

West Ohio Food Bank  
Lima, Ohio

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Financial Statements and Supplementary Information  
For the Years Ended  
June 30, 2020 and 2019

West Ohio Food Bank  
Lima, Ohio

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# E.S. Evans and Company

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February 17, 2021

## 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, 2020 and 2019, and the related statements of activities, functional expenses, and cash flows 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, 2020 and 2019, 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 Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements 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 February 17, 2021, 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.

*E & Evans and Company*

West Ohio Food Bank  
Lima, Ohio

Statements of Financial Position  
June 30, 2020 and 2019

	<u>Assets</u>	
	<u>2020</u>	<u>2019</u>
<u>Current Assets:</u>		
Cash and Cash Equivalents	\$ 2,161,507	\$ 1,351,495
Accounts Receivable - Note K	260,428	119,977
Inventory - Note M	713,593	1,216,167
Total Current Assets	<u>3,135,528</u>	<u>2,687,639</u>
<u>Property and Equipment:</u>		
Building and Land Improvements	1,711,064	1,699,184
Furniture and Equipment	257,530	197,520
Office Equipment	43,968	43,968
Vehicles	590,602	326,617
Total Property and Equipment	<u>2,603,164</u>	<u>2,267,289</u>
Less: Accumulated Depreciation	<u>(1,086,426)</u>	<u>(1,002,512)</u>
Net Property and Equipment - Note A	<u>1,516,738</u>	<u>1,264,777</u>
<u>Total Assets</u>	<u>\$ 4,652,266</u>	<u>\$ 3,952,416</u>
 <u>Liabilities and Net Assets</u> 		
<u>Current Liabilities:</u>		
Accounts Payable	\$ 50,342	\$ 4,421
Accrued Payroll Liabilities	15,898	19,285
Accrued Vacation Pay - Note L	17,168	12,185
Unearned Grant Revenue	36,098	-
Paycheck Protection Program Loan - Note R	103,500	-
Current Portion of Long-Term Liabilities	<u>-</u>	<u>65,698</u>
Total Current Liabilities	<u>223,006</u>	<u>101,589</u>
<u>Long-Term Liabilities:</u>		
Notes Payable - Note N	-	380,073
Less: Current Portion of Long-Term Liabilities	<u>-</u>	<u>(65,698)</u>
Total Long-Term Liabilities	<u>-</u>	<u>314,375</u>
<u>Total Liabilities</u>	<u>223,006</u>	<u>415,964</u>
<u>Net Assets:</u>		
Without Donor Restrictions	4,244,739	3,531,545
With Donor Restrictions - Note J	<u>184,521</u>	<u>4,907</u>
<u>Total Net Assets</u>	<u>4,429,260</u>	<u>3,536,452</u>
<u>Total Liabilities and Net Assets</u>	<u>\$ 4,652,266</u>	<u>\$ 3,952,416</u>

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

West Ohio Food Bank  
Lima, Ohio

Statement of Activities  
For the Year Ended June 30, 2020

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<u>Revenues and Support:</u>			
Contributed Food	\$ 12,719,656	\$ -	\$ 12,719,656
Donations and Grants	1,280,216	644,838	1,925,054
Shared Maintenance Fees	176,316	-	176,316
Wholesale Food Distribution	40,443	-	40,443
Interest Income	7,157	-	7,157
Other Income	5,437	-	5,437
Net Assets Released from Restrictions	465,224	(465,224)	-
Total Revenues and Support	<u>14,694,449</u>	<u>179,614</u>	<u>14,874,063</u>
 <u>Expenses:</u>			
Program Services:			
Agency	12,938,689	-	12,938,689
CSFP	585,569	-	585,569
School Pantry	42,646	-	42,646
SnackPack	15,566	-	15,566
Total Program Services	<u>13,582,470</u>	<u>-</u>	<u>13,582,470</u>
Supporting Services:			
Management and General	254,994	-	254,994
Fundraising	143,791	-	143,791
Total Supporting Services	<u>398,785</u>	<u>-</u>	<u>398,785</u>
Total Expenses	<u>13,981,255</u>	<u>-</u>	<u>13,981,255</u>
Change in Net Assets	713,194	179,614	892,808
Net Assets - Beginning of Year	<u>3,531,545</u>	<u>4,907</u>	<u>3,536,452</u>
Net Assets - End of Year	<u>\$ 4,244,739</u>	<u>\$ 184,521</u>	<u>\$ 4,429,260</u>

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

West Ohio Food Bank  
Lima, Ohio

Statement of Activities  
For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<u>Revenues and Support:</u>			
Contributed Food	\$ 6,773,058	\$ -	\$ 6,773,058
Donations and Grants	1,690,769	72,939	1,763,708
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
Change 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.

West Ohio Food Bank  
Lima, Ohio

Statement of Functional Expenses  
For the Year Ended June 30, 2020

	Program Services			
	Agency	CSFP	School Pantry	SnackPack
Food and Personal Care Items	\$ 12,253,301	\$ 548,038	\$ 35,000	\$ 11,922
Personnel Costs:				
Salaries and Wages	351,705	15,730	1,005	342
Payroll Taxes	11,746	525	34	11
Employee Benefits	29,373	1,314	84	29
Total Personnel Costs	<u>392,824</u>	<u>17,569</u>	<u>1,123</u>	<u>382</u>
Transportation Costs:				
Transportation and Packaging Costs	1,110	78	26	13
Fuel	27,421	1,936	645	323
Repairs and Maintenance	9,982	705	235	117
Insurance and Other Costs	858	61	20	10
Total Transportation Costs	<u>39,371</u>	<u>2,780</u>	<u>926</u>	<u>463</u>
Building Costs:				
Utilities	48,357	3,414	1,138	569
Repairs and Maintenance	13,690	966	322	161
Equipment Rental and Supplies	29,673	2,095	698	349
Insurance and Other Costs	19,558	1,380	460	230
Total Building Costs	<u>111,278</u>	<u>7,855</u>	<u>2,618</u>	<u>1,309</u>
Administrative Costs:				
Professional Fees	1,856	50	-	-
Office Supplies and IT Costs	13,160	337	-	-
Telephone and Internet	2,264	160	53	27
Special Events	12,806	904	301	151
Postage and Shipping	-	-	-	-
Other Insurance	-	-	-	-
Equipment Rental and Maintenance	11,920	841	280	140
Licenses and Dues	12,779	902	301	150
Travel, Conferences, and Meetings	250	-	-	-
Other Taxes and Fees	-	-	-	-
Interest Expense	14,713	1,038	346	173
Miscellaneous Expense	841	60	20	9
Total Administrative Costs	<u>70,589</u>	<u>4,292</u>	<u>1,301</u>	<u>650</u>
Depreciation Expense	71,326	5,035	1,678	840
Total Functional Expenses	<u>\$ 12,938,689</u>	<u>\$ 585,569</u>	<u>\$ 42,646</u>	<u>\$ 15,566</u>

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

<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 12,848,261	\$ -	\$ -	\$ 12,848,261
368,782	141,839	56,736	567,357
12,316	4,737	1,894	18,947
30,800	11,846	4,739	47,385
<u>411,898</u>	<u>158,422</u>	<u>63,369</u>	<u>633,689</u>
1,227	78	-	1,305
30,325	1,936	-	32,261
11,039	705	-	11,744
949	61	-	1,010
<u>43,540</u>	<u>2,780</u>	<u>-</u>	<u>46,320</u>
53,478	3,414	-	56,892
15,139	966	-	16,105
32,815	2,095	-	34,910
21,628	1,380	-	23,008
<u>123,060</u>	<u>7,855</u>	<u>-</u>	<u>130,915</u>
1,906	29,475	-	31,381
13,497	32,599	-	46,096
2,504	160	-	2,664
14,162	904	-	15,066
-	4,733	80,422	85,155
-	2,717	-	2,717
13,181	841	-	14,022
14,132	902	-	15,034
250	7,257	-	7,507
-	216	-	216
16,270	1,038	-	17,308
930	60	-	990
<u>76,832</u>	<u>80,902</u>	<u>80,422</u>	<u>238,156</u>
78,879	5,035	-	83,914
<u>\$ 13,582,470</u>	<u>\$ 254,994</u>	<u>\$ 143,791</u>	<u>\$ 13,981,255</u>

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

West Ohio Food Bank  
Lima, Ohio

Statement of Functional Expenses  
For the Year Ended June 30, 2019

	Program Services			
	Agency	CSFP	School Pantry	SnackPack
Food and Personal Care Items	\$ 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	<u>285,993</u>	<u>107,246</u>	<u>37,492</u>	<u>6,203</u>
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	<u>43,286</u>	<u>3,056</u>	<u>1,020</u>	<u>509</u>
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	<u>89,665</u>	<u>6,329</u>	<u>2,110</u>	<u>1,054</u>
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	<u>78,966</u>	<u>8,793</u>	<u>2,132</u>	<u>977</u>
Depreciation Expense	55,355	3,907	1,302	651
Total Functional Expenses	<u>\$ 7,117,552</u>	<u>\$ 487,334</u>	<u>\$ 129,538</u>	<u>\$ 63,440</u>

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

<u>Total Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total Expenses</u>
\$ 7,061,818	\$ -	\$ -	\$ 7,061,818
354,191	85,745	53,466	493,402
35,195	8,520	5,313	49,028
47,548	11,319	6,856	65,723
<u>436,934</u>	<u>105,584</u>	<u>65,635</u>	<u>608,153</u>
5,905	377	-	6,282
31,708	2,024	-	33,732
9,338	596	-	9,934
920	59	-	979
<u>47,871</u>	<u>3,056</u>	<u>-</u>	<u>50,927</u>
50,334	3,213	-	53,547
10,778	688	-	11,466
11,876	758	-	12,634
26,170	1,670	-	27,840
<u>99,158</u>	<u>6,329</u>	<u>-</u>	<u>105,487</u>
116	27,007	-	27,123
21,765	1,266	-	23,031
3,715	237	-	3,952
4,556	291	-	4,847
3,262	208	40,987	44,457
-	2,005	-	2,005
15,162	968	-	16,130
13,943	890	-	14,833
6,847	1,453	692	8,992
728	69	15	812
19,199	1,226	-	20,425
1,575	100	-	1,675
<u>90,868</u>	<u>35,720</u>	<u>41,694</u>	<u>168,282</u>
61,215	3,907	-	65,122
<u>\$ 7,797,864</u>	<u>\$ 154,596</u>	<u>\$ 107,329</u>	<u>\$ 8,059,789</u>

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

West Ohio Food Bank  
Lima, Ohio

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Statements of Cash Flows  
For the Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities:</u>		
Change in Net Assets	\$ <u>892,808</u>	\$ <u>742,491</u>
Adjustments to Reconcile Increase/(Decrease) in Net Assets to <u>Net Cash Provided/(Used) by Operating Activities:</u>		
Depreciation	83,914	65,122
(Increase)/Decrease in Accounts Receivable	(140,451)	(24,123)
(Increase)/Decrease in Inventory	502,574	(424,495)
(Increase)/Decrease in Prepaid Expenses	-	25,356
Increase/(Decrease) in Accounts Payable	45,921	(10,014)
Increase/(Decrease) in Accrued Payroll Liabilities	(3,387)	4,107
Increase/(Decrease) in Accrued Vacation Pay Benefits	4,983	4,640
Increase/(Decrease) in Unearned Grant Revenue	36,098	-
Total Adjustments	<u>445,738</u>	<u>(424,529)</u>
<u>Net Cash Provided/(Used) by Operating Activities</u>	<u>1,422,460</u>	<u>383,084</u>
<u>Cash Flow from Investing Activities:</u>		
(Purchase)/Disposal of Property and Equipment	<u>(335,875)</u>	<u>(43,804)</u>
<u>Net Cash Provided/(Used) by Investing Activities</u>	<u>(335,875)</u>	<u>(43,804)</u>
<u>Cash Flows from Financing Activities:</u>		
Cash Proceeds from Paycheck Protection Program Loan	103,500	-
Payments on Notes Payable	<u>(380,073)</u>	<u>(75,231)</u>
<u>Net Cash Provided/(Used) by Financing Activities</u>	<u>(276,573)</u>	<u>(75,231)</u>
<u>Net Increase/(Decrease) in Cash and Cash Equivalents</u>	<u>810,012</u>	<u>264,049</u>
Cash and Cash Equivalents at Beginning of Year	<u>1,351,495</u>	<u>1,087,446</u>
Cash and Cash Equivalents at End of Year	\$ <u><u>2,161,507</u></u>	\$ <u><u>1,351,495</u></u>
<u>Supplemental Disclosure of Cash Flow Information:</u>		
Cash Paid During the Year for Interest	\$ <u><u>17,308</u></u>	\$ <u><u>20,425</u></u>

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

West Ohio Food Bank  
Lima, Ohio

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Notes to Financial Statements

June 30, 2020 and 2019

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, 2020 and 2019 donated inventory and inventory received from USDA is valued at \$1.62 and \$1.68 per pound, respectively, which is based on the 2018 and 2017 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

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Notes to Financial Statements

June 30, 2020 and 2019

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, 2020 and 2019, the Organization had net assets of \$184,521 and \$4,907, 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.

Depreciation expense for the years ended June 30, 2020 and 2019 was \$83,914 and \$65,122, respectively.

Prepaid Expenses

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

West Ohio Food Bank  
Lima, Ohio

Notes to Financial Statements

June 30, 2020 and 2019

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

Revenue Recognition

Revenue from grant awards, fee agreements, 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. Any grant revenue which has been received but has not yet been expended for its designated purpose is recognized as unearned grant revenue. Revenue from contributions 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, 2020 and 2019 are:

	June 30,	
	2020	2019
Cash	\$ 1,976,986	\$ 1,346,588
Accounts Receivable	260,428	119,977
	<u>\$ 2,237,414</u>	<u>\$ 1,466,565</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

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Notes to Financial Statements

June 30, 2020 and 2019

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, 2020 and 2019, the Organization had deposits exceeding the insured amount by \$232,144 and \$845,618, 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, 2020 and 2019, 652 and 752, respectively, volunteers donated approximately 27,058 and 6,457, 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  
Lima, Ohio

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Notes to Financial Statements

June 30, 2020 and 2019

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, 2016 and prior are closed and are no longer subject to examination.

Note J – Net Assets With Donor Restrictions

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

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.

West Ohio Food Bank  
Lima, Ohio

Notes to Financial Statements

June 30, 2020 and 2019

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

United Way of Van Wert County – During fiscal years 2020 and 2019, \$5,349 and \$7,000 was received, respectively, 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.

COVID-19 Donations – During fiscal year 2020, \$639,489 was received from various donors to assist with capital expenditures, food distributions, lunches provided for National Guard members assigned to the West Ohio Food Bank, and general operating expenses incurred due to the pandemic.

Net assets with donor restrictions at June 30, 2020 and 2019 consisted of the following:

	June 30,	
	2020	2019
Midwest Electric	\$ -	\$ 3,000
United Healthcare	-	1,235
Shelby County United Way	-	85
United Way of Van Wert County	1,799	587
COVID-19 Donations	182,722	-
Total Net Assets With Donor Restrictions	\$ 184,521	\$ 4,907

Note K – Accounts Receivable

Accounts Receivable at June 30, 2020 and 2019 consisted of the following:

	June 30,	
	2020	2019
Member Agencies	\$ 3,976	\$ 14,224
USDA	89,401	77,740
CSFP	9,759	12,627
OASPA and OFP	34,346	15,386
CARES	120,946	-
Miscellaneous	2,000	-
Total Accounts Receivable	\$ 260,428	\$ 119,977

West Ohio Food Bank  
Lima, Ohio

Notes to Financial Statements

June 30, 2020 and 2019

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, 2020 and 2019 totaled \$17,168 and \$12,185, 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 \$1.62 and \$1.68 per pound, respectively, based on the 2018 and 2017 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, 2020 and 2019 consisted of the following:

	June 30,	
	2020	2019
Donated Food	\$ 199,996	\$ 334,164
USDA	150,040	654,156
OFF	119,106	162,381
CSFP	111,776	39,296
Purchased Inventory	55,492	16,288
Backpack	-	9,882
CFAP	77,183	-
	\$ 713,593	\$ 1,216,167

Note N – Long-Term Obligations

The Organization's long-term obligations during fiscal year 2020 and 2019 were as follows:

Long-Term Debt	Balance at 6/30/19	Additions	Reductions	Balance at 6/30/20	Due Within One Year
Mortgage Loan #1	\$ 216,692	\$ -	\$ 216,692	\$ -	\$ -
Mortgage Loan #2	160,309	-	160,309	-	-
Truck Loan	3,072	-	3,072	-	-
Total Long-Term Debt	\$ 380,073	\$ -	\$ 380,073	\$ -	\$ -

West Ohio Food Bank  
Lima, Ohio

Notes to Financial Statements

June 30, 2020 and 2019

Note N – Long-Term Obligations – (continued)

<u>Long-Term Debt</u>	<u>Balance at 6/30/18</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/19</u>	<u>Due Within 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>

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 was paid in full during the year ended June 30, 2020.

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 was paid in full during the year ended June 30, 2020.

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, 2020 and 2019 was \$17,308 and \$20,425 respectively.

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, 2020 and 2019, this amount totaled \$9,979 and \$10,831, respectively.

West Ohio Food Bank  
Lima, Ohio

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Notes to Financial Statements

June 30, 2020 and 2019

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 Costs

For the year ended June 30, 2020, salaries and wages, benefits, payroll taxes, and related administrative fees related to personnel which are responsible for management and fundraising functions are allocated accordingly. For personnel, these costs are allocated based on the value of the food distributed.

For the year ended June 30, 2019, 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

For the year ended June 30, 2020, professional fees are allocated entirely to management and general, with the exception of compliance fees. Compliance fees are allocated based on the value of food distributed. Travel, conferences, and meeting expenses were allocated partially based on the time spent training and monitoring agencies, with the remainder allocated entirely to management and general.

For the year ended June 30, 2019, 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 and IT Costs, Telephone and Internet, Special Events, Postage and Shipping, Equipment Rental and Maintenance, Licenses and Dues, Interest, and Other Miscellaneous Expenses

For the years ended June 30, 2020 and 2019, 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.

West Ohio Food Bank  
Lima, Ohio

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Notes to Financial Statements

June 30, 2020 and 2019

Note P – Expense Recognition and Allocation – (continued)

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.

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, 2020:

<u>June 30,</u>		
2021	\$	11,195
2022		<u>7,464</u>
	\$	<u><u>18,659</u></u>

Lease expense paid during the year ended June 30, 2020 and 2019 was \$13,916 and \$16,130, respectively.

Note R – Paycheck Protection Program Loan

On May 1, 2020, West Ohio Food Bank received loan proceeds in the amount of \$103,500 under the Paycheck Protection Program (“PPP”). Established as part of the Coronavirus Aid, Relief and Economic Security Act (“CARES Act”), the PPP provides for loans to qualifying businesses in amounts up to 2.5 times the business’s average monthly payroll expenses. PPP loans and accrued interest are forgivable after a “covered period” (eight or 24 weeks) as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. West Ohio Food Bank applied for forgiveness and was granted forgiveness for the full loan amount of \$103,500 on November 17, 2020.

West Ohio Food Bank initially recorded a short-term note payable for the loan amount in May 2020, and subsequently recognized income for the forgiven amount in November 2020.

West Ohio Food Bank  
Lima, Ohio

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Notes to Financial Statements

June 30, 2020 and 2019

Note S – COVID-19 Pandemic

The COVID-19 pandemic, whose effects first became known in January 2020, is having a broad and negative impact on commerce and financial markets around the world. The United States and global markets experienced significant declines in value resulting from uncertainty caused by the pandemic. The extent of the impact of COVID-19 on Foundation Behavioral Health Services' operational and financial performance will depend on certain developments, including the duration and spread of the outbreak and its impacts on the Organization's clients, employees, and vendors, all of which at present, cannot be determined. Accordingly, the extent to which COVID-19 may impact the Organization's financial position and changes in net assets and cash flows is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Note T – Subsequent Events

Subsequent events have been evaluated through February 17, 2021, which is the date the financial statements were available to be issued. In February 2021, West Ohio Food Bank was awarded and received an unrestricted grant in the amount of \$1,200,000. The Board is working with management to decide the best use of these funds.

West Ohio Food Bank  
Lima, Ohio

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Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

<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	\$ -	\$ 473,948
<u>Ohio Department of Job &amp; Family Services/</u>			
Commodity Supplemental Food Program (Administrative Costs)	10.565	-	119,001
<u>Shared Harvest Foodbank, Inc./</u>			
Emergency Food Assistance Program (Administrative Costs)	10.568	-	510,172
Emergency Food Assistance Program (Food Commodities)	10.569	1,673,646	4,362,457
Total Food Distribution Cluster		1,673,646	5,465,578
Coronavirus Food Assistance Program (Food Commodities) (Administrative Costs)	10.130	208,617 -	1,037,210 11,520
<u>Shared Harvest Foodbank, Inc./</u>			
Trade Mitigation Program (Operational Funds)	10.178	-	102,254
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES/</u>			
<u>Ohio Department of Job &amp; Family Services/</u>			
<u>Ohio Association of Foodbanks/</u>			
Temporary Assistance For Needy Families (Administrative Costs) (Food Commodities)	93.558	- 387,305	97,563 921,346
Social Services Block Grant (Administrative Costs) (Food Commodities)	93.667	- 23,403	6,186 55,672
<u>U.S. DEPARTMENT OF HOMELAND SECURITY/</u>			
<u>Ohio Department of Public Safety/</u>			
<u>Ohio Association of Foodbanks/</u>			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	-	54,083
Total Federal Expenditures		\$ 2,292,971	\$ 7,751,412

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

Schedule #1

West Ohio Food Bank  
Lima, Ohio

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Notes to the Schedule of Expenditures of Federal Awards

2 CFR 200.516(b)(6)

For the Year Ended June 30, 2020

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, 2020. 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.



February 17, 2021

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, 2020, 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 February 17, 2021.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

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*.

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.

*E & Evans and Company*



February 17, 2021

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, 2020. 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, 2020.

### 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 2020-001. 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 2020-002, 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.

*E & Evans and Company*

West Ohio Food Bank  
Lima, Ohio

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Schedule of Findings and Questioned Costs

June 30, 2020

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? No

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

CFDA Number #10.130 Coronavirus Food Assistance Program

CFDA Number #93.558 Temporary Assistance For Needy Families

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

Auditee Qualified as Low-Risk Auditee? No

Section II – Financial Statement Findings

No Matters Reported

West Ohio Food Bank  
Lima, Ohio

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Schedule of Findings and Questioned Costs

June 30, 2020

Section III – Federal Award Findings and Questioned Costs

Finding Number 2020-001

Noncompliance - Eligibility

Food Distribution Cluster  
CFDA 10.565 Commodity Supplemental Food Program  
G-2021-17-0472  
U.S. Department of Agriculture

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, 10 out of 55 sampled distributions had a signature on the distribution form that could not be verified. Of the 55 sampled distributions, 19 of the distributions occurred during the global pandemic, at which time the signature requirement was waived.

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 \$26.13 = \$78.39 plus 10 individuals x \$26.13 = \$261.30 for a total of \$339.69.

Context: Fifty-five Senior Box distributions were tested. Ten 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.

West Ohio Food Bank  
Lima, Ohio

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Schedule of Findings and Questioned Costs

June 30, 2020

Section III – Federal Award Findings and Questioned Costs – (continued)

Finding Number 2020-001 – (continued)

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.

Finding Number 2020-002

Significant Deficiency - Eligibility

Food Distribution Cluster  
CFDA 10.565 Commodity Supplemental Food Program  
G-2021-17-0472  
U.S. Department of Agriculture

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 18 of the 55 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:  $((10 \text{ recipients} \times 10 \text{ months}) + (6 \text{ recipients} \times 5 \text{ months}) + (2 \text{ recipients} \times 3 \text{ months})) \times \$26.13 = \$3,553.68$

Context: Fifty-five Senior Box distributions were tested. Eighteen 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

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Corrective Action Plan

June 30, 2020

Section III – Federal Award Findings and Questioned Costs

Finding Number 2020-001

CFDA 10.565 Commodity Supplemental Food Program

Name of Contact Person: Ginger Loscavo, Program Specialist & Dena Hedrick, Program & Compliance Manager

Corrective Action: West Ohio Food Bank recognizes the deficiencies regarding compliance issues with the Commodity Supplemental Food Program (CSFP). During the fiscal year of this audit, a staff member who overseen this program ended their employment with West Ohio Food Bank. It was recognized that there were several errors in the program at this time. While every effort was made to correct all of them, there are still existing compliance issues needing addressed. Effective July 1, 2020, West Ohio Food Bank moved a staff person into the role of Program Specialist whose primary job duty is to oversee the administration of CSFP. She has instituted procedures for the applicants and distribution sites regarding eligibility and expectations for compliance of the program. Monthly, her supervisor, the Programs & Compliance Manager will audit no less than twenty-five applicant files checking for any errors or missing components within the files. This procedure will eliminate issues with information not being updated as needed, or correcting incorrect information in a timely manner.

Measures will also be conveyed to applicants and distribution sites instructing signatures to be complete and only by the applicant or their proxy written on the monthly signature sheet. Photo identification will be required by the applicant or their proxy when picking up their box. Signature sheets will be reviewed monthly by the Program Specialist ensuring this procedure is being followed by all applicants and distribution sites.

Proposed Completion Date: Ongoing

West Ohio Food Bank  
Lima, Ohio

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Corrective Action Plan

June 30, 2020

Section III – Federal Award Findings and Questioned Costs

Finding Number 2020-002

CFDA 10.565 Commodity Supplemental Food Program

Name of Contact Person: Ginger Loscavo, Program Specialist

Corrective Action: West Ohio Food Bank recognizes the deficiencies regarding compliance issues with annual re-certification of program applicants. Effective February 15, 2020, the Program Specialist has provided a new application to be completed by each applicant on each distribution list throughout our service area. Applicants will be given a 30-day time frame to complete the new application or no later than April 30th. Once reviewed, a letter of approval or denial will be sent to the program applicant. If the applicant fails to return a completed application by the due date, they will be removed. Monthly, the Programs & Compliance Manager will audit no less than twenty-five applicant files checking for application dates, errors or missing components, and eligibility status letter sent to the applicant. This procedure will eliminate issues with applications not being completed by the annual re-certification date.

Proposed Completion Date: April 30, 2021 and Ongoing as new applicants apply

West Ohio Food Bank  
Lima, Ohio

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Schedule of Prior Audit Findings

June 30, 2020

Finding Number	Finding Summary	Status	Additional Information
2019-001	Inventory Controls	Partially Corrected	No financial statement-level finding in current year. Comment reduced to management letter-level.
2019-002	Eligibility Compliance	Not Corrected	Repeated as Finding 2020-001
2019-003	Eligibility Controls	Not Corrected	Repeated as Finding 2020-002