

GLEANERS FOOD BANK OF INDIANA, INC.

**FINANCIAL STATEMENTS AND
SINGLE AUDIT REPORTS**

YEARS ENDED SEPTEMBER 30, 2021 AND 2020



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Gleaners Food Bank of Indiana, Inc.
Indianapolis, Indiana

We have audited the accompanying financial statements of Gleaners Food Bank of Indiana, Inc. (Gleaners) (a nonprofit corporation), which comprise the statements of financial position as of September 30, 2021 and 2020, 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.

Auditors' 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 audit 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 auditors' 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 Gleaners' 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 Gleaners' 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.

Board of Directors
Gleaners Food Bank of Indiana, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gleaners as of September 30, 2021 and 2020, and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 24, 2022, on our consideration of Gleaners' 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Gleaners' 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 Gleaners' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Indianapolis, Indiana
February 24, 2022

GLEANERS FOOD BANK OF INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2021 AND 2020

	2021	2020
ASSETS		
Cash and Cash Equivalents	\$ 4,546,838	\$ 5,325,153
Accounts Receivable, Net	1,202,716	1,640,439
Grants Receivable	1,545,017	447,115
Contributions Receivable, at Fair Value	2,116,208	1,516,379
Inventories	6,759,617	7,633,703
Prepaid Expenses	119,475	18,435
Investments	23,105,356	15,584,818
Beneficial Interest in Assets Held by Community Foundation	1,040,287	526,864
Property and Equipment, Net	13,801,155	8,626,869
Total Assets	\$ 54,236,669	\$ 41,319,775
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 3,436,734	\$ 1,975,106
Accrued Expenses and Other Liabilities	672,419	707,517
Deferred Revenue	1,895,860	2,107,090
Loan Payable Under Paycheck Protection Program	-	775,000
Total Liabilities	6,005,013	5,564,713
NET ASSETS		
Without Donor Restrictions:		
Undesignated	29,650,446	20,792,638
Board-Designated	1,040,287	526,864
Total Without Donor Restrictions	30,690,733	21,319,502
With Donor Restrictions	17,540,923	14,435,560
Total Net Assets	48,231,656	35,755,062
Total Liabilities and Net Assets	\$ 54,236,669	\$ 41,319,775

See accompanying Notes to Financial Statements.

GLEANERS FOOD BANK OF INDIANA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Government Grants and Contracts	\$ 4,595,725	\$ -	\$ 4,595,725
Shared Contributions	1,262,406		1,262,406
Gifts and Donations	14,142,465	11,808,747	25,951,212
Interest and Dividends	21,846	303,504	325,350
Purchased Food Sales	11,303,662	-	11,303,662
Freight Income	632,153	-	632,153
Miscellaneous Income	2,554,080	-	2,554,080
Forgiveness- Paycheck Protection Program Loan	775,000	-	775,000
Donated Food Contributions	129,786,261	-	129,786,261
Net Assets Released from Restriction	11,103,280	(11,103,280)	-
Total Revenue, Support, and Gains	<u>176,176,878</u>	<u>1,008,971</u>	<u>177,185,849</u>
EXPENSES AND LOSSES			
Program Services:			
Food Distributions	31,285,219	-	31,285,219
Kids and Seniors	841,053	-	841,053
Total Program Services	<u>32,126,272</u>	<u>-</u>	<u>32,126,272</u>
Supporting Services:			
Management and General	1,166,897	-	1,166,897
Fundraising	3,655,304	-	3,655,304
Total Supporting Services	<u>4,822,201</u>	<u>-</u>	<u>4,822,201</u>
Donated Food Distributions	<u>130,068,283</u>	<u>-</u>	<u>130,068,283</u>
Total Expenses	<u>167,016,756</u>	<u>-</u>	<u>167,016,756</u>
CHANGE IN NET ASSETS BEFORE OTHER GAINS AND LOSSES	9,160,122	1,008,971	10,169,093
Net Realized and Unrealized Gain on Investments	49,175	2,096,392	2,145,567
Change in Fair Value of Beneficial Interest in Assets Held by Community Foundation	<u>161,934</u>	<u>-</u>	<u>161,934</u>
CHANGE IN NET ASSETS	9,371,231	3,105,363	12,476,594
Net Assets - Beginning of Year	<u>21,319,502</u>	<u>14,435,560</u>	<u>35,755,062</u>
NET ASSETS - END OF YEAR	<u>\$ 30,690,733</u>	<u>\$ 17,540,923</u>	<u>\$ 48,231,656</u>

See accompanying Notes to Financial Statements.

GLEANERS FOOD BANK OF INDIANA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Government Grants and Contracts	\$ 1,835,312	\$ -	\$ 1,835,312
Shared Contributions	1,558,086	-	1,558,086
Gifts and Donations	12,282,030	9,481,567	21,763,597
Interest and Dividends	43,922	259,979	303,901
Purchased Food Sales	5,959,009	-	5,959,009
Freight Income	1,160,331	-	1,160,331
Miscellaneous Income	408,267	-	408,267
Donated Food Contributions	115,773,530	-	115,773,530
Net Assets Released from Restrictions	8,379,080	(8,379,080)	-
Total Revenue, Support, and Gains	147,399,567	1,362,466	148,762,033
EXPENSES AND LOSSES			
Program Services:			
Food Distributions	19,432,355	-	19,432,355
Kids and Seniors	1,662,567	-	1,662,567
Total Program Services	21,094,922	-	21,094,922
Supporting Services:			
Management and General	1,204,147	-	1,204,147
Fundraising	3,515,208	-	3,515,208
Total Supporting Services	4,719,355	-	4,719,355
Donated Food Distributions	117,470,393	-	117,470,393
Total Expenses	143,284,670	-	143,284,670
CHANGE IN NET ASSETS BEFORE OTHER GAINS AND LOSSES	4,114,897	1,362,466	5,477,363
Net Realized and Unrealized Gain on Investments	615	494,660	495,275
Change in Fair Value of Beneficial Interest in Assets Held by Community Foundation	19,789	-	19,789
CHANGE IN NET ASSETS	4,135,301	1,857,126	5,992,427
Net Assets - Beginning of Year	17,184,201	12,578,434	29,762,635
NET ASSETS - END OF YEAR	\$ 21,319,502	\$ 14,435,560	\$ 35,755,062

See accompanying Notes to Financial Statements.

GLEANERS FOOD BANK OF INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2020)

	Program Services			Support Services		2021 Total	2020 Total
	Food Distribution Costs	Kids and Seniors	Total Program Services	Management and General	Fundraising		
Salaries and Wages	\$ 5,480,107	\$ 236,505	\$ 5,716,612	\$ 589,235	\$ 1,163,433	\$ 7,469,280	\$ 5,926,870
Payroll Taxes and Benefits	888,031	56,166	944,197	244,841	283,283	1,472,321	1,160,306
Fees for Services	37,557	216	37,773	62,692	930	101,395	58,695
Transportation	953,330	27,745	981,075	3,286	-	984,361	1,395,103
Warehouse Supplies	847,975	-	847,975	-	30	848,005	327,491
Supplies	89,012	2,051	91,063	15,539	4,185	110,787	150,540
Promotional and Professional Services	205,168	859	206,027	188,047	1,805,197	2,199,271	2,334,210
Postage	324	26	350	26	9,410	9,786	-
Computer	215,986	10,348	226,334	(15,186)	151,327	362,475	224,380
Equipment Rental and Maintenance	154,933	-	154,933	1,019	-	155,952	139,478
Occupancy	644,474	10	644,484	17,728	56,543	718,755	505,968
Telephone	45,429	3,318	48,747	34,966	12,501	96,214	70,205
Travel, Conferences, and Meetings	551,170	3,002	554,172	16,924	1,293	572,389	345,305
Program Distribution Expense	4,028,089	-	4,028,089	-	-	4,028,089	-
Special Events and Projects	667	149	816	-	155,348	156,164	178,499
Food Acquisition and Cost of Goods Sold	16,253,023	500,434	16,753,457	-	-	16,753,457	12,252,656
Depreciation	807,086	224	807,310	3,090	11,824	822,224	621,404
Miscellaneous	82,858	-	82,858	4,690	-	87,548	123,167
Total Functional Expenses Before Donated Food Distributions	31,285,219	841,053	32,126,272	1,166,897	3,655,304	36,948,473	25,814,277
Donated Food Distributions	130,068,283	-	130,068,283	-	-	130,068,283	117,470,393
Total Functional Expenses	<u>\$ 161,353,502</u>	<u>\$ 841,053</u>	<u>\$ 162,194,555</u>	<u>\$ 1,166,897</u>	<u>\$ 3,655,304</u>	<u>\$ 167,016,756</u>	<u>\$ 143,284,670</u>
Percentage of Total Expenses			<u>97.1%</u>	<u>0.7%</u>	<u>2.2%</u>	<u>100.0%</u>	

See accompanying Notes to Financial Statements.

GLEANERS FOOD BANK OF INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2020

	Program Services			Support Services		2020 Total
	Food Distribution Costs	Kids and Seniors	Total Program Services	Management and General	Fundraising	
Salaries and Wages	\$ 4,172,604	\$ 204,022	\$ 4,376,626	\$ 761,076	\$ 789,168	\$ 5,926,870
Payroll Taxes and Benefits	766,099	89,254	855,353	96,693	208,260	1,160,306
Fees for Services	19,693	341	20,034	38,346	315	58,695
Transportation	1,260,808	134,295	1,395,103	-	-	1,395,103
Warehouse Supplies	327,491	-	327,491	-	-	327,491
Supplies	113,231	24,318	137,549	7,769	5,222	150,540
Promotional and Professional Services	22,538	1,763	24,301	131,086	2,178,823	2,334,210
Computer	57,817	12,484	70,301	-	154,079	224,380
Equipment Rental and Maintenance	137,036	98	137,134	2,344	-	139,478
Occupancy	213,748	231,674	445,422	36,369	24,177	505,968
Telephone	27,582	2,047	29,629	29,600	10,976	70,205
Travel, Conferences, and Meetings	332,025	3,807	335,832	4,069	5,404	345,305
Special Events and Projects	67,723	-	67,723	-	110,776	178,499
Food Acquisition and Cost of Goods Sold	11,325,635	924,521	12,250,156	2,500	-	12,252,656
Depreciation	576,106	33,943	610,049	2,353	9,002	621,404
Miscellaneous	12,219	-	12,219	91,942	19,006	123,167
Total Functional Expenses Before Donated Food Distributions	19,432,355	1,662,567	21,094,922	1,204,147	3,515,208	25,814,277
Donated Food Distributions	117,470,393	-	117,470,393	-	-	117,470,393
Total Functional Expenses	<u>\$ 136,902,748</u>	<u>\$ 1,662,567</u>	<u>\$ 138,565,315</u>	<u>\$ 1,204,147</u>	<u>\$ 3,515,208</u>	<u>\$ 143,284,670</u>
Percentage of Total Expenses			<u>96.7%</u>	<u>0.8%</u>	<u>2.5%</u>	<u>100.0%</u>

See accompanying Notes to Financial Statements.

GLEANERS FOOD BANK OF INDIANA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2021 AND 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Operating and Support Activities	\$ 42,485,150	\$ 32,193,920
Cash Paid to Suppliers and Employees	(34,765,526)	(22,887,685)
Miscellaneous Receipts	2,554,080	408,267
Investment Income	325,350	303,901
Net Cash Provided by Operating Activities	10,599,054	10,018,403
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(5,996,510)	(971,438)
Purchase of Investments	(13,822,710)	(7,986,615)
Proceeds from Sale of Investments	8,793,340	2,834,311
Addition to Beneficial Interest in Assets Held by Community Foundation	(351,489)	(29,078)
Net Cash Used by Investing Activities	(11,377,369)	(6,152,820)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from Loan Payable Under Paycheck Protection Program	-	775,000
NET CHANGE IN CASH AND CASH EQUIVALENTS	(778,315)	4,640,583
Cash and Cash Equivalents - Beginning of Year	5,325,153	684,570
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 4,546,838	\$ 5,325,153
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ 12,476,594	\$ 5,992,427
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	822,224	621,404
Provision for Bad Debt	45,491	-
Loss on Disposal of Property and Equipment	-	1,215
Realized and Unrealized (Gain) Loss on Investments	(2,145,567)	(495,275)
Change in Fair Value of Beneficial Interest in Assets Held by Community Foundation	(161,934)	(19,789)
Donated Stock	(345,601)	(108,089)
Extinguishment of Debt	(775,000)	-
Changes in Operating Assets and Liabilities:		
Accounts Receivable	437,723	(1,116,158)
Contributions and Grants Receivable	(1,743,222)	1,033,743
Inventory	874,086	758,394
Prepayments	(101,040)	49,409
Accounts Payable	1,461,628	907,321
Accrued Liabilities and Other Payables	(35,098)	286,711
Deferred Revenue	(211,230)	2,107,090
Net Cash Provided by Operating Activities	\$ 10,599,054	\$ 10,018,403

See accompanying Notes to Financial Statements.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Gleaners Food Bank of Indiana, Inc. (Gleaners) vision: Food for every table. Hope for every future. Gleaners' mission: To lead the fight against hunger. One in five people in Indiana face food insecurity. For 23% of Hoosiers, that means worry about their next meal and often making heartbreaking decisions about what bills to pay: food, medicine, rent, health care costs, utilities, clothing and school supplies for children, etc.

Since the COVID-19 pandemic began in March 2020, food insecurity has risen dramatically around the globe. Gleaners' 21-county service area is no different. Programs and services have had to adjust to accommodate both increased need and the realities of serving in a time of social distancing. Feeding America estimates over 378,000 Hoosiers are dealing with food insecurity in our service area. Even more concerning, nearly 1 in 4 children are now faced with hunger.

Our programs focus on feeding families healthy, nutritious food, including fresh fruits and vegetables, lean meat and protein, dairy, and shelf-stable options that can be used to create meals. Mobile pantries, school-based pantries, and a growing network of agency partners and community centers join together to meet the growing need.

Programs focused on nutrition, including Summer Nutrition Club for Kids, Cooking Matters and NutritionHub.org are geared toward improving the overall health of those we serve. SNAP Outreach, including a SNAP Hotline, assist clients with application and qualifications for financial assistance for food purchases. Our ultimate goal is to provide food for today and hope for tomorrow, offering those who are ready a hand up to a path of self-sufficiency.

As Indiana's leading hunger-relief organization, Gleaners sources and distributes food, both purchased and rescued, to hungry Hoosiers in our 21-county service area. In addition, Fresh Connect Central, a produce co-op operated by Gleaners for Feeding America, expands our reach as we secure perishable food for foodbanks in 9 Midwest states. Gleaners is a contract reclamation site for Kroger Central Division and serves as a disaster relief staging site for Feeding America and the Federal Emergency Management Association (FEMA).

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Cash and Cash Equivalents

Gleaners considers certain liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents managed within the investment portfolio are considered investments. At September 30, 2021 and 2020, cash equivalents consisted primarily of money market accounts.

Gleaners primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. To date, Gleaners has not experienced losses in any of these accounts.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as with donor restriction and then released from restriction. Other investment return is reflected in the statements of activities as without or with donor restriction based upon the existence and nature of any donor or legally imposed restrictions.

Accounts Receivable

Accounts receivable are amounts due to Gleaners by agencies for share fees, grocery sales, and produce sales charged to those agencies. Accounts receivable are stated at the amounts billed to agencies. Gleaners provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice.

Inventory

Inventory consists primarily of donated food and nonfood product valued at the approximate average wholesale value of one pound of donated product at the national level. This value is outlined in the Product Valuation Survey Methodology (December 31, 2019, prepared by Feeding America, a national food bank network nonprofit Corporation). KPMG, a major international CPA firm, performed agreed-upon procedures in accordance with standards established by the American Institute of Certified Public Accountants, to assist in determining the approximate average wholesale value of one pound of donated product at the national level as of December 31, 2019. KPMG's report is available upon request. According to this report, at December 31, 2019 and 2018, the average wholesale value of one pound of donated product at the national level was \$1.79 and \$1.74, respectively. For reporting purposes, Gleaners uses the rate in effect at the beginning of the fiscal year to price inventory for the fiscal year. Accordingly, the rate utilized for the inventory values as of September 30, 2021 and 2020 was \$1.79 and \$1.74, respectively.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Inventory (Continued)

The valuation of inventory is performed for purposes of measuring program activity and does not reflect a net realizable value. Under Internal Revenue Code Section 170(e)[3], donated inventory cannot be available for sale; also, Feeding America restricts the amount charged for share contribution to affiliate agencies to eighteen cents per pound.

Purchased food inventory is stated at the lower of the average purchase cost or net realization value. At September 30, 2021 and 2020, purchased food inventory was \$914,109 and \$1,458,679, respectively.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset ranging from 5 to 39 years.

Long-Lived Asset Impairment

Gleaners evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended September 30, 2021 and 2020.

Net Assets

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Contributions

Gifts of cash and other assets received without donor stipulations are reported as without donor restriction revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as with donor restriction revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statements of activities as Net Assets Released from Restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as with donor restriction and then released from restriction.

Gifts of land, buildings, equipment, and other long-lived assets are reported as without donor restriction revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as with donor restriction revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restriction are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at fair value determined using the discounted present value of estimated future cash flows technique. Conditional gifts, which are conditioned upon certain performance requirements and/or incurrence of qualifying expenses, are not recognized until the conditions on which they depend are substantially met. As of September 30, 2021 and 2020, Gleaners deferred \$1,895,860 and \$1,912,081, respectively, of such conditional funding. There are no such conditional gifts as of September 30, 2021 and 2020 that had not been received.

In-Kind Contributions

In addition to receiving cash contributions, Gleaners receives in-kind contributions. Gleaners records the value of donated goods or services when there is an objective basis available to measure their value. The valued donated materials and equipment are reflected as contributions at their estimated values at date of receipt. Total donated goods and services, excluding donated food, reflected in the statements of activities for the years ended September 30, 2021 and 2020 totaled \$22,702 and \$63,637, respectively. Gleaners receives food from wholesale and retail donors as well as through federal USDA programs. Donated food contributions as reflected in the statements of activities for the years ended September 30, 2021 and 2020 were \$129,786,261 and \$115,773,530, respectively. All in-kind contributions are treated as noncash transactions for the purpose of the statements of cash flows.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Government Grants

Support funded by grants is recognized as Gleaners performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts received prior to incurring qualifying expenditures are reported as Deferred Revenue in the statements of financial position. As of September 30, 2021 and 2020, Gleaners deferred \$-0- and \$195,009, respectively, of such conditional funding.

Taxes on Income

Gleaners has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, Gleaners would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended September 30, 2021 and 2020, \$-0- and \$18,012 was accrued for unrelated business income tax in accompanying financial statements, respectively, related to estimated taxes on lease income.

Professional accounting standards require Gleaners to recognize a tax liability only if it is more likely than not the tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. Gleaners has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of Gleaners are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Functional Allocation of Expenses

Expenses have been classified as program services, management and general and fundraising based on the actual direct expenditures and cost allocation based on estimates of time and usage by Gleaners personnel and programs. The expenses that are allocated include maintenance, informational technology, and transportation which are allocated by square footage, headcount, and routes, respectively.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Pending Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2016-02 *Leases (Topic 842)*. This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. Gleaners is evaluating the effects of this new standard.

In September 2020, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2020-07 *Not-for-Profit Entities (Topic 958)*. This update increases transparency of contributed nonfinancial assets for nonprofit entities through enhancements to presentation and disclosure. ASU 2020-07 is effective for fiscal years beginning after June 15, 2021, with early adoption permitted. Gleaners is evaluating the effects of this new standard.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

We have evaluated subsequent events through February 24, 2022, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

	<u>2021</u>	<u>2020</u>
Cash and Cash Equivalents	\$ 4,546,838	\$ 5,325,153
Accounts and Grants Receivable, Net	2,747,733	2,087,554
Contributions Receivable	548,559	671,379
Investments	10,121,671	5,001,029
Accumulated Endowment Earnings Available for Appropriation, Included in Investments	<u>3,483,685</u>	<u>1,083,789</u>
Total	<u>\$ 21,448,486</u>	<u>\$ 14,168,904</u>

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

Gleaners' endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is subject to time restriction, with the exception of the amounts available for general use based upon the spending policy as described in Note 10. Donor-restricted endowment funds are not available for general expenditure.

Gleaners' board-designated endowment of \$1,040,287 and \$526,864 as of September 30, 2021 and 2020, respectively, is subject to an annual spending rate of 5% as described in Note 10.

In January 2020, Gleaners entered into a \$1,250,000 line of credit agreement with a bank, as further described in Note 6, that Gleaners can utilize for future operational needs.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable consisted of the following:

	<u>2021</u>	<u>2020</u>
Amounts Due in:		
Less than One Year	\$ 1,119,454	\$ 856,379
One to Five Years	996,754	660,000
Total	<u>\$ 2,116,208</u>	<u>\$ 1,516,379</u>

NOTE 4 INVESTMENTS

Gleaners' investments consisted of the following:

	<u>2021</u>	<u>2020</u>
Money Market Mutual Funds	\$ 523,951	\$ 4,106,478
United States Treasuries	3,110,897	477,654
Fixed Income:		
Corporate Bonds	2,692,165	1,528,146
Municipal Bonds	2,435,276	102,094
Equity Securities	2,504,484	1,914,627
Exchange Traded products (ETPs):		
Equity ETPs	1,803,318	1,467,935
Fixed Income ETPs	244,641	425,332
Other ETPs	180,536	82,323
Mutual Funds and Exchange-Traded Funds:		
Fixed Income Funds	3,770,154	1,366,051
Equity Funds	5,839,934	4,114,178
Total Investments	<u>\$ 23,105,356</u>	<u>\$ 15,584,818</u>

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 4 INVESTMENTS (CONTINUED)

Total investment return is comprised of the following:

	Without Donor Restriction	With Donor Restrictions	Total
<u>September 30, 2021</u>			
Dividends and Interest	\$ 21,846	\$ 303,504	\$ 325,350
Net Realized and Unrealized Gain (Loss)	49,175	2,096,392	2,145,567
Total Return on Investments	<u>\$ 71,021</u>	<u>\$ 2,399,896</u>	<u>\$ 2,470,917</u>
<u>September 30, 2020</u>			
Dividends and Interest	\$ 43,922	\$ 259,979	\$ 303,901
Net Realized and Unrealized Gain (Loss)	615	494,660	495,275
Total Return on Investments	<u>\$ 44,537</u>	<u>\$ 754,639</u>	<u>\$ 799,176</u>

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at September 30 consists of:

	<u>2021</u>	<u>2020</u>
Land and Improvements	\$ 9,197,671	\$ 8,253,096
Building Improvements	7,224,655	3,372,778
Building Improvements in Process	21,132	21,132
Furniture and Equipment	361,411	228,540
Warehouse Equipment	3,637,957	3,223,792
Computer Equipment	1,227,491	574,469
Subtotal	<u>21,670,317</u>	<u>15,673,807</u>
Less: Accumulated Depreciation and Amortization	<u>(7,869,162)</u>	<u>(7,046,938)</u>
Property and Equipment, Net	<u>\$ 13,801,155</u>	<u>\$ 8,626,869</u>

NOTE 6 LINE OF CREDIT

In January 2020, Gleaners entered into a \$1,250,000 line of credit agreement with a bank that remains in effect until January 14, 2022. The line bears interest at 4.75% and is secured by Gleaners' operational building. The line has an outstanding balance of \$-0- as of September 30, 2021 and 2020.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 7 LOAN PAYABLE UNDER PAYCHECK PROTECTION PROGRAM

In May 2020, Gleaners received a loan from a bank in the amount of \$775,000 to fund payroll, rent, utilities, and interest on mortgages and existing debt through the Paycheck Protection Program (the PPP Loan). The original loan agreement was written prior to the PPP Flexibility Act of 2020 (June 5, 2020) and was due over 24 months deferred for six months. Subsequent to this, the law changed the loan deferral terms retroactively. The PPP Flexibility Act and subsequent regulations supersede the loan agreement. The PPP Loan bears interest at a fixed rate of 1.0% per annum, has a term of two years, and is unsecured and guaranteed by the U.S. Small Business Administration. Payment of principal and interest is deferred until the date on which the amount of forgiveness is remitted to the lender or, if Gleaners fails to apply for forgiveness within 10 months after the covered period, then payment of principal and interest shall begin on that date. These amounts may be forgiven subject to compliance and approval based on the timing and use of these funds in accordance with the program. The covered period from May 2020 to October 2020 is the time that a business has to spend their PPP Loan funds.

Gleaners is following ASC 470, *Debt*, to account for the initial receipts related to the PPP Loan. On March 5, 2021, the SBA processed Gleaners' PPP Loan forgiveness application and notified Huntington National Bank and the PPP Loan qualified for full forgiveness. Loan proceeds were received by the bank from the SBA on this date. Therefore, Gleaners was legally released from the debt and the loan forgiveness has been recorded as a gain on extinguishment of debt, which is included in other incomes during the year ended September 30, 2021.

The SBA may review funding eligibility and usage of funds for compliance with program requirements based on dollar thresholds and other factors. The amount of liability, if any, from potential noncompliance cannot be determined with certainty; however, management is of the opinion that any review will not have a material adverse impact on Gleaner's financial position.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	2021	2020
Subject to Expenditure for Specified Purpose:		
Children's Programs	\$ 490,970	\$ 145,117
Property and Equipment Acquisition	587,253	1,741,061
Mobile Pantry	60,505	19,023
Food Purchase	1,117,302	391,471
Other Purposes	185,000	38,720
Total	2,441,030	2,335,392
Subject to the Passage of Time:		
For Periods after September 30	2,116,208	1,516,379
Total	2,116,208	1,516,379
Endowment:		
Subject to Endowment Spending Policy, Appropriation and Expenditure:		
General Operations	3,483,685	1,083,789
Total	3,483,685	1,083,789
Investment in Perpetuity, the Income of Which is Expendable to Support:		
General Operations	9,500,000	9,500,000
Total	9,500,000	9,500,000
Total Net Assets with Donor Restrictions	\$ 17,540,923	\$ 14,435,560

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30:

	2021	2020
Satisfaction of Purpose Restrictions:		
Children's Programs	\$ 588,416	\$ 822,571
Property and Equipment Acquisition	1,942,974	-
Mobile Pantry	156,291	307,849
Food Purchase	3,008,995	253,113
Produce Cooperative Operations	2,860,810	220,000
Senior (Non-mobile)	40,448	-
Board Designated Endowment New Contribution	351,489	-
Marketing Awareness Activities	620,000	1,400,000
Strategic Planning	-	302,571
COVID-19 Relief	1,470,272	3,669,506
Other Purposes	63,585	542,970
Future Contributions to be Received	-	860,500
Total	\$ 11,103,280	\$ 8,379,080

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 9 ENDOWMENT

Gleaners' endowment consists of two funds, one is a donor-restricted endowment fund, and the other is a fund designated by the governing body to function as endowments (board-designated endowment fund). As required by U.S. GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board-designated endowment fund has been established as a fund with the Central Indiana Community Foundation (CICF) and is reported as a beneficial interest in assets held by community foundation in the statements of financial position. By establishing the fund, Gleaners had granted certain variance powers to CICF, including the right to reject gifts to the fund that are not in compliance with the CICF gift acceptance policy and the ability to re-direct the fund in the event that Gleaners or its successors cease to exist.

Gleaners' governing body has interpreted the State of Indiana Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Gleaners classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Gleaners in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, Gleaners considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 9 ENDOWMENT (CONTINUED)

The composition of net assets by type of endowment fund at September 30, 2021 and 2020 was:

	Without Donor Restriction	With Donor Restrictions	Total
<u>September 30, 2021</u>			
Donor-Restricted Endowment Funds	\$ -	\$ 12,983,685	\$ 12,983,685
Board-Designated Endowment Funds	1,040,287	-	1,040,287
Total	<u>\$ 1,040,287</u>	<u>\$ 12,983,685</u>	<u>\$ 14,023,972</u>
<u>September 30, 2020</u>			
Donor-Restricted Endowment Funds	\$ -	\$ 10,583,789	\$ 10,583,789
Board-Designated Endowment Funds	526,864	-	526,864
Total	<u>\$ 526,864</u>	<u>\$ 10,583,789</u>	<u>\$ 11,110,653</u>

Changes in endowment net assets for the years ended September 30, 2021 and 2020 were:

	Without Donor Restriction	With Donor Restrictions	Total
<u>September 30, 2021</u>			
Endowment Net Assets - Beginning of Year	\$ 526,864	\$ 10,583,789	\$ 11,110,653
Investment Return, Net	161,934	2,399,896	2,561,830
Contributions Received	351,489	-	351,489
Appropriation of Endowment Assets for Expenditure	-	-	-
Endowment Net Assets - End of Year	<u>\$ 1,040,287</u>	<u>\$ 12,983,685</u>	<u>\$ 14,023,972</u>
<u>September 30, 2020</u>			
Endowment Net Assets - Beginning of Year	\$ 477,997	\$ 9,829,150	\$ 10,307,147
Investment Return, Net	19,789	754,639	774,428
Contributions Received	64,718	-	64,718
Appropriation of Endowment Assets for Expenditure	(35,640)	-	(35,640)
Endowment Net Assets - End of Year	<u>\$ 526,864</u>	<u>\$ 10,583,789</u>	<u>\$ 11,110,653</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level Gleaners is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. Gleaners did not have any such funds at September 30, 2021 and 2020.

For the donor-restricted endowment, Gleaners has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds Gleaners must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under Gleaners' policies, endowment assets are invested in a manner that is intended to produce results that provide long-term growth while assuming a moderate level of investment risk. Gleaners expects its endowment funds to provide an average rate of return of approximately 5% to 7% annually over time. Actual returns in any given year may vary from this amount.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 9 ENDOWMENT (CONTINUED)

To satisfy its long-term rate of return objectives, Gleaners relies on a total return strategy for the donor-restricted endowment in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). Gleaners targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

For the donor-restricted endowment, Gleaners has a policy (the spending policy) of appropriating for expenditure each year up to 5% of its endowment fund's average fair value as of December 31 of the prior year-end, provided the fair value of the endowment is greater than the historical dollar value. If the fair value of the endowment is less than the historical dollar value, Gleaners has a policy to limit spending to 2%. Additionally, if the appropriation for current year expenditure would reduce the fair value of the endowment to less than the historical dollar value, Gleaners has a policy to limit spending to the greater of the excess of the fair value over the historical dollar value or 2%. For the board-designated endowment, Gleaners can distribute up to 5% of the endowment's previous year fund balance for expenditure. In establishing this policy, Gleaners considered the long-term expected return on its endowment. Accordingly, over the long term, Gleaners expects the current spending policy to allow its endowment to grow at an average of 1% to 3% annually. This is consistent with Gleaners' objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

NOTE 10 DISCLOSURE ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 – Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 10 DISCLOSURE ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2021 and 2020:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money Market Mutual Funds	\$ 523,951	\$ -	\$ -	\$ 523,951
United States Treasuries	-	3,110,897	-	3,110,897
Fixed Income:				
Corporate Bonds	-	2,692,165	-	2,692,165
Municipal Bonds	-	2,435,276	-	2,435,276
Equity Securities	2,504,484	-	-	2,504,484
Exchange Traded Products (ETPs):				
Equity ETPs	1,803,318	-	-	1,803,318
Fixed Income ETPs	244,641	-	-	244,641
Other ETPs	180,536	-	-	180,536
Mutual Funds and Exchange-Traded Funds:				
Fixed Income Funds	3,770,154	-	-	3,770,154
Equity Funds	5,839,934	-	-	5,839,934
Total Investments	<u>14,867,018</u>	<u>8,238,338</u>	<u>-</u>	<u>23,105,356</u>
Beneficial Interest in Assets Held by Others				
	-	-	1,040,287	1,040,287
Total	<u>\$ 14,867,018</u>	<u>\$ 8,238,338</u>	<u>\$ 1,040,287</u>	<u>\$ 24,145,643</u>
2020				
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Investments:				
Money Market Mutual Funds	\$ 4,106,478	\$ -	\$ -	\$ 4,106,478
United States Treasuries	-	477,654	-	477,654
Fixed Income:				
Corporate Bonds	-	1,528,146	-	1,528,146
Municipal Bonds	-	102,094	-	102,094
Equity Securities	1,914,627	-	-	1,914,627
Exchange Traded Products (ETPs):				
Equity ETPs	1,467,935	-	-	1,467,935
Fixed Income ETPs	425,332	-	-	425,332
Other ETPs	82,323	-	-	82,323
Mutual Funds and Exchange-Traded Funds:				
Fixed Income Funds	1,366,051	-	-	1,366,051
Equity Funds	4,114,178	-	-	4,114,178
Total Investments	<u>13,476,924</u>	<u>2,107,894</u>	<u>-</u>	<u>15,584,818</u>
Beneficial Interest in Assets Held by Others				
	-	-	526,864	526,864
Total	<u>\$ 13,476,924</u>	<u>\$ 2,107,894</u>	<u>\$ 526,864</u>	<u>\$ 16,111,682</u>

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 10 DISCLOSURE ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Recurring Measurements (Continued)

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended September 30, 2021. Fair value determinations for Level 3 measurements of securities are the responsibility of the chief financial officer. The chief financial officer determines the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States of America.

Cash Equivalents

Fair value is estimated based upon quoted market prices in an active market.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Gleaners currently does not have any Level 3 investments.

Beneficial Interest in Assets Held by Others

Fair value is estimated based upon the fair value of the underlying assets included in the CICF long-term and short-term pooled funds.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	<u>2021</u>	<u>2020</u>
Balance - Beginning of Year	\$ 526,864	\$ 477,997
New Contributions	351,489	64,718
Approved Withdrawals	-	(35,640)
Interest and Dividends	3,895	3,811
Net Change in Fair Value	158,039	15,978
Balance - End of Year	<u>\$ 1,040,287</u>	<u>\$ 526,864</u>

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 11 RETIREMENT PLAN

Gleaners provides a retirement plan described in Section 403(b) of the Internal Revenue Code of 1986, as amended. The plan permits each participant to voluntarily elect to have Gleaners make a contribution to the plan on their behalf by reducing the amount of compensation otherwise payable to the participant. Gleaners' employer matching contribution is equal to 100% of the first 2% of employee contributions. Gleaners' employer matching contribution was \$85,067 and \$68,981 for the years ended September 30, 2021 and 2020, respectively.

NOTE 12 FRESH CONNECT CENTRAL

In November of 2017, with funding support from Feeding America, Gleaners launched Fresh Connect Central (FCC). FCC is a member-driven initiative operated by Gleaners Food Bank in Indianapolis, Indiana. Members consist of other Feeding America member food banks throughout the Midwest. These members work together to pool resources to source and share full truckloads of donated produce from farmers throughout the United States. Most of the produce received by FCC is produce that a farmer donates, rather than plowing back into their fields.

The cooperative is committed to reducing the cost of produce acquisition by member food banks, thereby increasing the volume of produce distributed by food banks through:

- Centrally planning, negotiating, and purchasing pre-market, bulk and cased produce
- Managing and maintaining order fulfillment and associated operations, hosted on site at Gleaners Food Bank
- Developing relationships with various sources - grower direct, brokers, etc.
- Facilitating collaboration and planning among cooperative members

Membership in the cooperative is on an opt-in/opt-out basis. All Feeding America food banks located in the Midwest or adjacent regions are eligible for membership. By operating a cooperative purchasing model, food banks will:

- Increase the quality, quantity, and variety of commodities available to food insecure clients across the Midwest
- Reduce the cost of bulk/cased produce
- Improve efficiency and planning for participating members

Gleaners is the sponsoring member and host of the FCC, leveraging its logistics expertise, physical space, and resources on behalf of the entire FCC membership. FCC operations are conducted entirely within the physical footprint of Gleaners Food Bank and in parallel with the food banks standard operation.

FCC staff is comprised of employees who are employed by Gleaners. While some positions are funded through grant support, FCC employees work on behalf of both organizations. Because of the nature of this relationship, the FCC maintains an Executive Committee to provide member-driven governance and oversight.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 12 FRESH CONNECT CENTRAL (CONTINUED)

Because Gleaners relies on its facilities and staff to support the cooperative and sourcing operations, Gleaners charges members a Shared Maintenance Fee (.01-.05 per pound) on loads sourced through the FCC's mixing center.

The financial activity for the FCC, which is included in Gleaners financial statements for 2021 and 2020 was:

	<u>2021</u>	<u>2020</u>
Revenue and Other Support:		
Feeding America Grant	\$ 2,860,060	\$ 220,000
Shared Maintenance Fees	883,412	1,029,442
Produce Acquisition Expenses Billed to Members	7,668,319	1,932,705
Donated Food Gross Profit (Loss)	892,704	(560,871)
Freight Income	575,604	1,160,331
Other Income (Expense)	<u>1,798,213</u>	<u>68,223</u>
Total Revenue and Other Support	14,678,312	3,849,830
Expenses:		
Salaries, Taxes, and Benefits	1,107,447	395,383
Allocation of Common Costs	15,294	7,513
Agency Capacity Grants	417,704	-
Occupancy Charges	211,970	55,661
Travel and Meeting Expenses	8,452	6,370
Produce Acquisition Expenses	11,416,523	1,863,228
Freight and Transportation	437,291	1,017,794
Supplies	<u>505,243</u>	<u>23,835</u>
Total Expenses	<u>14,119,924</u>	<u>3,369,784</u>
Change in Net Assets	<u>\$ 558,388</u>	<u>\$ 480,046</u>

NOTE 13 CONCENTRATIONS

During the year ended September 30, 2021, approximately 31% of total gifts and donations were received from two donors. During the year ended September 30, 2020, approximately 12% of total gifts and donations were received from one donor.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021 AND 2020

NOTE 14 RISKS AND UNCERTAINTIES

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic is continuing to have significant effects on global markets, supply chains, businesses, and communities. Specific to Gleaners, COVID-19 may impact various parts of its 2021 operations and financial results, including, but not limited to, increase in costs for changes in operations, reduced volunteer hours, and decrease in food donations. Management believes Gleaners is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.



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

Board of Directors
Gleaners Food Bank of Indiana, Inc.
Indianapolis, Indiana

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 Gleaners Food Bank of Indiana, Inc. (Gleaners), which comprise the statement of financial position as of September 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 24, 2022.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



CliftonLarsonAllen LLP

Indianapolis, Indiana
June 29, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM, REPORT ON INTERNAL CONTROL OVER COMPLIANCE,
AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED
BY THE UNIFORM GUIDANCE**

Board of Directors
Gleaners Food Bank of Indiana, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

We have audited Gleaners Food Bank of Indiana, Inc.'s (Gleaners) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Gleaners' major federal programs for the year ended September 30, 2021. Gleaners' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Gleaners' 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 Gleaners' 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 of Gleaners' compliance.

Opinion on Each Major Federal Program

In our opinion, Gleaners complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

Report on Internal Control Over Compliance

Management of Gleaners 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 Gleaners' 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 Gleaners' 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

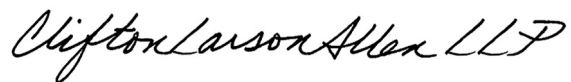
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been 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 2021-001, that we consider to be a significant deficiency.

Gleaners' response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Gleaners' 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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of Gleaner's as of and for the year ended September 30, 2021, and have issued our report thereon dated February 24, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.



CliftonLarsonAllen LLP

Indianapolis, Indiana
June 29, 2022

GLEANERS FOOD BANK OF INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Pass-Through Indiana Department of Health:				
Food Distribution Cluster:				
Emergency Food Assistance Program - Cash	10.568	47943	\$ 38,597	1,029,120
Emergency Food Assistance Program - Cash (COVID-19)	10.568	53960	-	111,719
Emergency Food Assistance Program - Cash (COVID-19)	10.568	56770	-	492,418
Emergency Food Assistance Program - Cash (COVID-19)	10.568	57016	-	214,535
Emergency Food Assistance Program - Cash (COVID-19)	10.568	57287	-	81,571
Emergency Food Assistance Program - Noncash	10.569	N/A	<u>11,431,383</u>	<u>20,256,636</u>
Total Food Distribution Cluster			<u>11,469,980</u>	<u>22,185,999</u>
Pass-Through Indiana Department of Health:				
SNAP Cluster:				
Supplemental Nutrition Assistance Program	10.551	45789	-	78,188
Total SNAP Cluster			<u>-</u>	<u>78,188</u>
Total U.S. Department of Agriculture			<u>11,469,980</u>	<u>22,264,187</u>
U.S. Department of Treasury				
Pass-Through Consolidated City of Indianapolis and Marion County, Indiana, by and through its Office of Public Health and Safety				
Coronavirus Relief Fund (COVID-19)	21.019	N/A	-	2,081,785
Total Expenditures of Federal Awards			<u>\$ 11,469,980</u>	<u>\$ 24,345,972</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2021

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Gleaners under programs of the federal government for the year ended September 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Gleaners, it is not intended to and does not present the financial position, changes in net assets or cash flows of Gleaners.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards with the exception of Assistance Listing Number (ALN) 21.019, which follows criteria determined by the Department of Treasury for allowability of costs. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

Gleaners has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**GLEANERS FOOD BANK OF INDIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type auditors' report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported
3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes X no
 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? X yes _____ none reported
2. Type of auditor's report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of Major Federal Programs

ALN-Number(s)	Name of Federal Program or Cluster
10.568, 10.569	Food Distribution Cluster
21.019	Coronavirus Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

**GLEANERS FOOD BANK OF INDIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2021**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

2021 – 001: Suspension and Debarment

Federal agency: U.S. Department of Agriculture

Federal program title: Food Distribution Cluster, Emergency Food Assistance Program ALN: 10.568

Pass-Through Agency: Indiana Department of Health

Award Period: October 1, 2020 – September 30, 2021

Type of Finding:

Significant Deficiency in Internal Control over Compliance

Criteria or specific requirement: When a non-Federal entity enters into a covered transaction with an entity at a lower tier, the non-Federal entity must verify that the entity, as defined in 2 CFR section 180.995 and agency adopting regulations, is not suspended or debarred or otherwise excluded from participating in the transaction.

Condition: A contract was entered into with an organization and during the procurement process Gleaners did not check to ensure the organization was not suspended or debarred.

Questioned Costs: None.

Context: The one vendor contract entered into was not properly checked for suspension or debarred status.

Effect: Gleaners could have entered into a contract that was with a suspended or debarred vendor.

Cause: Gleaners' procurement process did not include this check to the status of the contracting organization to ensure it was not suspended or debarred.

Repeat Finding: No

Recommendation: We recommend that the procurement policies be updated to include the required check as to a contracting organization's suspension or debarred status prior to entering into the contract.

Views of responsible officials and planned corrective actions: There is no disagreement with the audit finding.

Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor. CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See [nexia.com/member-firm-disclaimer](https://www.nexia.com/member-firm-disclaimer) for details. **CliftonLarsonAllen LLP**





**GLEANERS FOOD BANK OF INDIANA, INC.
CORRECTIVE ACTION PLAN
YEAR ENDED SEPTEMBER 30, 2021**

U.S. Department of Agriculture

Gleaners Food Bank of Indiana, Inc. respectfully submits the following corrective action plan for the year ended September 30, 2021.

Audit period: October 01, 2020 - September 30, 2021

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no findings in the current year that require a corrective action plan.

FINDINGS—FEDERAL AWARD PROGRAMS AUDITS

U.S. Department of Agriculture

2021-001 Food Distribution Cluster, Emergency Food Assistance Program – Assistance Listing No. 10.568

Recommendation: We recommend that the procurement policies be updated to include the required check as to a contracting organization's suspension or debarred status prior to entering into the contract..

Explanation of disagreement with audit finding: There is no disagreement with the audit finding.

Action taken in response to finding: Updated procurement policy to include verify contracting organization's suspension or debarred status prior to entering into the contract. Perform annual detail review of federal requirements.

Name(s) of the contact person(s) responsible for corrective action: Joe Slater, COO/CFO

Planned completion date for corrective action plan: September 30, 2022

If the U.S. Department of Agriculture has questions regarding this plan, please call Joe Slater, COO/CFO at 317-829-1781.



**GLEANERS FOOD BANK OF INDIANA, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED SEPTEMBER 30, 2021**

United States Department of Agriculture

Gleaners Food Bank of Indiana, Inc. respectfully submits the following summary schedule of prior audit findings for the year ended September 30, 2021.

Audit period: October 01, 2019 through September 30, 2020

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

There were no financial statement findings in the prior year.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2020 – 001 Food Distribution Cluster, Emergency Food Assistance Program

Condition: Out of the 40 disbursements sampled, one sampled item failed to comply with the control component of a signed invoice by the agency being obtained.

Status: Corrected.

2020 – 002 Food Distribution Cluster, Emergency Food Assistance Program

Condition: Out of the 40 disbursements sampled, four sampled items failed to comply with the documentation maintenance control component.

Status: Corrected.

If the United States Department of Agriculture has questions regarding this schedule, please call Joe Slater, CFO/COO, at 317-829-1781.