1,149
Postage and Shipping	48,529	2,132	2,665	53,326
Other Insurance	2,281	95	-	2,376
Equipment Rental and Maintenance	15,142	631	-	15,773
Licenses and Dues	14,451	-	-	14,451
Travel, Conferences, and Meetings	15,239	635	-	15,874
Other Taxes and Fees	-	5,935	-	5,935
Interest Expense	20,797	867	-	21,664
Miscellaneous Expense	330	14	-	344
Total Administrative Costs	<u>138,905</u>	<u>37,623</u>	<u>3,814</u>	<u>180,342</u>
Depreciation Expense	74,253	3,094	-	77,347
Total Functional Expenses	<u>\$ 6,722,384</u>	<u>\$ 70,838</u>	<u>\$ 36,180</u>	<u>\$ 6,829,402</u>

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

Schedule #1

WEST OHIO FOOD BANK
LIMA, OHIO

SCHEDULE OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2017

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
Food	\$ 5,578,633	\$ -	\$ -	\$ 5,578,633
Personnel Costs:				
Salaries and Wages	447,001	19,648	24,561	491,210
Payroll Taxes	40,782	1,793	2,241	44,816
Employee Benefits	66,397	2,919	3,648	72,964
Total Personnel Costs	<u>554,180</u>	<u>24,360</u>	<u>30,450</u>	<u>608,990</u>
Transportation Costs:				
Transportation and Packaging Costs	26,900	-	-	26,900
Fuel	33,353	-	-	33,353
Repairs and Maintenance	37,494	-	-	37,494
Insurance and Other Costs	4,986	-	-	4,986
Total Transportation Costs	<u>102,733</u>	<u>-</u>	<u>-</u>	<u>102,733</u>
Building Costs:				
Utilities	56,260	2,344	-	58,604
Repairs and Maintenance	21,530	897	-	22,427
Equipment Rental and Supplies	35,777	-	-	35,777
Insurance and Other Costs	14,152	590	-	14,742
Total Building Costs	<u>127,719</u>	<u>3,831</u>	<u>-</u>	<u>131,550</u>
Administrative Costs:				
Professional Fees	63	51,523	-	51,586
Office Supplies	19,339	806	-	20,145
Telephone	5,226	218	-	5,444
Special Events	-	-	116	116
Postage and Shipping	97,135	4,270	5,337	106,742
Other Insurance	1,411	59	-	1,470
Equipment Rental and Maintenance	20,646	860	-	21,506
Licenses and Dues	14,836	-	-	14,836
Travel, Conferences, and Meetings	15,115	630	-	15,745
Other Taxes and Fees	-	4,335	-	4,335
Interest Expense	22,418	934	-	23,352
Miscellaneous Expense	1,691	70	-	1,761
Total Administrative Costs	<u>197,880</u>	<u>63,705</u>	<u>5,453</u>	<u>267,038</u>
Depreciation Expense	78,764	3,282	-	82,046
Total Functional Expenses	<u>\$ 6,639,909</u>	<u>\$ 95,178</u>	<u>\$ 35,903</u>	<u>\$ 6,770,990</u>

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

Schedule #1

WEST OHIO FOOD BANK
LIMA, OHIO

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2018

<u>FEDERAL GRANTOR/Pass-Through Grantor/ Sub Grantee/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass Through to Subrecipients</u>	<u>Federal Expenditures</u>
<u>U.S. DEPARTMENT OF AGRICULTURE/</u>			
Food Distribution Cluster:			
Commodity Supplemental Food Program (Food Commodities)	10.565	\$ -	\$ 322,662
<u>Ohio Department of Job & Family Services/</u> Commodity Supplemental Food Program (Administrative Costs)	10.565	-	102,702
<u>Shared Harvest Foodbank, Inc./</u> Emergency Food Assistance Program (Administrative Costs)	10.568	-	126,442
Emergency Food Assistance Program (Food Commodities)	10.569	747,976	793,053
Total Food Distribution Cluster		747,976	1,344,859
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/</u>			
<u>Ohio Department of Job & Family Services/</u> <u>Ohio Association of Foodbanks/</u> Temporary Assistance For Needy Families (Administrative Costs)	93.558	-	58,684
(Food Commodities)		462,824	612,078
Social Services Block Grant (Administrative Costs)	93.667	-	6,884
(Food Commodities)		46,846	61,953
Total Federal Expenditures		\$ 1,257,646	\$ 2,084,458

Note A - Summary of Significant Accounting Policies

The accompanying Schedule of Expenditures of Federal Awards reports West Ohio Food Bank's federal award programs' expenditures. The Schedule has been prepared on the accrual basis of accounting.

The Organization has not elected to use the ten percent de minimus indirect cost rate as allowed under the Uniform Guidance.

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

Schedule #2



E.S. Evans and Company

Certified Public Accountants

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November 16, 2018

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

Board of Trustees
West Ohio Food Bank
Lima, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of West Ohio Food Bank (a nonprofit organization) which comprise the statement of financial position as of June 30, 2018, the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated November 16, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Ohio Food Bank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Ohio Food Bank'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 combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency: 2018-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Ohio Food Bank'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 determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

West Ohio Food Bank's Response to Findings

West Ohio Food Bank's responses to the findings identified in our audit are described in the accompanying schedule of findings. West Ohio Food Bank's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

This 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 and 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.





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November 16, 2018

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

Board of Trustees
West Ohio Food Bank
Lima, Ohio

Report on Compliance for Each Major Federal Program

We have audited West Ohio Food Bank's compliance with the types of compliance requirements described 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 June 30, 2018. West Ohio Food Bank's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on West Ohio Food Bank's compliance.

Opinion on Each Major Federal Program

In our opinion, West Ohio 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 June 30, 2018.

Report on Internal Control Over Compliance

Management of West Ohio Food Bank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered West Ohio Food Bank's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of West Ohio Food Bank's internal control over compliance.

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

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

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



WEST OHIO FOOD BANK
LIMA, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2018

SECTION I – SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of Report Issued on the Financial Statement prepared in accordance with GAAP –
Unmodified

Internal Control Over Financial Reporting:

- Material weakness(es) identified? No
- Significant deficiency (ies) identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal Control Over Major Federal Programs:

- Material weakness(es) identified? No
- Significant deficiency (ies) identified? None Reported

Type of Auditor’s Report Issued on Compliance for Major Federal Programs – Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR
200.513(a)? No

Identification of major federal programs:

CFDA Number #10.565 / 10.568 / 10.569 Food Distribution Cluster

Dollar Threshold Used to Distinguish Between Type A and Type B Programs - \$750,000

Auditee Qualified as Low-Risk Auditee? Yes

SECTION II – FINANCIAL STATEMENT FINDINGS

No Matters Reported

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No Matters Reported

WEST OHIO FOOD BANK
LIMA, OHIO

SCHEDULE OF FINDINGS

June 30, 2018

FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS

FINDING NUMBER 2018-001

Significant Deficiency:

With contributed food being a significant portion of the Organization's revenue, it is critical that a system is in place that accurately tracks and values these items. During our inventory counting and testing, we found 8 items that were valued at \$-0- along with 7 items that were costed at the previous year's Feeding of America valuation of \$1.67 per pound instead of the current year of \$1.73 per pound. In addition, we found that USDA items are not always being correctly valued using the most current available USDA guidance. We also found that some pallets of donated food contained incorrect weight tickets which created variances in the value of inventory at year-end.

We recommend that procedures be put into place to ensure that all food is properly weighed, counted and valued. This could include someone reviewing monthly inventory printouts to ensure all items have a value, any items valued per pound are properly valued using the Feeding of America valuation, and that any USDA items are correctly entered into the system and valued using the most current USDA guidance. In addition, we would recommend spot checking weights on donated food pallets by someone not involved in the daily warehousing activities.

Organization's Response:

West Ohio Food Bank recognizes the need to ensure that all inventory is properly weighed, counted and valued. At this time, West Ohio Food Bank uses software that is antiquated and limited in its ability to value product appropriately. Effective January 1, 2019, West Ohio Food Bank will begin using new software that will eliminate the valuation issues currently faced with the old system. Additionally, West Ohio Food Bank has implemented a procedure for the Finance Director to review monthly inventory reports to ensure the correct value is used. This includes reviewing the USDA Commodity Price Chart to make certain the most current value has been assigned to the product. West Ohio Food Bank has also begun to require monthly inventory spot checks by a non-warehouse staff member to confirm the appropriate weights are listed on the pallet tags.

WEST OHIO FOOD BANK
LIMA, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2018

Finding Number	Finding Summary	Status	Additional Information
2017-001	Policies and Procedures	Fully Corrected	
2017-002	Accuracy of Financial Reporting	Partially Corrected	No finding in current year. Substantially improvement was made, however, some adjustments were needed at year-end.