

WEST OHIO FOOD BANK
LIMA, OHIO

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION
FOR THE YEARS ENDED
JUNE 30, 2019 AND 2018

WEST OHIO FOOD BANK
LIMA, OHIO

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January 10, 2020

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, 2019 and 2018, and the related statements of activities, cash flow, and functional expenses 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, 2019 and 2018, 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 audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedule 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 January 10, 2020, 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".

WEST OHIO FOOD BANK
LIMA, OHIO

STATEMENTS OF FINANCIAL POSITION

ASSETS

	June 30,	
	2019	2018
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 1,351,495	\$ 1,087,446
Accounts Receivable - Note K	119,977	95,854
Inventory - Note M	1,216,167	791,672
Prepaid Expenses	-	25,356
Total Current Assets	2,687,639	2,000,328
<u>Property and Equipment:</u>		
Building and Land Improvements	1,699,184	1,680,279
Furniture and Equipment	197,520	197,520
Office Equipment	43,968	19,068
Vehicles	326,617	326,617
Total Property and Equipment	2,267,289	2,223,484
Less: Accumulated Depreciation	(1,002,512)	(937,389)
Net Property and Equipment - Note A	1,264,777	1,286,095
<u>Total Assets</u>	\$ 3,952,416	\$ 3,286,423

LIABILITIES AND NET ASSETS

<u>Current Liabilities:</u>		
Accounts Payable	\$ 4,421	\$ 14,435
Accrued Payroll Liabilities	31,470	22,723
Current Portion of Long-Term Liabilities	65,698	77,898
Total Current Liabilities	101,589	115,056
<u>Long-Term Liabilities:</u>		
Notes Payable - Note N	380,073	455,304
Less: Current Portion of Long-Term Liabilities	(65,698)	(77,898)
Total Long-Term Liabilities	314,375	377,406
<u>Total Liabilities</u>	415,964	492,462
<u>Net Assets:</u>		
Without Donor Restrictions	3,531,545	2,724,326
With Donor Restrictions - Note J	4,907	69,635
<u>Total Net Assets</u>	3,536,452	2,793,961
<u>Total Liabilities and Net Assets</u>	\$ 3,952,416	\$ 3,286,423

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

EXHIBIT A

WEST OHIO FOOD BANK
LIMA, OHIO

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	June 30, 2019		
	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenues and Support:</u>			
Contributed Food	\$ 4,525,378	\$ -	\$ 4,525,378
Donations and Grants	3,938,449	72,939	4,011,388
Shared Maintenance Fees	191,795	-	191,795
Wholesale Food Distribution	65,087	-	65,087
Interest Income	6,009	-	6,009
Other Income	2,623	-	2,623
Net Assets Released from Restrictions	137,667	(137,667)	-
Total Revenues and Support	8,867,008	(64,728)	8,802,280
 <u>Expenses:</u>			
Program Services:			
Agency	7,117,552	-	7,117,552
CSFP	487,334	-	487,334
School Pantry	129,538	-	129,538
SnackPack	63,440	-	63,440
Total Program Services	7,797,864	-	7,797,864
Supporting Services:			
Management and General	154,596	-	154,596
Fundraising	107,329	-	107,329
Total Supporting Services	261,925	-	261,925
Total Expenses	8,059,789	-	8,059,789
Increase/(Decrease) in Net Assets	807,219	(64,728)	742,491
Net Assets - Beginning of Year	2,724,326	69,635	2,793,961
Net Assets - End of Year	\$ 3,531,545	\$ 4,907	\$ 3,536,452

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

EXHIBIT B

WEST OHIO FOOD BANK
LIMA, OHIO

STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	June 30, 2018		
	Without Donor Restrictions	With Donor Restrictions	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:</u>			
Program Services	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

WEST OHIO FOOD BANK
LIMA, OHIO

STATEMENTS OF FUNCTIONAL EXPENSES
For the Years Ended June 30, 2019 and 2018

	2019			
	Program Services			
	Agency	CSFP	School Pantry	SnackPack
Food	\$ 6,564,287	\$ 358,003	\$ 85,482	\$ 54,046
Personnel Costs:				
Salaries and Wages	231,609	87,006	30,552	5,024
Payroll Taxes	23,014	8,646	3,036	499
Employee Benefits	31,370	11,594	3,904	680
Total Personnel Costs	285,993	107,246	37,492	6,203
Transportation Costs:				
Transportation and Packaging Costs	5,339	377	126	63
Fuel	28,672	2,024	675	337
Repairs and Maintenance	8,444	596	199	99
Insurance and Other Costs	831	59	20	10
Total Transportation Costs	43,286	3,056	1,020	509
Building Costs:				
Utilities	45,515	3,213	1,071	535
Repairs and Maintenance	9,746	688	229	115
Equipment Rental and Supplies	10,739	758	253	126
Insurance and Other Costs	23,665	1,670	557	278
Total Building Costs	89,665	6,329	2,110	1,054
Administrative Costs:				
Professional Fees	105	7	3	1
Office Supplies and IT Costs	17,929	3,203	422	211
Telephone and Internet	3,359	237	79	40
Special Events	4,120	291	97	48
Postage and Shipping	2,950	208	69	35
Other Insurance	-	-	-	-
Equipment Rental and Maintenance	13,710	968	323	161
Licenses and Dues	12,608	890	297	148
Travel, Conferences, and Meetings	4,772	1,591	380	104
Other Taxes and Fees	628	72	20	8
Interest Expense	17,361	1,226	408	204
Miscellaneous Expense	1,424	100	34	17
Total Administrative Costs	78,966	8,793	2,132	977
Depreciation Expense	55,355	3,907	1,302	651
Total Functional Expenses	\$ 7,117,552	487,334	129,538	63,440

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

EXHIBIT C

				2018
Total Program Services	Management and General	Fundraising	Total Expenses	Total Expenses
\$ 7,061,818	\$ -	\$ -	\$ 7,061,818	\$ 5,708,241
354,191	85,745	53,466	493,402	539,688
35,195	8,520	5,313	49,028	43,658
47,548	11,319	6,856	65,723	64,089
<u>436,934</u>	<u>105,584</u>	<u>65,635</u>	<u>608,153</u>	<u>647,435</u>
5,905	377	-	6,282	17,675
31,708	2,024	-	33,732	30,763
9,338	596	-	9,934	38,860
920	59	-	979	2,094
<u>47,871</u>	<u>3,056</u>	<u>-</u>	<u>50,927</u>	<u>89,392</u>
50,334	3,213	-	53,547	71,466
10,778	688	-	11,466	18,063
11,876	758	-	12,634	21,083
26,170	1,670	-	27,840	16,033
<u>99,158</u>	<u>6,329</u>	<u>-</u>	<u>105,487</u>	<u>126,645</u>
116	27,007	-	27,123	26,392
21,765	1,266	-	23,031	18,476
3,715	237	-	3,952	4,582
4,556	291	-	4,847	1,149
3,262	208	40,987	44,457	53,326
-	2,005	-	2,005	2,376
15,162	968	-	16,130	15,773
13,943	890	-	14,833	14,451
6,847	1,453	692	8,992	15,874
728	69	15	812	5,935
19,199	1,226	-	20,425	21,664
1,575	100	-	1,675	344
<u>90,868</u>	<u>35,720</u>	<u>41,694</u>	<u>168,282</u>	<u>180,342</u>
61,215	3,907	-	65,122	77,347
<u>\$ 7,797,864</u>	<u>\$ 154,596</u>	<u>\$ 107,329</u>	<u>\$ 8,059,789</u>	<u>\$ 6,829,402</u>

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

EXHIBIT C

WEST OHIO FOOD BANK
LIMA, OHIO

STATEMENTS OF CASH FLOWS
For the Years Ended June 30, 2019 and 2018

	June 30,	
	2019	2018
<u>Cash Flows from Operating Activities:</u>		
Increase/(Decrease) in Net Assets	\$ 742,491	\$ 275,948
Adjustments to Reconcile Increase/(Decrease) in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
(Increase)/Decrease in Accounts Receivable	(24,123)	(58,460)
(Increase)/Decrease in Inventory	(424,495)	143,701
(Increase)/Decrease in Prepaid Expenses	25,356	(13,142)
Increase/(Decrease) in Accounts Payable	(10,014)	(24,444)
Increase/(Decrease) in Accrued Payroll Liabilities	8,747	1,595
Increase/(Decrease) in Deferred Revenue	-	(14,748)
Depreciation	65,122	77,347
Total Adjustments	(359,407)	111,849
<u>Net Cash Provided/(Used) by Operating Activities</u>	383,084	387,797
<u>Cash Flows from Financing Activities:</u>		
Payments on Notes Payable	(75,231)	(75,366)
<u>Net Cash Provided/(Used) by Financing Activities</u>	(75,231)	(75,366)
<u>Cash Flow from Investing Activities:</u>		
(Purchase)/Disposal of Property and Equipment	(43,804)	(101,855)
<u>Net Cash Provided/(Used) by Investing Activities</u>	(43,804)	(101,855)
<u>Net Increase/(Decrease) in Cash and Cash Equivalents</u>	264,049	210,576
Cash and Cash Equivalents at Beginning of Year	1,087,446	876,870
Cash and Cash Equivalents at End of Year	\$ 1,351,495	\$ 1,087,446
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash Paid During the Year for Interest	\$ 20,425	\$ 21,664

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, 2019 and 2018

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 generally accepted accounting principles promulgated in the United States of America (U.S. GAAP) for not-for-profit entities. The significant accounting and reporting policies used by the Organization are described subsequently to enhance the usefulness and understandability of the financial statements.

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, 2019 and 2018 donated inventory and inventory received from USDA is valued at \$1.68 and \$1.73 per pound, respectively, which is based on the 2017 and 2016 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
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

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

Basis of Presentation

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions – Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions – Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions. At June 30, 2019 and 2018, the Organization had net assets of \$4,907 and \$69,635, respectively, with donor restrictions.

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,	
	2019	2018
Property and Equipment	\$ 2,267,289	\$ 2,223,484
Accumulated Depreciation	<u>(1,002,512)</u>	<u>(937,389)</u>
Net Property and Equipment	<u>\$ 1,264,777</u>	<u>\$ 1,286,095</u>

Depreciation expense for the years ended June 30, 2019 and 2018 was \$65,122 and \$77,347, respectively.

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

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

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond the current reporting period are recorded as prepaid expenses.

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. 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.

Expense Allocation

The cost of providing various programs and other activities has been summarized on a functional basis in the Statement of Activities and in the Statement of Functional Expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. See Note P for additional information.

Note B – Liquidity and Availability

Financial Assets available for general expenditure, that is, without donor restrictions limiting their use, within one year of June 30, 2019 are:

Cash	\$	1,351,495
Accounts Receivable		<u>119,977</u>
	\$	<u><u>1,471,472</u></u>

There are no donor-imposed or contractual restrictions on the above-mentioned assets. Accounts receivable are subject to implied time restrictions, but are expected to be collected within the year.

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note C – 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 D – 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, 2019 and 2018, the Organization had deposits exceeding the insured amount by \$845,618 and \$584,283, respectively.

Note E – 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, 2019 and 2018, 752 and 339, respectively, volunteers donated approximately 6,457 and 5,112, respectively, hours of their time for the benefit of the Organization.

Note F – 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.

WEST OHIO FOOD BANK
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NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note G – 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 H – 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 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, 2015 and prior are closed and are no longer subject to examination.

Note J – Net Assets With Donor Restrictions

Boyer Foundation – During fiscal year 2017, \$36,122 was received from the Boyer Foundation to assist with the costs associated with installing warehouse partitions.

PCS Administration – During fiscal year 2018, \$85,000 was received from PCS Administration to assist with the costs associated with purchasing and implementing Primarius software and installing warehouse partitions.

Midwest Electric – During fiscal year 2019, \$3,000 was received from Midwest Electric to assist with the purchase of Dock Seal doors.

WEST OHIO FOOD BANK
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NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note J – Net Assets With Donor Restrictions – (continued)

United Healthcare – During fiscal year 2019, \$17,500 was received from United Healthcare for the purchase of two commercial freezers and three commercial coolers for the operation of an emergency pantry at West Ohio Food Bank.

Shelby County United Way – During fiscal year 2019, \$10,820 was received from Shelby County United Way for the purchase of ten new computers and monitors.

United Way of Van Wert County – During fiscal year 2019, \$7,000 was received from United Way of Van Wert County to cover the costs of purchased food for the benefit of Trinity Friends Church, Van Wert United Methodist Church, and Salvation Army of Van Wert.

Net assets with donor restrictions at June 30, 2019 and 2018 consisted of the following:

	June 30,	
	2019	2018
Boyer Foundation (to be used for partition signage)	\$ -	\$ 1,000
PCS Administration (to be used for Primarius software)	-	68,635
Midwest Electric	3,000	-
United Healthcare	1,235	-
Shelby County United Way	85	-
United Way of Van Wert County	587	-
Total Net Assets With Donor Restrictions	\$ 4,907	\$ 69,635

Note K – Accounts Receivable

Accounts Receivable at June 30, 2019 and 2018 consisted of the following:

	June 30,	
	2019	2018
Member Agencies	\$ 14,224	\$ 16,737
USDA	77,740	31,461
CSFP	12,627	28,724
OASPA and OFP	15,386	15,617
Miscellaneous	-	3,315
Total Accounts Receivable	\$ 119,977	\$ 95,854

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note L – 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, 2019 and 2018 totaled \$12,185 and \$10,741, respectively.

Note M – 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 \$1.68 and \$1.73 per pound, respectively, based on the 2017 and 2016 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, 2019 and 2018 consisted of the following:

	June 30,	
	2019	2018
Donated Food	\$ 334,164	\$ 477,271
USDA	654,156	164,597
OFPP	162,381	82,678
CSFP	39,296	60,110
Purchased Inventory	16,288	7,016
Backpack	9,882	-
	<u>\$ 1,216,167</u>	<u>\$ 791,672</u>

Note N – Long-Term Obligations

The Organization's long-term obligations during fiscal year 2019 were as follows:

<u>Long-Term Debt</u>	<u>Balance at</u> <u>6/30/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>6/30/19</u>	<u>Due Within</u> <u>One Year</u>
Mortgage Loan #1	\$ 251,230	\$ -	\$ 34,538	\$ 216,692	\$ 36,614
Mortgage Loan #2	182,966	-	22,657	160,309	26,011
Truck Loan	21,108	-	18,036	3,072	3,073
Total Long-Term Debt	<u>\$ 455,304</u>	<u>\$ -</u>	<u>\$ 75,231</u>	<u>\$ 380,073</u>	<u>\$ 65,698</u>

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note N – Long-Term Obligations – (continued)

Long-Term Debt	Balance at 6/30/17	Additions	Reductions	Balance at 6/30/18	Due Within One Year
Mortgage Loan #1	\$ 285,612	\$ -	\$ 34,382	\$ 251,230	\$ 34,938
Mortgage Loan #2	206,495	-	23,529	182,966	24,914
Truck Loan	38,563	-	17,455	21,108	18,046
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 matured on August 26, 2019.

Interest expense paid during the years ended June 30, 2019 and 2018 was \$20,425 and \$21,664 respectively.

As of June 30, 2019, aggregate annual maturities of long-term obligations were as follows:

Year Ending June 30,	Debt Maturing
2020	\$ 65,698
2021	65,552
2022	68,615
2023	71,821
2024	75,177
2024-2025	33,210
Total	\$ <u>380,073</u>

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note O – 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, 2019 and 2018, this amount totaled \$8,012 and \$12,246, respectively.

Note P – Expense Recognition and Allocation

The cost of providing the Organization's programs and other activities is summarized on a functional basis in the statement of activities and statement of functional expenses. Expenses that can be identified with a specific program or support service are charged directly to that program or support service. Costs common to multiple functions have been allocated among the various functions benefitted using a reasonable allocation method that is consistently applied, as follows:

Personnel-Related Expenses

Salaries and wages, benefits, payroll taxes, and related administrative fees are allocated based on activity reports prepared by personnel.

Professional Fees and Travel, Conferences, and Meetings

Professional fees are allocated based on the allocation used for salaries and wages, with the exception of audit fees, which are allocated entirely to management and general.

Travel, conferences, and meeting expenses are allocated using the same allocation used for salaries and wages.

Transportation, Building, Office Supplies, Telephone and Internet, Special Events, Postage, Equipment Rental and Maintenance, Dues, Interest, and Miscellaneous Expenses

Transportation-related costs, building-related costs, office supplies, telephone and internet, special events, postage and shipping, equipment rental and maintenance, licenses and dues, interest expense, and other miscellaneous costs that cannot be directly identified are allocated based on an analysis of square footage occupied by each function. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization.

Every year, or more often when program, personnel, or facility requirements change, the bases on which costs are allocated are evaluated. Management and general expenses include those costs that are not directly identifiable with any specific program, but which provide for the overall support and direction of the Organization. Fundraising costs are expensed as incurred, even though they may result in contributions received in future years.

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note Q – 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, 2019:

<u>June 30,</u>		
2020	\$	13,970
2021		11,996
2022		<u>8,997</u>
	\$	<u>34,963</u>

Lease expense paid during the year ended June 30, 2019 and 2018 was \$16,130 and \$15,773, respectively.

Note R – Change in Accounting Principle

The Organization implemented FASB ASU No. 2016-14 in the current year, applying the changes retrospectively. The new standards change the following aspects of the financial statements:

1. The temporarily restricted net asset class has been renamed net assets with donor restrictions.
2. The unrestricted net asset class has been renamed net assets without donor restrictions.
3. The financial statements include a disclosure about liquidity and availability of resources (Note B).
4. The financial statements include a disclosure about expense recognition and allocation (Note P).
5. The Statements of Functional Expenses were added.

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO FINANCIAL STATEMENTS

June 30, 2019 and 2018

Note R – Change in Accounting Principle – (continued)

The changes have the following effect on net assets as of July 1, 2018:

<u>Net Asset Class</u>	<u>As Originally Presented</u>	<u>After Adoption of ASU 2016-14</u>
Unrestricted	\$ 2,724,326	\$ -
Temporarily Restricted	69,635	-
Without Donor Restrictions	-	2,724,326
With Donor Restrictions	-	69,635
Total Net Assets	\$ <u>2,793,961</u>	\$ <u>2,793,961</u>

Note S – Subsequent Events

Subsequent events have been evaluated through January 10, 2020, which is the date the financial statements were available to be issued. On August 30, 2019, West Ohio Food Bank purchased a 2019 Ram Promaster Cargo Van for a total purchase price of \$31,150, of which \$30,000 was donated by Anthem Blue Cross Blue Shield and \$900 was donated by Tom Ahl Family of Dealerships. On September 30, 2019, the Organization purchased a 2020 International Reefer Box Truck at a cost of \$109,981.

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 EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2019

<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	\$ -	\$ 333,572
<u>Ohio Department of Job & Family Services/</u> Commodity Supplemental Food Program (Administrative Costs)	10.565	-	99,224
<u>Shared Harvest Foodbank, Inc./</u> Emergency Food Assistance Program (Administrative Costs)	10.568	-	172,715
Emergency Food Assistance Program (Food Commodities)	10.569	1,061,718	1,419,665
Total Food Distribution Cluster		1,061,718	2,025,176
<u>Shared Harvest Foodbank, Inc./</u> Trade Mitigation Program (Operational Funds)	10.178	-	34,332
<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) (Food Commodities)	93.558	- 266,228	57,096 434,165
Social Services Block Grant (Administrative Costs) (Food Commodities)	93.667	- 36,962	6,698 60,278
Total Federal Expenditures		\$ 1,364,908	\$ 2,617,745

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

Schedule #2

WEST OHIO FOOD BANK
LIMA, OHIO

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

2 CFR 200.516(b)(6)

For the Year Ended June 30, 2019

Note A – Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the Federal award activity of West Ohio Food Bank (the Organization) under programs of the federal government for the year ended June 30, 2019. The information on this Schedule is prepared 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 B – Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures may or may not be allowed or may be limited as to reimbursement. The Organization has elected not to use the ten percent de minimis indirect cost rate as allowed under the Uniform Guidance.



E.S. Evans and Company

Certified Public Accountants

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Dan F. Clifford, CPA, CVA • Steven D. Hooker, CPA
Jennifer J. Birkemeier, CPA, CFE • Andrew J. Brown, CPA

January 10, 2020

**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, 2019, the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to the financial statements and have issued our report thereon dated January 10, 2020.

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 as item 2019-001 that we consider to be a significant deficiency.

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 response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. West Ohio Food Bank's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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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January 10, 2020

**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, 2019. 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 programs for the year ended June 30, 2019.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questioned costs as item 2019-002. Our opinion of each major federal program is not modified with respect to this matter.

West Ohio Food Bank's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. West Ohio Food Bank's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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, we did identify a certain deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as item 2019-003, that we consider to be a significant deficiency.

West Ohio Food Bank's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. West Ohio Food Bank's response was not subjected to the 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.

A handwritten signature in red ink, appearing to read "E. J. Green and Company".

WEST OHIO FOOD BANK
LIMA, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

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? Yes

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
200.516(a)? Yes

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

WEST OHIO FOOD BANK
LIMA, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING NUMBER 2019-001

Significant Deficiency

Criteria: Inventory-related transactions are a significant portion of the Organization's revenue and expense, and therefore, it is critical that a system is in place that accurately tracks and values these items.

Condition: During the course of our audit, many issues were found in regards to inventory as follows: (1) It was noted that pallet tags in the warehouse are not being properly used. We found a number of pallets without product tags/weight tickets. In addition, it was found that as product is pulled, pallet tags are not being adjusted. Many pallets were noted with the same log number on them, a log number which was not even in the inventory listing at that time. (2) It was also noted that some weight tickets were incorrect and were not being adjusted as inventory was being pulled. Additionally, it was noted that the warehouse scale appears to round to the nearest two-pound increment. (3) During our audit fieldwork, we found the freezer to be in complete disarray, with food on the floor, and rotten food was found in the cooler. Some pallets were not accessible at all, and thus tags could not be verified to confirm the usage of FIFO. In addition, we found only a few spoilage/disposal reports for the year, yet a general ledger account which reflected over \$466,000 of inventory adjustments which were attributed to spoiled/disposed of goods. The small number of spoilage reports that were produced were entered incorrectly into the general ledger system and were actually adding to, instead of lowering, the inventory value.

Effect: If inventory activity is not properly accounted for by the Organization, recipients may not be able to receive the full benefits of the items made available to them by donors and grantors.

Cause: During the fiscal year ending June 30, 2019, West Ohio Food Bank put a new general ledger system into place that has built-in features to assist in inventory tracking. However, it appears that controls outside of the general ledger system are not properly designed and implemented.

Recommendation: We recommend that log numbers be properly utilized to accurately track what inventory is in the warehouse. This would also assist in making sure the FIFO (first in, first out) inventory cost flow method is being maintained, consistent with the Organization's policy. It is also our recommendation that the scale is re-calibrated and adjusted to read to the nearest pound or quarter-pound, if possible. Procedures should be put into place to ensure that all food is properly weighed, counted, valued, and tracked, and that pallets are properly tagged. The new general ledger system should be used as it was designed and to its full abilities to assist in properly maintaining and tracking inventory.

Views of responsible individuals and planned corrective action: West Ohio Food Bank agrees with this finding. Please refer to the corrective action plan on Page 34.

WEST OHIO FOOD BANK
LIMA, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING NUMBER 2019-002

Noncompliance - Eligibility

Criteria: Recipients of the Senior Box Distribution Program should have a completed application that has been reviewed and approved by an Agency representative before receiving a distribution. The program also requires that an eligible recipient or an approved proxy sign for each distribution received.

Condition: During our testing of this program, a Senior Box Distribution Program recipient was found that appeared to not meet the income eligibility requirements. The recipient's application was reviewed and approved by an agency representative, but the monthly income listed on the application was significantly outside of the income limitations provided for the program. In addition, 12 out of 50 sampled distributions had a signature on the distribution form that could not be verified.

Effect: If applications are not being properly examined by Agency representative before applicants are approved and adequate controls are not in place at agency distributions to ensure that eligible recipients or their approved proxy are the only individuals receiving program benefits, distributions could be made to recipients who are not eligible for the program.

Cause: Staff responsible for the program during the year were not adequately reviewing applications prior to approving them. Staff onsite during distributions were not properly identifying the qualified individuals picking up boxes.

Questioned Costs: 1 individual x 3 months x \$31.99 = \$95.97 plus 12 individuals x \$31.99 = \$383.88 for a total of \$479.85.

Context: Fifty Senior Box distributions were tested. Twelve were found to be distributed to an unauthorized individual, and one recipient was found to be receiving benefits without a valid application on file.

Recommendation: It is our recommendation that the agency implement procedures to ensure that 1. all applications are properly obtained and reviewed prior to the approval of program recipients and 2. only approved recipients are receiving program benefits at distributions to ensure compliance with the Federal guidelines of the program to avoid the loss of future funding.

Views of responsible individuals and planned corrective action: West Ohio Food Bank agrees with this finding. Please refer to the corrective action plan on Page 34.

WEST OHIO FOOD BANK
LIMA, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – (continued)

FINDING NUMBER 2019-003

Significant Deficiency - Eligibility

Criteria: Recipients of the Senior Box Distribution Program should complete a new application and be approved for participation every twelve months.

Condition: During our testing of the Food Distribution Cluster, it was found that seven of the 50 recipients of the Senior Box Distribution Program selected for testing were receiving a distribution based on a completed and approved application that was more than twelve months old.

Effect: If updated eligibility information is not received per program guidelines, distributions could be made to recipients whom are no longer eligible for the program.

Cause: Staff responsible for the program during the year were not monitoring application dates and expiring applications.

Questioned Costs: 7 recipients x 2 months x \$31.99 = \$447.86

Context: Fifty Senior Box distributions were tested. Seven were found to be distributed without a valid application on file.

Recommendation: It is our recommendation that the agency implement internal control procedures to ensure that all applications are updated within a twelve-month period, and that recipients without an updated application on file do not receive distributions until a valid, up-to-date application has been obtained.

Views of responsible individuals and planned corrective action: West Ohio Food Bank agrees with this finding. Please refer to the corrective action plan on Page 35.

WEST OHIO FOOD BANK
LIMA, OHIO

CORRECTIVE ACTION PLAN

June 30, 2019

SECTION II – FINANCIAL STATEMENT FINDINGS

FINDING NUMBER 2019-001

Name of Contact Person: Wayne Steed, Warehouse Operations Director

Corrective Action: West Ohio Food Bank recognizes the deficiencies with correct pallet tags, weight tickets, scale calibration, and the First in First Out procedures. A new inventory/accounting management software system has been instituted at the food bank capable of producing pallet tags with log reference numbers that can be used to manage the FIFO system along with correct product being utilized and accounted for as it is used. Effective January 1, 2020, West Ohio Food Bank has implemented a procedure for the Warehouse Operations Director to ensure the proper tagging, tracking, weighing, FIFO, and routine inventory checks being used regularly eliminating issues that have been found in the past.

Deficiencies that were found relating to the condition of the freezer/cooler and spoilage reports, effective January 1, 2020 procedures have been incorporated for warehouse staff overseen by the Warehouse Operations Director that will ensure proper staging of pallets, making each accessible for inspection, along with discarded items being recorded in Primarius adjusting inventory as needed.

Proposed Completion Date: Ongoing

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FINDING NUMBER 2019-002

Name of Contact Person: Tommie Harner, Chief Operations Officer

Corrective Action: The staff member responsible for this program is no longer employed with West Ohio Food Bank. Noncompliance issues regarding the Commodity Supplemental Food Program (CSFP) has been recognized by West Ohio Food Bank making the need for implementing a procedure ensuring the compliance of this program is followed. Effective December 1, 2019, a procedure has been incorporated that will be overseen by the Chief Operations Officer ensuring each applicant has a completed application and is processed according to regulations created and overseen by Ohio Department of Job & Family Services (ODJFS). This procedure will also eliminate issues with information not being updated as needed, i.e. new proxy, income eligibility, change of address. While ODJFS only requires re-certification once per year, West Ohio Food Bank has instituted procedures that will routinely verify applicant's information throughout the year. Only applicants meeting the criteria for the program will remain on the program and receive a box once per month.

Proposed Completion Date: Ongoing

WEST OHIO FOOD BANK
LIMA, OHIO

CORRECTIVE ACTION PLAN

June 30, 2019

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS – (continued)

FINDING NUMBER 2019-003

Name of Contact Person: Tommie Harner, Chief Operations Officer

Corrective Action: Eligibility issues regarding the Commodity Supplemental Food Program (CSFP) have been recognized by West Ohio Food Bank making the implementation of an internal control a priority moving forward. Effective January 1, 2020, procedures have been implemented to ensure that all applicants have a current application (completed within the twelve-month period) or removed from the program until a current, completed application is received by West Ohio Food Bank. This process will be overseen by the Chief Operations Officer.

Proposed Completion Date: (New re-certification occurs between March-April) with a review completed at the end of April adjusting as necessary, however the process will be ongoing.

WEST OHIO FOOD BANK
LIMA, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Inventory Valuation and Controls	Partially Corrected	See current year comment: 2019-001.