

OHIO ASSOCIATION OF FOODBANKS

FINANCIAL STATEMENTS

For the Years Ended June 30, 2015 and 2014

(With Independent Auditors' Report Thereon)

OHIO ASSOCIATION OF FOODBANKS

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Ohio Association of Foodbanks
Columbus, Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Association of Foodbanks (a nonprofit organization), which comprise the statements of financial position as of June 30, 2015 and 2014, 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 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 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



INDEPENDENT AUDITORS' REPORT
(Continued)

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 above present fairly, in all material respects, the financial position of Ohio Association of Foodbanks as of June 30, 2015 and 2014, 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 Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2015, on our consideration of Ohio Association of Foodbanks' 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 Ohio Association of Foodbanks' internal control over financial reporting and compliance.

Columbus, Ohio
November 18, 2015

Hemphill & Associates

OHIO ASSOCIATION OF FOODBANKS**Statements of Financial Position****June 30, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 975,210	\$ 832,923
Grants & Accounts Receivable	1,347,750	2,113,733
Deposits	20,132	20,132
Employee Advances	1,393	1,061
Prepaid Expense	64	64
Total Current Assets	<u>2,344,549</u>	<u>2,967,913</u>
Other Assets		
Equipment & Vehicles (Net) (Note 3)	<u>98,086</u>	<u>98,307</u>
TOTAL ASSETS	<u><u>\$ 2,442,635</u></u>	<u><u>\$ 3,066,220</u></u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 874,465	\$ 1,325,629
Accrued Wages and Payroll Taxes	190,302	214,871
Deferred Revenue	137,246	201,751
Capital Lease Obligations - Current Portion (Note 4)	20,179	19,154
Total Current Liabilities	<u>1,222,192</u>	<u>1,761,405</u>
Long-Term Liabilities		
Capital Lease Obligations - Long-Term Portion (Note 4)	<u>33,857</u>	<u>54,036</u>
Total Long-Term Liabilities	<u>33,857</u>	<u>54,036</u>
TOTAL LIABILITIES	<u>1,256,049</u>	<u>1,815,441</u>
NET ASSETS		
Total Unrestricted		
Designated by Board	492,000	492,000
Undesignated	694,586	758,779
Total Temporarily Restricted	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>1,186,586</u>	<u>1,250,779</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 2,442,635</u></u>	<u><u>\$ 3,066,220</u></u>

See Accompanying Notes to Financial Statements

OHIO ASSOCIATION OF FOODBANKS

Statement of Activities

For the Year Ended June 30, 2015

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Public Support			
Governmental Revenue	\$ 23,119,765	\$ -	\$ 23,119,765
Foundation Revenue	-	729,043	729,043
Membership Dues	160,291	-	160,291
Donations	222,022	-	222,022
	<u>23,502,078</u>	<u>729,043</u>	<u>24,231,121</u>
Other Revenue			
Interest Income	1,418	-	1,418
Other	781,317	-	781,317
Released from Restrictions	729,043	(729,043)	-
	<u>1,511,778</u>	<u>(729,043)</u>	<u>782,735</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>25,013,856</u>	<u>-</u>	<u>25,013,856</u>
 EXPENSES			
Program Expenses			
Ohio Food Program	15,537,846	-	15,537,846
Ohio Benefit Bank	7,417,483	-	7,417,483
National Service	686,480	-	686,480
Total Program Expenses	<u>23,641,809</u>	<u>-</u>	<u>23,641,809</u>
General and Management	1,436,240	-	1,436,240
TOTAL EXPENSES	<u>25,078,049</u>	<u>-</u>	<u>25,078,049</u>
Loss on Disposal of Equipment	-	-	-
TOTAL EXPENSES AND LOSSES	<u>25,078,049</u>	<u>-</u>	<u>25,078,049</u>
 Change in Net Assets	(64,193)	-	(64,193)
 Net Assets at Beginning of Year	<u>1,250,779</u>	<u>-</u>	<u>1,250,779</u>
 Net Assets at End of Year	<u>\$ 1,186,586</u>	<u>\$ -</u>	<u>\$ 1,186,586</u>

See Accompanying Notes to Financial Statements

OHIO ASSOCIATION OF FOODBANKS

Statement of Activities

For the Year Ended June 30, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Public Support			
Governmental Revenue	\$ 24,041,720	\$ -	\$ 24,041,720
Foundation Revenue	-	698,998	698,998
Membership Dues	145,720	-	145,720
Donations	117,514	-	117,514
	<u>24,304,954</u>	<u>698,998</u>	<u>25,003,952</u>
Other Revenue			
Interest Income	1,978	-	1,978
Other	133,666	-	133,666
Released from Restrictions	698,998	(698,998)	-
	<u>834,642</u>	<u>(698,998)</u>	<u>135,644</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>25,139,596</u>	<u>-</u>	<u>25,139,596</u>
 EXPENSES			
Program Expenses			
Ohio Food Program	16,586,703	-	16,586,703
Ohio Benefit Bank	6,278,739	-	6,278,739
National Service	1,231,578	-	1,231,578
Total Program Expenses	<u>24,097,020</u>	<u>-</u>	<u>24,097,020</u>
General and Management	1,009,115	-	1,009,115
TOTAL EXPENSES	<u>25,106,135</u>	<u>-</u>	<u>25,106,135</u>
Loss on Disposal of Equipment	14,032	-	14,032
TOTAL EXPENSES AND LOSSES	<u>25,120,167</u>	<u>-</u>	<u>25,120,167</u>
 Change in Net Assets	 19,429	 -	 19,429
 Net Assets at Beginning of Year	 <u>1,231,350</u>	 <u>-</u>	 <u>1,231,350</u>
 Net Assets at End of Year	 <u>\$ 1,250,779</u>	 <u>\$ -</u>	 <u>\$ 1,250,779</u>

See Accompanying Notes to Financial Statements

OHIO ASSOCIATION OF FOODBANKS
Statement of Functional Expenses
For the Year Ended June 30, 2015

	Ohio Food Program	Ohio Benefit Bank	National Service	Subtotal Programs	General & Management	Total
Salaries & Wages	\$ -	\$ 1,225,632	\$ 76,564	\$ 1,302,196	\$ 719,398	\$ 2,021,594
Fringe Benefits		352,903	22,674	375,577	211,079	586,656
Payroll Taxes	-	83,427	4,961	88,388	46,358	134,746
Stipends	-	1,779	516,960	518,739	-	518,739
Professional Services	-	36,138	11,634	47,772	88,366	136,138
Meeting Expenses	-	65,034	5,363	70,397	20,639	91,036
Office Supplies	-	315,706	7,481	323,187	68,110	391,297
Printing	-	29,029	883	29,912	14,556	44,468
Publications	-	-	-	-	9,549	9,549
Postage	-	12,402	335	12,737	2,247	14,984
Rent / Utilities	-	92,759	5,744	98,503	33,958	132,461
Telephone	-	61,902	2,370	64,272	18,992	83,264
Insurance	-	5,843	1,015	6,858	6,841	13,699
Travel	-	83,464	20,557	104,021	57,031	161,052
Technology Purchases	-	24,729	4,319	29,048	36,561	65,609
Depreciation Expense	-	-	-	-	27,510	27,510
Interest Expense	-	-	-	-	9,237	9,237
Advertising	-	252,606	62	252,668	9,248	261,916
Miscellaneous Expense	-	2,939	5,558	8,497	26,560	35,057
Shelf Stable and Protein (Note 6)	6,737,086	-	-	6,737,086	-	6,737,086
Agricultural Surplus (Note 6)	6,737,085	-	-	6,737,085	-	6,737,085
TANF / Innovative Backpack Programs (Note 6)	2,063,675	-	-	2,063,675	-	2,063,675
Ohio Benefit Bank Software	-	1,825,739	-	1,825,739	-	1,825,739
Grants to Foodbanks	-	742,840	-	742,840	-	742,840
Grants to Agencies	-	2,202,612	-	2,202,612	30,000	2,232,612
Total	\$ 15,537,846	\$ 7,417,483	\$ 686,480	\$ 23,641,809	\$ 1,436,240	\$ 25,078,049

See Accompanying Notes to Financial Statements

OHIO ASSOCIATION OF FOODBANKS
Statement of Functional Expenses
For the Year Ended June 30, 2014

	Ohio Food Program	Ohio Benefit Bank	National Service	Subtotal Programs	General & Management	Total
Salaries & Wages	\$ -	\$ 905,865	\$ 103,874	\$ 1,009,739	\$ 525,480	\$ 1,535,219
Fringe Benefits	-	287,486	27,109	314,595	118,004	432,599
Payroll Taxes	-	77,181	8,194	85,375	43,752	129,127
Stipends	-	423	958,640	959,063	-	959,063
Professional Services	-	17,897	43,869	61,766	125,415	187,181
Meeting Expenses	-	110,618	17,363	127,981	36,777	164,758
Office Supplies	-	23,660	552	24,212	3,923	28,135
Printing	-	41,283	1,663	42,946	3,351	46,297
Publications	-	-	-	-	11,462	11,462
Postage	-	10,143	101	10,244	1,163	11,407
Rent / Utilities	-	88,319	1,182	89,501	8,404	97,905
Telephone	-	56,518	853	57,371	10,955	68,326
Insurance	-	-	-	-	13,840	13,840
Travel	-	71,575	64,753	136,328	40,048	176,376
Technology Purchases	-	29,613	3,154	32,767	17,528	50,295
Depreciation Expense	-	19,941	-	19,941	26,865	46,806
Interest Expense	-	-	-	-	2,354	2,354
Advertising	-	127,524	-	127,524	3,706	131,230
Miscellaneous Expense	-	185	271	456	16,088	16,544
Shelf Stable and Protein (Note 6)	7,207,966	-	-	7,207,966	-	7,207,966
Agricultural Surplus (Note 6)	7,788,160	-	-	7,788,160	-	7,788,160
TANF / Innovative Backpack Programs (Note 6)	1,590,577	-	-	1,590,577	-	1,590,577
Ohio Benefit Bank Software	-	1,975,000	-	1,975,000	-	1,975,000
Grants to Foodbanks	-	735,135	-	735,135	-	735,135
Grants to Agencies	-	1,700,373	-	1,700,373	-	1,700,373
Total	\$ 16,586,703	\$ 6,278,739	\$ 1,231,578	\$ 24,097,020	\$ 1,009,115	\$ 25,106,135

See Accompanying Notes to Financial Statements

OHIO ASSOCIATION OF FOODBANKS
Statements of Cash Flows
For the Years Ended June 30, 2015 and 2014

	2015	2014
Cash Flows from Operating Activities		
Change in Net Assets	\$ (64,193)	\$ 19,429
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation Expense	27,510	46,806
Loss on Disposal of Fixed Assets	-	14,032
Change in Assets:		
Grants & Accounts Receivable	765,983	(1,457,138)
Employee Advances	(332)	1,250
Prepaid Expense	-	27
Change in Liabilities:		
Accounts Payable	(451,164)	1,172,898
Accrued Wages and Payroll Taxes	(24,569)	173,161
Deferred Revenue	(64,505)	201,751
Refundable Advances	-	-
Net Cash Provided by (Used in) Operating Activities	188,730	172,216
Cash Flows from Investing Activities		
Capital Expenditures	(27,289)	(25,000)
Net Cash Used in Investing Activities	(27,289)	(25,000)
Cash Flows from Financing Activities		
Payments on Capital Lease Obligations	(19,154)	(29,607)
Payments on Notes Payable	-	-
Net Cash Used in Financing Activities	(19,154)	(29,607)
Net Change in Cash and Cash Equivalents	142,287	117,609
Cash and Cash Equivalents at Beginning of Year	832,923	715,314
Cash and Cash Equivalents at End of Year	\$ 975,210	\$ 832,923
Noncash Activities		
Noncash Proceeds from Capital Lease Obligations	\$ -	\$ 82,761
Fixed Asset Capital Lease Addition	-	(82,761)
Total Noncash Activities	\$ -	\$ -
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Interest	\$ 9,237	\$ 2,354

See Accompanying Notes to Financial Statements

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014

Note 1 - Background

Organization

The mission of the Ohio Association of Foodbanks (“the Association”) is to assist Feeding America foodbanks in Ohio in providing food and other resources to people in need and to pursue areas of common interest for the benefit of people in need.

Note 2 - Summary of Significant Accounting Policies
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Basis of Accounting

The accompanying financial statements of the Association have been prepared utilizing the accrual basis of accounting.

Basis of Presentation

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

- 1) Unrestricted net assets represent the portion of expendable funds that is available for support of the Association.
- 2) Temporarily restricted net assets are limited as to use by donor-imposed restrictions that either expire by passage of time or that can be fulfilled or removed by actions of the Association. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. There were no temporarily restricted net assets as of June 30, 2015 and 2014.
- 3) Permanently restricted net assets are subject to donor-imposed restrictions which do not expire. Generally, the providers of these funds restrict the Association to maintain the principal in perpetuity and invest for the purposes of producing present and future income that may be expended by the Association. There were no permanently restricted net assets as of June 30, 2015 and 2014.

Board Designated Net Assets

The Board of Directors of the Association have designated net assets to be used as a reserve for general operating expenses in the event of a major loss of funding. Total board designated net assets as of both June 30, 2015 and 2014 were \$492,000.

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (Continued)
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Tax Exempt Status

The Association is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code of 1954. It has been classified as an organization that is not a private foundation under Section 509(a)(3) of the Internal Revenue Code and qualifies as a tax-deductible charitable contribution for individual donors. The Association is also exempt from property tax and state income taxes.

Cash & Cash Equivalents

For purposes of the statements of cash flows, the Association considers bank accounts, petty cash and certificates of deposit purchased with a maturity of one year or less to be cash and cash equivalents. Interest income on the certificates of deposit is recorded as income when earned.

Grants & Accounts Receivable

Grants and accounts receivable are stated at unpaid balances. It is the Association's policy to charge off uncollectible accounts when management determines the receivable will not be collected. As of June 30, 2015 and 2014, the grants and accounts receivable balance primarily consisted of funds due from the State of Ohio.

Expense Allocation

The costs of providing various programs and other activities and services have been summarized on a functional basis in the statements of activities. Accordingly, labor costs are based on salaries and wages paid and allocated based on the nature of the service or activity performed. Certain other costs have been allocated among the projects and activities based upon benefits received.

Equipment

Equipment is recorded at cost, less accumulated depreciation. Depreciation of equipment is computed using the straight-line method over the estimated useful lives of the assets. The Association follows the policy of capitalizing all expenditures for purchased assets of \$3,000 or greater. Expenditures of equipment which increase the values or extend useful lives are capitalized. Routine maintenance and repairs which do not improve or extend the useful lives of the respective assets are charged to expenses as incurred. The carrying amounts of assets sold, retired, or otherwise disposed of and the related accumulated depreciation is eliminated from the accounts in the year of disposal. Any resulting gains or losses from the disposals are included in the statements of activities.

Revenue Recognition

Revenues are generally recognized when received by the Association.

Membership Dues

Membership dues are paid based on Feeding America Goal Factors issued annually. As of June 30, 2015 and 2014, dues totaled \$160,291 and \$145,720 each year, respectively, and are paid by each of the 12 Feeding America foodbanks on a quarterly basis.

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (Continued)
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Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results may differ from those estimates.

Fair Value of Financial Instruments

The following methods and assumptions were used by the Association in estimating the fair value of its financial instruments:

Cash and Cash Equivalents and Prepaid Expenses – The carrying amount reported in the statements of financial position approximates fair value due to their short-term nature.

Accounts Receivable – The carrying amount reported in the statements of financial position approximates fair value due to the short-term nature of the receivables.

Accounts Payable and Accrued Wages – The carrying amount reported in the statements of financial position approximates fair value because of the short maturity of those instruments.

Notes Payable and Capital Lease Obligations – The carrying amount reported in the statements of financial position approximates fair value because the Association can obtain similar loans at the same terms.

Deferred Revenue

Deferred revenue of the Association represents amounts received on grant agreements in advance, which have not been earned at the end of the year. As of June 30, 2015 and 2014, deferred revenue for the Association was \$137,246 and \$201,751, respectively.

Subsequent Events

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through November 18, 2015, the date on which the financial statements were available to be issued.

Reclassifications

Certain prior year amounts have been reclassified to conform to current year presentation.

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014

NOTE 3 – PROPERTY AND EQUIPMENT
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Property and equipment consisted of the following as of June 30:

	2015	2014
Equipment	\$ 199,426	\$ 199,426
Vehicles	52,289	166,910
Total Equipment and Vehicles	251,715	366,336
Less: Accumulated Depreciation	(153,629)	(268,029)
Equipment and Vehicles, Net	\$ 98,086	\$ 98,307

Depreciation expense for the years ended June 30, 2015 and 2014 was \$27,510 and \$46,806, respectively.

Note 4 – Lease Commitments

Capital Leases

The Association is a party to certain noncancellable lease agreements involving equipment. These leases have been capitalized and the related assets and obligations recorded using the interest rates implicit in the leases since the agreements contain bargain purchase options. The assets are being amortized over 48 months.

At June 30, 2015, the future minimum lease payments under the capital lease obligations are as follows:

For the year ended June 30,	Amount
2016	\$ 20,179
2017	22,026
2018	11,831
Total	54,036
Less: Current Portion	(20,179)
Long-Term Portion	\$ 33,857

The following is an analysis of the leased assets included in property and equipment as of June 30, 2015 and 2014:

	2015	2014
Copiers	\$ 82,761	\$ 82,761
Less: Accumulated Depreciation	(29,311)	(8,621)
Net Carrying Amount	\$ 53,450	\$ 74,140

**OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014**

Note 4 – Lease Commitments (Continued)

Amortization expense of \$20,690 and \$8,621 for assets held under capital leases is included with depreciation expense for 2015 and 2014.

Operating Leases

The Association leases office space. Rent expense for the year ended June 30, 2015 and 2014 totaled \$136,689 and \$103,812 respectively.

The future minimum rental payments due under this rental agreement are as follows:

For the Year Ended June 30,	Amount
2016	\$ 149,147
2017	152,786
2018	155,398
Total	\$ 457,331

Note 5 – Ohio Food Program and Agricultural Clearance Program
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In 2015, the Association received a \$14.5 million grant from the Ohio Department of Job and Family Services. The grant was to be used for three purposes: 1) The Ohio Food Program (OFP), \$6,875,000 to purchase food products, storage and distribution for local food distribution agencies; 2) The Agricultural Clearance Program (ACP), \$6,875,000 to strengthen the emergency food distribution system; and 3) Administration, \$725,000.

The ACP could accomplish its goal by developing alliances with growers and processors to help defray direct costs of providing surplus agricultural commodities and purchasing shelf-stable products; identifying and supporting innovative programs for emerging needs; and providing training and technical assistance to emergency food providers.

Revenue from the Department of Job and Family Services for the Ohio Food and Agriculture Clearance program amounted to 58% of the Association’s total revenue.

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014

Note 6 - Ohio Food & Agriculture Clearance Program, TANF Executive Order (TANF E.O.), and Governor's Backpack Program
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The Ohio Food Program is included as an expenditure line item on the statements of functional expenses and consisted of the following types of expenses for the year ended June 30:

	2015	2014
Shelf Stable and Protein		
Food Purchases for Foodbanks	\$ 6,032,086	\$ 6,392,305
Storage & Distribution of Food Purchases	705,000	725,000
Transportation and Delivery Charge	0	50,661
Pass Through	0	40,000
Total	\$ 6,737,086	\$ 7,207,966
 Agricultural Surplus		
Purchase of Commodities for Consumption	\$ 6,032,085	\$ 6,392,400
Purchase of Commodities TANF E.O.	0	562,871
Storage and Distribution of Commodities	705,000	725,000
Transportation Costs	0	85,475
Joint Farm Project	0	818
Processing Fees	0	21,596
Total	\$ 6,737,085	7,788,160
 TANF/Innovative Backpack Programs		
Purchase of Food and Transportation	\$ 2,063,675	\$1,590,577
Total Food Program	\$15,537,846	\$16,586,703

Note 7 - Concentration of Credit Risk
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The Association's funds contained in its cash and cash equivalent balances at June 30, 2015 and 2014 were held in a total of four different financial institutions. These institutions provide insurance coverage up to \$250,000 through the Federal Deposit Insurance Corporation (FDIC). At June 30, 2014, the cash on deposit at Key Bank and Huntington National Bank exceeded this \$250,000 limit by \$10,027 and \$526,401, respectively. Also at risk at June 30, 2015 was the Fifth Third Securities cash of \$75,972.

At June 30, 2014, the cash on deposit at Key Bank and Huntington National Bank exceeded this \$250,000 limit by \$9,676 and \$820,613, respectively. Also at risk at June 30, 2014 was the UBS Investment cash of \$200,528 and Fifth Third Securities cash of \$325,936.

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2015 and 2014

Note 8 - Retirement and Tax Sheltered Annuity Plan

The Association maintains a defined contribution pension plan for all full-time employees who have completed at least one year of service. Contributions of \$125,314 and \$72,090 were made for the years ended June 30, 2015 and 2014, respectively. Pension plan contributions consist of safe harbor and employer match contributions, along with a discretionary amount based upon a percentage of annual compensation of eligible employees; discretionary contributions are set by the Board of Trustees according to the availability of funds.

Note 9 - Contingency

The grant programs of the Association are subject to potential audits by agents of each individual granting authority. The purpose of such an audit is to ensure compliance with conditions precedent to the granting of funds. Revenues generated by the grant programs may be disallowed in subsequent periods as a result of these audits. However, management believes that the Association has materially complied with all grant agreements as of the years ended June 30, 2015 and 2014.



**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**

To the Board of Directors
Ohio Association of Foodbanks
Columbus, 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 Ohio Association of Foodbanks (a nonprofit organization), which comprise the statement of financial position as of June 30, 2015, and the related statements activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated November 18, 2015.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Ohio Association of Foodbanks' 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 Ohio Association of Foodbanks' internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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

Our consideration of 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



**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*
(Continued)**

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 Ohio Association of Foodbanks' financial statements are free of 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 statement 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 or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Columbus, Ohio
November 18, 2015

Hemphill & Associates



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of
Ohio Association of Foodbanks
Columbus, Ohio

Report on Compliance for Each Major Federal Program

We have audited Ohio Association of Foodbanks' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Ohio Association of Foodbanks' major federal programs for the year ended June 30, 2015. Ohio Association of Foodbanks' 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 Ohio Association of Foodbanks' 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Ohio Association of Foodbanks' 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 Ohio Association of Foodbanks' compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE BY OMB CIRCULAR A-133
(Continued)**

Basis for Qualified Opinion on Social Services Block Grant Program

As described in the accompanying schedule of findings and questioned costs, Ohio Association of Foodbanks did not comply with requirements regarding CFDA 93.667 Social Services Block Grant as described in finding number 2015-001 for Eligibility. Compliance with such requirements is necessary, in our opinion, for Ohio Association of Foodbanks to comply with the requirements applicable to that program.

Qualified Opinion on Social Services Block Grant Program

In our opinion, except of the noncompliance described in the Basis for Qualified Opinion paragraph, Ohio Association of Foodbanks complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Social Services Block Grant program for the year ended June 30, 2015.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Ohio Association of Foodbanks 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 other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management of Ohio Association of Foodbanks 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 Ohio Association of Foodbanks' 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 OMB Circular A-133, 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 Ohio Association of Foodbanks' internal control over compliance.

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(Continued)**

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. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2015-001 to be material weaknesses.

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.

Ohio Association of Foodbanks' response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Ohio Association of Foodbanks' 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133
(Continued)**

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of Ohio Association of Foodbanks as of and for the year ended June 30, 2014, and have issued our report thereon dated November 5, 2014, 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 OMB Circular A-133 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 expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Columbus, Ohio
November 18, 2015

Hemphill & Associates

**Ohio Association of Foodbanks
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015**

Federal Grantor/Pass-Through Grantor Program Title	Number	Federal CFDA	Disbursements
Department of Health and Human Services Direct			
Direct Program			
PPHF 2013-Cooperative Agreement to Support Navigators in Federally - facilitated and State Partnership Exchanges	N/A	93.750	\$ 346,262
Cooperative Agreement to Support Navigators in Federally - facilitated and State Partnership Exchanges	N/A	93.332	\$ 1,893,277
Total Direct Programs			<u>2,239,539</u>
Department of Health and Human Services Pass-Through Programs			
Passed through Ohio Department of Job & Family Service			
Social Services Block Grant (Title XX)	G-1415-17-0116	93.667	2,000,000
Social Services Block Grant (TANF Transfer to Title XX)	G-1415-17-0116	93.558	6,000,000
Total Social Services Block Grant			<u>8,000,000</u>
Temporary Assistance for Needy Families (TANF)	G-1415-17-0111	93.558	534,925
Total Temporary Assistance for Needy Families			<u>534,925</u>
Total Passed through Ohio Department of Job & Family Services			<u>8,534,925</u>
Passed through Ohio Department of Aging			
Special Programs for the Aging - Title IV and Title II Discretionary Projects	AGEFPPA12	93.048	30,000
Total Special Programs for the Aging			<u>30,000</u>
Passed through Ohio Department of Development			
Low-Income Home Energy Assistance (HEAP)	14-HA-157	93.568	59,706
Low-Income Home Energy Assistance (HEAP)	15-HA-157	93.568	17,355
Total Low-Income Home Energy Assistance (HEAP)			<u>77,061</u>
Total Passed through Ohio Department of Development			<u>77,061</u>
Passed through Governor's Office of Faith-Based & Community Initiatives			
Temporary Assistance For Needy Families (TANF)	G-1415-21-0660	93.558	56,670
Total Temporary Assistance for Needy Families			<u>56,670</u>
Total Passed through Governor's Office of Faith-Based & Community Initiatives			<u>56,670</u>
Total Department of Health and Human Services			<u>10,938,195</u>
Corporation for National & Community Service Direct Program			
Direct Program			
Volunteers in Service to America	N/A	94.013	435,167
Total Direct Program			<u>435,167</u>
Total Corporation for National & Community Service			<u>435,167</u>
United States Department Agriculture Pass-Through Programs			
Passed through Ohio Department of Job & Family Services			
Supplemental Nutrition Assistance Program, Outreach/Participation Program	G-1415-17-0126	10.580	225,223
Supplemental Nutrition Assistance Program, Outreach/Participation Program	G-1415-17-0846	10.580	1,039,733
Total Supplemental Nutrition Assistance Program, Outreach/Participation Program			<u>1,264,956</u>
Total Passed through Ohio Department of Job & Family Services			<u>1,264,956</u>
Passed through Franklin County Department of Job and Family Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	25-14-9000	10.561	195,356
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	25-14-9200	10.561	302,880
Total Food Assistance Employment and Training			<u>498,236</u>
Total Passed through Franklin County Department of Job & Family Services			<u>498,236</u>
Total United States Department of Agriculture			<u>1,763,192</u>
Total Other Programs			<u>\$ 13,136,554</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 13,136,554</u>

OHIO ASSOCIATION OF FOODBANKS
Note to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Ohio Association of Foodbanks under programs of the federal government for the year ended June 30, 2015. The information in this schedule is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. 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 OMB Circular A-122, *Cost Principles for Non-profit Organizations*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE C – PAYMENTS TO SUBRECIPIENTS

Ohio Association of Foodbanks had various subrecipients which are listed in the following table, to which the Organization paid \$11,295,464 during fiscal year 2015. These payments were included in the schedule of federal expenditures of federal awards under grants Navigator (no grant number), G-1415-17-0116 (Title XX), G-1415-21-0660 (TANF), and G-1415-17-0126 (Supplemental Nutrition Assistance Program), CFDA Number 93.332, 93.667, 93.558 and 10.580.

OHIO ASSOCIATION OF FOODBANKS
Note to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2015

CFDA Grant Distribution Table					
Organization	Navigator 93.332	Title XX 93.667	TANF 93.558	SNAP 10.580	Total
Akron/Canton Foodbank	\$ -	\$ 239,833.00	\$ 898,504.00	\$ 41,792.00	\$ 1,180,129
Greater Cleveland Food Bank	-	322,178.00	1,206,999.00	434,004	1,963,181
The Foodbank	-	115,368.00	432,210.00	-	547,578
Freestore Foodbank	209,182	204,046.00	764,434.00	66,351	1,244,013
Mid-Ohio Foodbank	-	373,885.00	1,400,713.00	124,412	1,899,010
Clark, Champaign, Logan	-	36,649.00	137,302.00	7,520	181,471
Foodbank of Mahoning Valley	-	94,135.00	352,665.00	-	446,800
Foodbank of North Central	-	83,110.00	311,361.00	-	394,471
Southeast Ohio Foodbank	-	66,958.00	250,850.00	-	317,808
Shared Harvest Foodbank	-	110,088.00	412,431.00	54,664	577,183
Toledo/Northwest Ohio Foodbank	-	137,975.00	516,906.00	-	654,881
West Ohio Food Bank	-	73,742.00	276,264.00	-	350,006
Access Health Mahoning Valley	122,146	-	-	-	122,146
Asian Services in Action	89,653	-	-	-	89,653
CAC of Pike County	162,658	-	-	-	162,658
Carmella Rose Health Found	197,457	-	-	-	197,457
Cuyahoga Health Access	296,542	-	-	-	296,542
Disability Rights Ohio	22,228	-	-	-	22,228
Ohio Assoc of Free Clinics	323,136	-	-	-	323,136
Toledo Lucas County CareNet	238,884	-	-	-	238,884
Washington-Morgan CA	40,644	-	-	-	40,644
Southeast, Inc.	45,585	-	-	-	45,585
Total	\$ 1,748,115	\$ 1,857,967	\$ 6,960,639	\$ 728,743	\$ 11,295,464

**OHIO ASSOCIATION OF FOODBANKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Section I — Summary of Auditors' Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	_____ yes	<u> X </u> no
• Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes	<u> X </u> no

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	<u> X </u> yes	_____ no
• Significant deficiency(ies) identified?	_____ yes	<u> X </u> none reported
Type of auditor's report issued on compliance for major programs:	Modified	
Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____ yes	<u> X </u> no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.667	Social Services Block Grant (Title XX)
93.558	Temporary Assistance For Needy Families (TANF)
93.332	Cooperative Agreement to Support Navigators
10.580	Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Dollar threshold used to distinguish between type A and type B programs:	\$ 394,097
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Auditee qualified as low-risk auditee?	_____ yes	<u> X </u> no
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**OHIO ASSOCIATION OF FOODBANKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)**

Section II — Financial Statement Findings
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None

Section III — Federal Award Findings and Questioned Costs
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Finding 2015-001: Eligibility

Condition: Per the Ohio Association of Foodbanks regional agent contract for SFY 2015 regarding the Ohio Food Purchase and Agricultural Clearance Program, it states at the “Eligibility” Section:

“In general, individuals are qualified to participate in the Food Purchase and Agricultural Clearance Programs if their household income is below 200% of the current federal poverty level. Qualifying annual, monthly and weekly income amounts calculated by number of persons in a household are updated annually by ODJFS upon publication of the federal poverty guidelines....

In addition, program standards require that certain information be provided or verified by individuals each time he or she obtains food at local distributors (LD) and regional agent (RA) Foodbanks. The information must be initially obtained by having the individual sign the **ODJFS Federal and State Food Programs Eligibility to Take Food Home Food (Eligibility Form)**....”

H&A tested six Foodbanks. From there we tested a total of sixty-eight pantries (from August 2014 and May 2015). We then randomly selected 360 individuals who received food commodities under the Ohio Food Purchase and Agricultural Clearance Program to review the eligibility forms. Based upon this review we noted the following:

- Instances where the incorrect form was being used for FY 2015

Cleveland Foodbank

Bay Food Ministry
Fairport Harbor Food Pantry
Freedom Foundation, Inc.

Freestore

Oakley Community Food Pantry

Southeast

Marrietta Church of God

Shared Harvest

Poasttown 1st Church of God

**OHIO ASSOCIATION OF FOODBANKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)**

Toledo

Temple of Praise Church
St. Pau's Lutheran – Maumee
Edon Area Ministerial Assoc. – E.A.M.A.

- Used homemade form

The FoodBank

Harris Memorial LME Church

Toledo

Clark St. United Methodist

- Destroyed paper copy after putting into Pantry Trak – therefore no signature

The Foodbank

Evanged Church of God

- No records received

Toledo

Vineyard Christian Church - Perrysburg

Criteria: Eligibility records per the regional agent contract of the Ohio Food Purchase and Agricultural Clearance Program are required to be completed and the correct form utilized.

Cause: Lack of compliance with contract.

Effect: Due to the fact that the current eligibility to take home food forms are not always being utilized to support the clients' eligibility, there is a possibility that individuals receiving food under the Food Purchase and Agricultural Clearance Program were ineligible.

Recommendation: This condition has continued to be a problem under this program since F/Y 2006. For some time the Association assigned three internal staff to perform compliance reviews of the twelve Foodbanks. Up until this fiscal year the problem was decreasing. This fiscal year the problems got worse.

Since it does not appear that some of the foodbanks are closely monitoring (periodic reviews, site visits, and agency audits) the agencies providing food under the Ohio Food Purchase and Agricultural Clearance Program to make sure they are adhering to the requirements of their contract with Ohio Association of Foodbanks recommend at the Ohio Association of Foodbank implement procedures to begin conducting the monitoring themselves.

Management Response: Per the Ohio Association of Foodbanks, Regional Agent contract for FY 2014-2015, Foodbanks are required to meet all the terms and conditions of this contract and ensure compliance with the Ohio Department of Job and Family Services Ohio Food Programs Manual by their member food pantries. In addition, food pantries and member charities are

**OHIO ASSOCIATION OF FOODBANKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)**

required to attend annual mandatory trainings at least once per year that are held by their corresponding Foodbank. If an agency representative fails to attend the scheduled mandatory training, the Foodbank reserves the right to place the agency on product hold, meaning the agency is prohibited from receiving food or donated product from the Foodbank until compliance is met.

In addition, food pantries are required annually to read and sign an affidavit which states they have read and agree to comply with the terms and conditions on the Ohio Department of Job and Family Services Ohio Food Programs Manual.

The Ohio Association of Foodbanks will work with member Foodbanks to increase reviews, monitoring and oversight of the agencies that failed to properly complete the **Ohio Department of Job and Family Services (ODJFS) Federal and State Food Programs Eligibility to Take Food Home Groceries Form**.

Despite these compliance efforts, there are real world limitations for the largely elderly volunteers responsible for operating the more than 1,739 food pantries in the state, which last year processed 3,454,479 **ODJFS Federal and State Food Programs Eligibility to Take Food Home Groceries Forms**.

Currently eleven Foodbanks are in various stages of testing, piloting and implementing web-based eligibility systems that fully automates the intake, tracking and completion of the **ODJFS Federal and State Food Programs Eligibility to Take Food Home Groceries Form**. These web-based systems known as Pantry Trak, VESTA, Virtual Case Manager (VCM) has permitted these foodbanks and their participating food pantries to replace their manual paper based system to a fully paperless eligibility, tracking, forms completion and reporting system.

It is the intent of the Ohio Association of Foodbanks and its member foodbanks to convert all food pantries to one of these two web-based systems by 2016. Once fully implemented, these issues regarding compliance will be resolved.

Until all food pantries are converted, the following review procedures will remain in effect to verify compliance under A-133 and with the terms of our grant with ODJFS and the contract in place with the Foodbanks. This review is to verify the accuracy of documentation supporting the eligibility determination compliance data reported to the Ohio Association of Foodbanks and subsequently to ODJFS.

Findings 2015-001: Eligibility

The following procedures will be implemented to more closely monitor and ensure compliance within the local agencies that receive and distribute food through the Ohio Food and Agricultural Clearance Programs, per the Ohio Association of Foodbanks, Regional Agent Agreement for FY 2016 and 2017, and item 7.

1. All RA Foodbanks must certify that all LD agencies that receive state funded food commodities have received and are using the current years *Ohio Department of Job and Family Services (ODJFS) Federal and State Funded Food Programs Eligibility Form* by December 1, 2015.
2. All RA Foodbanks must certify that all LD agencies using one of the Electronic Client Record Systems, including PantryTrak, VESTA and Virtual Case Manager have implemented and are using the current years *Ohio Department of Job and Family*

OHIO ASSOCIATION OF FOODBANKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015
(Continued)

Services (ODJFS) Federal and State Funded Food Programs Eligibility Form by December 1, 2015.

3. All RA Foodbanks are required to submit on a monthly basis to the Ohio Association of Foodbanks a current list of all LD agencies that receive Ohio Food and Agricultural Clearance Programs commodities. This LD agency list by foodbank must be in an Excel spreadsheet and include the Name of the Agency, Address of the agency operations, city, county and zip code, the name, telephone number and email address of the person responsible for the agencies operations. This list should denote if the agency uses paper forms, or one of the Electronic Client Record Systems, including PantryTrak, VESTA and Virtual Case Manager. The list is to include the days and hours of operation of the agency. This list is to be submitted by the 15th days of the month and emailed to Kristine Dugan at kdugan@ohiofoodbanks.org
4. Ohio Association of Foodbank staff will conduct periodic and random reviews of selected LD agencies to determine that correct *Ohio Department of Job and Family Services (ODJFS) Federal and State Funded Food Programs Eligibility Forms* are being used and completed currently.
5. The Ohio Association of Foodbank staff will notify each RA Foodbank as to the LD agencies and the time period/month selected for review and adherence of the Agreed upon Procedures including compliance and correct usage of the *Ohio Department of Job and Family Services (ODJFS) Federal and State Funded Food Programs Eligibility Form*.
6. The RA Foodbank must provide a copy of the *Ohio Monthly Statistical Report* from the LA agencies that are selected for review to the Ohio Association of Foodbanks.
7. The Ohio Association of Foodbanks will issue monthly reports to the RA Foodbank detailing the status, findings and outcomes of the review of the LD's adherence to the Agreed Upon Procedures.

Each RA Foodbank must have and maintain administrative access to every LD agencies Electronic Client Record Systems, including PantryTrak, VESTA and Virtual Case Manager in order to preform on-going monitoring of the LA agencies record and to ensure compliance of the Agreed Upon Procedure.

**OHIO ASSOCIATION OF SECOND HARVEST FOODBANKS
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

Finding 2014-001: Eligibility

Condition: Per the Ohio Association of Foodbanks regional agent contract for SFY 2014 regarding the Ohio Food Purchase and Agricultural Clearance Program, it states at the “Eligibility” Section:

“In general, individuals are qualified to participate in the Food Purchase and Agricultural Clearance Programs if their household income is below 200% of the current federal poverty level. Qualifying annual, monthly and weekly income amounts calculated by number of persons in a household are updated annually by ODJFS upon publication of the federal poverty guidelines....

In addition, program standards require that certain information be provided or verified by individuals each time he or she obtains food at local distributors (LD) and regional agent (RA) Foodbanks. The information must be initially obtained by having the individual sign the **ODJFS Federal and State Food Programs Eligibility to Take Food Home Food (Eligibility Form)**....”

H&A tested eight Foodbanks. From there we tested a total of sixty-eight pantries (from November 2013 and March 2014). We then randomly selected 480 individuals who received food commodities under the Ohio Food Purchase and Agricultural Clearance Program to review the eligibility forms. Based upon this review we noted the following:

- Instances where the incorrect form was being used for FY 2014
 - Freestore Foodbank**
Overflow Mission
 - The Foodbank**
East Dayton Food Pantry

Criteria: Eligibility records per the regional agent contract of the Ohio Food Purchase and Agricultural Clearance Program are required to be completed and the correct form utilized.

Cause: Lack of compliance with contract.

Effect: Due to the fact that the current eligibility to take home food forms are not always being utilized to support the clients’ eligibility, there is a possibility that individuals receiving food under the Food Purchase and Agricultural Clearance Program were ineligible.

Recommendation: This condition has continued to be a problem under this program since F/Y 2006. For some time the Association assigned three internal staff to perform compliance reviews of the twelve Foodbanks. During our testing we noted that although the magnitude of this problem continues to decrease, the same issues continued to exist.

**OHIO ASSOCIATION OF SECOND HARVEST FOODBANKS
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015**

We recommend that the foodbanks more closely monitor (periodic reviews, site visits, and agency audits) the agencies providing food under the Ohio Food Purchase and Agricultural Clearance Program to make sure they are adhering to the requirements of their contract with Ohio Association of Foodbanks.

Management Response: Per the Ohio Association of Foodbanks, Regional Agent contract for FY 2014-2015, Foodbanks are required to meet all the terms and conditions of this contract and ensure compliance with the Ohio Department of Job and Family Services Ohio Food Programs Manual by their member food pantries. In addition, food pantries and member charities are required to attend annual mandatory trainings at least once per year that are held by their corresponding Foodbank. If an agency representative fails to attend the scheduled mandatory training, the Foodbank reserves the right to place the agency on product hold, meaning the agency is prohibited from receiving food or donated product from the Foodbank until compliance is met.

In addition, food pantries are required annually to read and sign an affidavit which states they have read and agree to comply with the terms and conditions on the Ohio Department of Job and Family Services Ohio Food Programs Manual.

The Ohio Association of Foodbanks will work with member Foodbanks to increase reviews, monitoring and oversight of the agencies that failed to properly complete the **Ohio Department of Job and Family Services (ODJFS) Federal and State Food Programs Eligibility to Take Food Home Groceries Form**.

Despite these compliance efforts, there are real world limitations for the largely elderly volunteers responsible for operating the more than 1,757 food pantries in the state, which last year processed 3,397,036 **ODJFS Federal and State Food Programs Eligibility to Take Food Home Groceries Forms**.

All 12 of the Foodbanks are in various stages of testing, piloting and implementing web-based eligibility systems that fully automates the intake, tracking and completion of the **ODJFS Federal and State Food Programs Eligibility to Take Food Home Groceries Form**. These web-based systems known as Pantry Trak and Virtual Case Manager (VCM) has permitted these foodbanks and their participating food pantries to replace their manual paper based system to a fully paperless eligibility, tracking, forms completion and reporting system. During the course of this audit, H&A tested agencies operating Pantry Trak and found no findings.

It is the intent of the Ohio Association of Foodbanks and its member foodbanks to convert all food pantries to one of these two web-based systems by 2016. Once fully implemented, these issues regarding compliance will be resolved.

Until all food pantries are converted, the following review procedures will remain in effected to verify compliance under A-133 and with the terms of our grant with ODJFS and the contract in

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place with the Foodbanks. This review is to verify the accuracy of documentation supporting the eligibility determination compliance data reported to the Ohio Association of Foodbanks and subsequently to ODJFS.

The Association will conduct the following procedures to ensure compliance with the Contract. The procedures are as follows:

- 1) Determine Overall Sample Size based on a statistical model utilizing the number of households (Duplicated Count) served in the prior Fiscal Year.
- 2) Divide number of agencies reported in prior year by one fifth sample size.
- 3) Multiply number of member agencies reported in the prior year by each Foodbank by resulting fraction.
- 4) Select required number of member agencies determined per territory from a list provided to the Ohio Association of Foodbanks of all agencies served in the prior year by each Foodbank.
- 5) Two random months will be chosen for each selected member agency and the agency will be requested to provide a list of clients served in the selected month.
- 6) Five clients will be selected for compliance review.
- 7) The agency will be requested to provide the **ODJFS Federal and State Food Programs Eligibility to Take Food Home Groceries forms** for each selected client.
- 8) If the review of the provided documentation is in order no further action is necessary.
- 9) Should a discrepancy (improper form or incomplete form) be discovered during the review, twice the number of forms found to be in error will be selected from that agency, if no further discrepancies are noted, no further action will be required.
- 10) If additional discrepancies are noted this procedure will be repeated until the cause of the discrepancy is determined.
- 11) If two or more discrepancies are noted within one agency, another agency will be selected and the entire procedure will be repeated.
- 12) A report of the results of the review of the selected member agencies will be prepared within 15 days of the completion of the review. This review will be presented to the Executive Director of the appropriate Foodbank.
- 13) If discrepancies are noted during review of the Member agencies documentation a report detailing the discrepancies noted will be provided to the appropriate Executive Director. The Executive Director is required to provide a plan of corrective action to address the deficiencies identified within 15 working days.

Status: Same issue continues to exist. See Finding 2015-001 above.