

**OHIO ASSOCIATION OF FOODBANKS**

FINANCIAL STATEMENTS

For the Year Ended June 30, 2019

(With Independent Auditors' Report Thereon)

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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 statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year 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 audit. We conducted our audit 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 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.



INDEPENDENT AUDITORS' REPORT  
(Continued)

**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, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Emphasis of Matter**

As discussed in Note 2 to the financial statements, Ohio Association of Foodbanks adopted the amendments in Accounting Standards Update (ASU) No. 2016-14, Not-for-Profit Entities – Presentation of Financial Statements for Not-for-Profit Entities, effective July 1, 2018.

**Other Matters**

*Other Information*

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, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements 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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.



INDEPENDENT AUDITORS' REPORT  
(Continued)

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2019, 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.

*Hemphill Wright & Associates, Inc.*

Westerville, Ohio  
October 25, 2019

**Ohio Association of Foobanks**  
**Statement of Financial Position**  
**June 30, 2019**

<i>Assets</i>	
	<b>2019</b>
Cash and Cash Equivalents (Note 2)	\$ 3,635,887
Grants & Accounts Receivable	609,068
Equipment & Vehicles (Net) (Note 3)	11,275
<b>TOTAL ASSETS</b>	<b>\$ 4,256,230</b>

<i>Liabilities and Net Assets</i>	
Accounts Payable	\$ 1,544,120
Accrued Wages and Payroll Taxes	81,841
Deferred Revenue	95,668
Capital Lease Obligations (Note 4)	13,047
<b>TOTAL LIABILITIES</b>	<b>1,734,676</b>

Net Assets:	
Without Donor Restrictions	
Designated by Board	492,000
Undesignated	1,954,554
Total Net Assets Without Donor Restrictions	2,446,554
Net Assets With Donor Restrictions	75,000
<b>TOTAL NET ASSETS</b>	<b>2,521,554</b>

<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 4,256,230</b>
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# Ohio Association of Foobanks

## Statement of Activities

For the Year Ended June 30, 2019

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE AND OTHER SUPPORT</b>			
<b>Public Support</b>			
Governmental Revenue	\$ 24,862,952	\$ -	\$ 24,862,952
Foundation Revenue	705,123	207,893	913,016
Membership Dues	195,010	-	195,010
Donations	59,051	-	59,051
<b>Total Public Support Revenue</b>	<b>25,822,136</b>	<b>207,893</b>	<b>26,030,029</b>
<b>Other Revenue</b>			
Interest Income	10,576	-	10,576
Other	389,864	-	389,864
Gain in Disposal of Equipment	6,697	-	6,697
<b>Total Other Revenue</b>	<b>407,137</b>	<b>-</b>	<b>407,137</b>
Released from Restrictions	367,052	(367,052)	-
<b>TOTAL REVENUE AND OTHER SUPPORT</b>	<b>26,596,325</b>	<b>(159,159)</b>	<b>26,437,166</b>
<b>EXPENSES</b>			
<b>Program Expenses</b>			
Ohio Food Program	21,584,313	-	21,584,313
Ohio Benefit Bank	2,946,997	-	2,946,997
<b>Total Program Expenses</b>	<b>24,531,310</b>	<b>-</b>	<b>24,531,310</b>
<b>Support Services</b>			
General and Management	1,297,554	-	1,297,554
<b>Total Support Services</b>	<b>1,297,554</b>	<b>-</b>	<b>1,297,554</b>
<b>TOTAL EXPENSES</b>	<b>25,828,864</b>	<b>-</b>	<b>25,828,864</b>
Change in Net Assets	767,461	(159,159)	608,302
Net Assets at Beginning of Year	1,679,093	234,159	1,913,252
Net Assets at End of Year	\$ 2,446,554	\$ 75,000	\$ 2,521,554

**Ohio Association of Foodbanks**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2019**

	PROGRAM EXPENSES			SUPPORT SERVICES	
	Ohio Food Program	Ohio Benefit Bank	Subtotal Programs	General & Management	Total
Wages and Salaries	\$ 218,973	\$ 549,182	\$ 768,155	\$ 334,786	\$ 1,102,941
Fringe Benefits - Employees	65,654	159,798	225,452	104,820	330,272
Payroll Taxes - Employees	18,402	48,244	66,646	32,351	98,997
Living Allowance/Stipends - National Service	-	570,624	570,624	-	570,624
Payroll Taxes - National Service	-	2,015	2,015	-	2,015
Accounting Services	2,075	26,666	28,741	7,614	36,355
Consulting	-	-	-	10,063	10,063
Marketing/PR Consulting	-	-	-	68,007	68,007
Legal Fees	-	-	-	25,139	25,139
Meeting & Conference Expenses	1,525	70,450	71,975	21,198	93,173
Program Expenses	1,217	107,821	109,038	517,748	626,786
Office Supplies	746	1,999	2,745	713	3,458
Printing & Copying	33	77	110	3,621	3,731
Publications	-	-	-	7,533	7,533
Postage	1,059	2,912	3,971	1,662	5,633
Advertising	-	-	-	3,400	3,400
Membership Dues	-	-	-	13,679	13,679
Rent	29,330	99,454	128,784	26,990	155,774
Telephone	5,531	15,093	20,624	5,717	26,341
Insurance	-	-	-	15,755	15,755
Travel	-	14,101	14,101	6,689	20,790
Equipment & Software Purchases	-	-	-	23,756	23,756
Depreciation	-	-	-	19,534	19,534
Bad Debt Expense	-	-	-	425	425
Interest Expense/ Bank & Collection Fees	-	-	-	2,118	2,118
Miscellaneous Expense	-	804	804	44,236	45,040
Ohio Benefit Bank Software Support/Development	-	80,000	80,000	-	80,000
Grants to Foodbanks	-	1,197,757	1,197,757	-	1,197,757
Shelf Stable and Protein	9,045,011	-	9,045,011	-	9,045,011
Agricultural Surplus	7,604,720	-	7,604,720	-	7,604,720
TANF / Innovative Backpack Programs	2,392,849	-	2,392,849	-	2,392,849
OPI	94,385	-	94,385	-	94,385
Best Buy	138,608	-	138,608	-	138,608
Storage Distribution and PantryTrak	1,950,445	-	1,950,445	-	1,950,445
Freight	13,750	-	13,750	-	13,750
<b>Total</b>	<b>\$ 21,584,313</b>	<b>\$ 2,946,997</b>	<b>\$ 24,531,310</b>	<b>\$ 1,297,554</b>	<b>\$ 25,828,864</b>

See Accompanying Notes to Financial Statements



# Ohio Association of Foobanks

## Statement of Cash Flows

For the Year Ended June 30, 2019

	<b>2019</b>
<b>Cash Flows from Operating Activities</b>	
Change in Net Assets	\$ 608,302
<b>Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities</b>	
Depreciation Expense	19,534
Change in Assets:	
Grants & Accounts Receivable	698,957
Change in Liabilities:	
Accounts Payable	(767,339)
Accrued Wages and Payroll Taxes	42
Deferred Revenue	(124,456)
<b>Net Cash Provided by Operating Activities</b>	<b>435,040</b>
<b>Cash Flows from Investing Activities</b>	
Capital Expenditures	-
Adjustment on Sale of Equipment	5,003
<b>Net Cash Provided by Investing Activities</b>	<b>5,003</b>
<b>Cash Flows from Financing Activities</b>	
Payments on Capital Lease Obligations	(10,762)
<b>Net Cash Used in Financing Activities</b>	<b>(10,762)</b>
<b>Net Change in Cash and Cash Equivalents</b>	<b>429,281</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>3,206,606</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 3,635,887</b>
<b>Supplemental Disclosures of Cash Flow Information</b>	
Cash Paid During the Year for Interest	\$ 2,118

**OHIO ASSOCIATION OF FOODBANKS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2019

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**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**

**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) Net assets without donor restriction represent the portion of expendable funds that is available for support of the Association.
- 2) Net assets with restrictions 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 net assets with restrictions expire, net assets with restrictions are reclassified to net assets without restrictions and are reported in the statement of activities as net assets released from restrictions. There were net assets with restrictions as of June 30, 2019 of \$75,000.

**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 June 30, 2019 were \$492,000.

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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.

**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.

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**Revenue Recognition**

Contributions received are recorded as with or without donor restriction, depending on the existence and nature of any donor restriction. When a restriction expires, net assets with donor restriction are reclassified as net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If the restriction is satisfied in the period of contribution, the contribution is recorded as revenue without donor restriction.

Grant awards that qualify as contributions are recorded as invoiced to the funding sources. Revenue is recognized in the period when the related expenses are incurred. Amounts received or receivable in excess of expenses are reflected as grant funds received in advance.

**Change in Accounting Policy**

In 2016, The Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) No. 2016-14 Not-For-Profit Entities (Topic 958). This ASU provides certain improvements in financial reporting for not-for-profit organizations and requires changes to net asset classification, enhancements to liquidity presentation and disclosures, presentation of an analysis of expenses by function and by nature, netting of investment expenses with return, among other changes. The guidance was adopted effective July 1, 2018.

**Membership Dues**

Membership dues are paid based on Feeding America Goal Factors issued annually. As of June 30, 2019 dues totaled \$195,010 and are paid by each of the 12 Feeding America foodbanks on a quarterly basis.

**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, 2019 deferred revenue for the Association was \$95,668.

**Note 2 – Summary of Significant Accounting Policies (Continued)**

**New Accounting Pronouncements**

In 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606). This ASU, as amended, provides comprehensive guidance on the recognition of revenue from customers arising from the transfer of goods and services, guidance on accounting for certain contract costs, and new disclosures. The new standard replaces the current revenue recognition requirements and most industry-specific guidance. When adopted, the amendments in this ASU must be applied using one of two retrospective methods. ASU No. 2014-09 is effective for nonpublic entities for annual periods beginning after December 15, 2018. The Organization is currently evaluating the impact of the provisions of ASU Topic 606.

In 2016, the FASB issued ASU No. 2016-02, Leases (Topic 842), which is intended to improve financial reporting on leasing transactions. ASU No. 2016-02 will require lessees to recognize right of use assets and lease obligations for operating and finance leases under terms greater than 12 months. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted. ASU No. 2016-02 must be applied modified retrospectively. The Organization is evaluating the impact of the provisions of ASU Topic 958.

On June 21, 2018, the FASB issued ASU 2018-08, Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. The amendments in this update will assist entities in evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) or as exchange (reciprocal) transactions and determining whether a transaction is conditional. The amendments in this update are effective for annual financial statements beginning after December 15, 2018, for transactions in which the entity serves as the resource recipient and for fiscal years beginning after December 15, 2019, for transactions in which the entity serves as the resource provider. Early application of the amendments in this update is permitted. The Organization is evaluating the impact of the provisions of ASU Topic 958.

**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.

**OHIO ASSOCIATION OF FOODBANKS**  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2019

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**Note 2 – Summary of Significant Accounting Policies (Continued)**

**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.

**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 October 25, 2019, the date on which the financial statements were available to be issued.

**Note 3 – Property and Equipment**

Property and equipment consisted of the following as of June 30:

	<b>2019</b>
Equipment	\$161,762
Vehicles	25,000
Total Equipment and Vehicles	186,762
Less: Accumulated Depreciation	(175,487)
Equipment and Vehicles, Net	<u>\$11,275</u>

Depreciation expense for the years ended June 30, 2019 was \$19,534.

**OHIO ASSOCIATION OF FOODBANKS**  
NOTES TO FINANCIAL STATEMENTS  
For the Years Ended June 30, 2019

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**Note 4 – Lease Commitments**

**Capital Leases**

The Association is a party to certain noncancelable 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, 2019, the future minimum lease payments under the capital lease obligations are as follows:

<b>For the year ended June 30,</b>	<b>Amount</b>
2020	\$13,047
<b>Total</b>	<b>\$13,047</b>

The following is an analysis of the leased assets included in property and equipment as of June 30, 2019:

	<b>2019</b>
Copiers	\$ 45,097
Less: Accumulated Depreciation	(33,822)
<b>Equipment and Vehicles, Net</b>	<b>\$ 11,275</b>

Amortization expense of \$10,639 for assets held under capital leases is included with depreciation expense for 2019.

**Operating Leases**

The Association leases office space. Rent expense for the year ended June 30, 2019 totaled \$155,774.

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

<b>For the Year Ended June 30,</b>	<b>Amount</b>
2020	\$ 79,447
2021	82,335
2022	84,805
<b>Total</b>	<b>\$ 246,587</b>

**OHIO ASSOCIATION OF FOODBANKS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2019

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**Note 5 – Ohio Food Program and Agricultural Clearance Program**

In 2019, the Association received a \$19,550,000 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), \$9,286,250 to purchase food products, storage and distribution for local food distribution agencies; 2) The Agricultural Clearance Program (ACP), \$9,286,250 to strengthen the emergency food distribution system; and 3) Administration, \$977,500.

The ACP accomplished 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 73% of the Association’s total revenue.

**Note 6 – Ohio Food & Agriculture Clearance Program, TANF Executive Order (TANF E.O.), and Governor’s Backpack Program**

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:

<b>Shelf Stable and Protein</b>	<b>2019</b>
Food Purchases for Foodbanks	\$ 9,045,011
Storage & Distribution of Food Purchases	868,223
Transportation and Delivery Charge	-
Pantry Trak Expenses	107,000
<b>Total</b>	<b>\$ 10,020,234</b>
 <b>Agricultural Surplus</b>	
Purchase of Commodities for Consumption	\$ 7,604,720
Purchase of Commodities TANF E.O.	-
Storage and Distribution of Commodities	868,222
Transportation Costs	-
Pantry Trak Expenses	107,000
Processing Fees	-
<b>Total</b>	<b>\$ 8,579,942</b>
 <b>TANF/Innovative Backpack Programs</b>	
Purchase of Food and Transportation	\$ 2,392,849
<b>Total Food Program</b>	<b>\$ 20,993,025</b>



**OHIO ASSOCIATION OF FOODBANKS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2019

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**Note 7- Concentration of Credit Risk**

The Association's funds contained in its cash and cash equivalent balances at June 30, 2019 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, 2019, the cash on deposit at Key Bank and Huntington National Bank exceeded this \$250,000 limit by \$11,435 and \$4,303,383, respectively.

**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 \$79,666 were made for the year ended June 30, 2019. 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, 2019.

**Note 10- Liquidity**

Financial assets available for general expenditure, that is, without donor or other restrictions or designations, within twelve months of the consolidated statement of financial position date, comprise the following

Cash	\$	3,635,887
Accounts Receivable		609,068
Less Accrued Payroll and Related Expenses		81,841
Less Accounts Payable		1,544,120
Less Deferred Revenue		95,668
<u>Total</u>	<u>\$</u>	<u>2,523,326</u>

**OHIO ASSOCIATION OF FOODBANKS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Years Ended June 30, 2019

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**Note 10- Liquidity (Continued)**

The Association does not have a formal liquidity policy, but generally maintains assets in liquid form for approximately nine months. The Association has grant commitments for future expenses of approximately \$20,000,000. The Association also has an available credit line of \$400,000 which has not been utilized.

**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, 2019, and the related statement of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 25, 2019.

**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 not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.



**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)**

**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.

*Hemphill Wright & Associates, Inc.*

Westerville, Ohio  
October 25, 2019



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

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 Compliance Supplement* that could have a direct and material effect on each Ohio Association of Foodbanks' major federal programs for the year ended June 30, 2019. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 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 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.

***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 auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2019.



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

***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 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 Ohio Association of Foodbanks' internal control over compliance.

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

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

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

*Hemphill Wright & Associates, Inc.*

Independence, Ohio  
[October 25, 2019]



**Ohio Association of Foobanks**  
**Statement of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2019**

Federal Grantor/Pass-Through Grantor Program Title	Entity Number	Federal CFDA	Disbursements
<b>Department of Health and Human Services Pass-Through Programs</b>			
<b>Passed through Ohio Department of Job &amp; Family Service</b>			
Social Services Block Grant - Core Food Program	G-1819-17-0205	93.667	2,000,000
Temporary Assistance for Needy Families (TANF) - Core Food Program	G-1819-17-0205	93.558	17,050,000
Total Social Services Block Grant & Temporary Assistance for Needy Families			<u>19,050,000</u>
Total Passed through Ohio Department of Job & Family Service			<u>19,050,000</u>
<b>Passed through Ohio Development Services Agency</b>			
Low-Income Home Energy Assistance	18-HA-157	93.558	8,400
Low-Income Home Energy Assistance	19-HA-157	93.568	54,445
Total Low-Income Home Energy Assistance			<u>62,845</u>
Total Passed through Ohio Development Services Agency			<u>62,845</u>
<b>Passed through Governor's Office of Faith-Based &amp; Community Initiatives</b>			
Temporary Assistance For Needy Families (TANF)	C-1819-21-0064	93.558	355,943
Temporary Assistance For Needy Families (TANF)	C-1819-21-0795	93.558	2,036,906
Total Temporary Assistance for Needy Families			<u>2,392,849</u>
Total Passed through Governor's Office of Faith-Based & Community Initiatives			<u>2,392,849</u>
<b>Passed through Franklin County Department of Job and Family Services</b>			
Social Service Block Grant (Title XX)	25-18-3101	93.667	78,686
Social Service Block Grant (Title XX)	25-19-3225	93.667	299,414
Total Social Services Block Grant			<u>378,100</u>
Passed through Franklin County Department of Job and Family Services			<u>378,100</u>
Total Department of Health and Human Services Pass-Through Programs			<u>21,883,794</u>
Total Department of Health and Human Services			<u>21,883,794</u>
<b>Corporation for National &amp; Community Service Direct Program</b>			
Volunteers in Service to America	18VS205903	94.013	823,047
Total Volunteers in Service to America			<u>823,047</u>
Total Corporation for National & Community Service Direct Program			<u>823,047</u>
<b>Department Agriculture Pass-Through Programs</b>			
<b>Passed through Ohio Department of Job &amp; Family Services</b>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1819-17-0490	10.561	327,902
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1819-17-0716	10.561	1,156,651
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			<u>1,484,553</u>
Total Passed through Ohio Department of Job & Family Services			<u>1,484,553</u>
<b>Passed through Franklin County Department of Job and Family Services</b>			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	25-18-3101	10.561	24,863
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	25-19-3225	10.561	23,379
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			<u>48,242</u>
Total Passed through Franklin County Department of Job and Family Services			<u>48,242</u>
Total Department Agriculture Pass-Through Programs			<u>1,532,795</u>
Total Department of Agriculture			<u>1,532,795</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u>\$ 24,239,636</u>

## **OHIO ASSOCIATION OF FOODBANKS**

Notes to the Schedule of Expenditures of Federal Awards

For the Years Ended June 30, 2019

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### **Note A - Basis of Presentation**

The accompanying schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Ohio Association of Foodbanks, non-profit under programs of the federal government for the year ended June 30, 2019. The information on 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 the non-profit, it is not intended to and does not present the financial position, changes in net assets or cash flows of the non-profit.

### **Note B - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

### **Note C - Indirect Cost Rate Election**

The non-profit does not take a de minimis rate and receives a straight 5% administrative fee to cover both direct and indirect expenses.

### **Note D - Payments to Subrecipients**

The non-profit passes certain federal awards received from the Federal Government to other non-profits. The non-profit reports expenditures of Federal awards to subrecipients when paid in cash. The subrecipients are listed in the following table, to which the non-profit paid \$19,114,993 during fiscal year 2019. These payments were included in the schedule of federal expenditures of federal awards under grants G-1819-17-0205 (Title XX), G-1819-17-0205 (TANF), and G-1819-17-0716; G-1819-17-0490 (Supplemental Nutrition Assistance Program), CFDA Number 93.667, 93.558 and 10.561.

### **Note E - Matching Requirements**

Certain Federal programs require the non-profit to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The non-profit has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



**OHIO ASSOCIATION OF FOODBANKS**

Notes to the Schedule of Expenditures of Federal Awards

For the Years Ended June 30, 2019

## CFDA Federal Grant Distribution By Subrecipient

<u>ORGANIZATION</u>	<u>Title XX 93.667</u>	<u>TANF 93.558</u>	<u>SNAP 10.561</u>	<u>TOTAL</u>
Akron-Canton Regional Foodbank	\$ 228,324	\$ 1,946,434	\$ 36,735	\$ 2,211,493
Greater Cleveland Food Bank	333,863	2,846,160	731,272	3,911,295
The Foodbank	127,160	1,084,033		1,211,193
Freestore Foodbank	225,963	1,926,320	233,172	2,385,455
Mid-Ohio Foodbank	407,615	3,474,432	117,330	3,999,377
Clark, Champaign and Logan	34,267	292,125		326,392
Foodbank of the Mahoning Valley	93,277	795,182		888,459
Foodbank of North Central	69,422	591,819		661,241
Southeast Ohio Foodbank	64,359	548,656		613,015
Shared Harvest Foodbank	100,310	855,133	79,248	1,034,691
Toledo Northwestern Ohio Food Bank	129,601	1,104,840		1,234,441
West Ohio Food Bank	66,976	570,965		637,941
<b>TOTAL</b>	<u>\$ 1,881,137</u>	<u>\$ 16,036,099</u>	<u>\$ 1,197,757</u>	<u>\$ 19,114,993</u>

**OHIO ASSOCIATION OF FOODBANKS**  
 Schedule of Findings and Questioned Costs  
 For the Years Ended June 30, 2019

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**Section I – Summary of Auditor’s Results**

***Financial Statements***

Type of auditor’s report issued:

**Unmodified**

Internal control over financial reporting:

- Material weakness(es) identified?            yes       **X**       no
- Significant deficiency(ies) identified?            yes       **X**       none reported

Noncompliance material to financial statements noted?

           yes       **X**       no

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified?            yes       **X**       no
- Significant deficiency(ies) identified?            yes       **X**       none reported

Type of auditor’s report issued on compliance for major programs:

**Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?

           yes       **X**       no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
93.558	Temporary Administrative Matching Grants for the Supplemental Nutrition Assistance Program
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program
94.013	Volunteers in Services to America
93.667	Social Services Block Grant

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

\$ 750,000

Auditee qualified as low-risk auditee?

      **X**       yes            no

**OHIO ASSOCIATION OF FOODBANKS**

Notes to the Schedule of Expenditures of Federal Awards  
For the Years Ended June 30, 2019

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**SECTION II - Financial Statement Findings**

None

**Section III - Federal Award Findings and Questioned Costs**

None