

OHIO ASSOCIATION OF FOODBANKS

FINANCIAL STATEMENTS

For the Years Ended June 30, 2021 and June 30, 2020

(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, 2021 and 2020, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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, 2021 and 2020, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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 November 22, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Ohio Association of Foodbanks' 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.

HWA Alliance of CPA Firms, Inc.

Westerville, Ohio
November 22, 2021



Ohio Association of Foodbanks
Statement of Financial Position
June 30, 2021 and 2020

<i>Assets</i>		
	2021	2020
Cash and Cash Equivalents (Note 2)	\$ 5,433,655	\$ 3,728,823
Grants & Accounts Receivable	1,124,047	3,989,971
TOTAL ASSETS	\$ 6,557,702	\$ 7,718,794

<i>Liabilities and Net Assets</i>		
Accounts Payable	\$ 127,683	\$ 3,474,635
Accrued Wages and Payroll Taxes	229,441	111,743
Deferred Revenue	1,023,124	666,496
Capital Lease Obligations (Note 4)	-	92
TOTAL LIABILITIES	1,380,248	4,252,966

Net Assets:

Without Donor Restrictions

Designated by Board	492,000	492,000
Undesignated	4,450,454	2,823,828
Total Net Assets Without Donor Restrictions	4,942,454	3,315,828
Net Assets With Donor Restrictions	235,000	150,000
TOTAL NET ASSETS	5,177,454	3,465,828

TOTAL LIABILITIES AND NET ASSETS	\$ 6,557,702	\$ 7,718,794
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Ohio Association of Foodbanks

Statement of Activities

For the Year Ended June 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Public Support			
Governmental Revenue	\$ 30,616,543	\$ -	\$ 30,616,543
Foundation Revenue	551,078	100,000	651,078
Membership Dues	244,401	-	244,401
Donations	316,840	-	316,840
Total Public Support Revenue	31,728,862	100,000	31,828,862
Other Revenue			
Interest Income	2,561	-	2,561
Other	758,586	-	758,586
Total Other Revenue	761,147	-	761,147
Released from Restrictions	15,000	(15,000)	-
TOTAL REVENUE AND OTHER SUPPORT	32,505,009	85,000	32,590,009
EXPENSES			
Program Expenses			
Ohio Food Programs	26,233,100	-	26,233,100
Other Programs	3,513,662	-	3,513,662
Total Program Expenses	29,746,762	-	29,746,762
Support Services			
General and Management	1,131,621	-	1,131,621
Total Support Services	1,131,621	-	1,131,621
TOTAL EXPENSES	30,878,383	-	30,878,383
Change in Net Assets	1,626,626	85,000	1,711,626
Net Assets at Beginning of Year	3,315,828	150,000	3,465,828
Net Assets at End of Year	\$ 4,942,454	\$ 235,000	\$ 5,177,454

Ohio Association of Foodbanks

Statement of Activities

For the Year Ended June 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE AND OTHER SUPPORT			
Public Support			
Governmental Revenue	\$ 35,722,526	\$ -	\$ 35,722,526
Foundation Revenue	-	90,000	90,000
Membership Dues	245,499	-	245,499
Donations	97,172	-	97,172
Total Public Support Revenue	36,065,197	90,000	36,155,197
Other Revenue			
Interest Income	10,939	-	10,939
Other	1,058,923	-	1,058,923
Total Other Revenue	1,069,862	-	1,069,862
Released from Restrictions	15,000	(15,000)	-
TOTAL REVENUE AND OTHER SUPPORT	37,150,059	75,000	37,225,059
EXPENSES			
Program Expenses			
Ohio Food Programs	32,469,930	-	32,469,930
Other Programs	2,771,028	-	2,771,028
Total Program Expenses	35,240,958	-	35,240,958
Support Services			
General and Management	1,039,827	-	1,039,827
Total Support Services	1,039,827	-	1,039,827
TOTAL EXPENSES	36,280,785	-	36,280,785
Change in Net Assets	869,274	75,000	944,274
Net Assets at Beginning of Year	2,446,554	75,000	2,521,554
Net Assets at End of Year	\$ 3,315,828	\$ 150,000	\$ 3,465,828

Ohio Association of Foodbanks
Statement of Functional Expenses
For the Year Ended June 30, 2021

	PROGRAM EXPENSES			SUPPORT SERVICES	Total
	Ohio Food Program	Other Programs	Subtotal Programs	General & Management	
Wages and Salaries	\$ 251,867	\$ 506,674	\$ 758,541	\$ 431,470	\$ 1,190,011
Fringe Benefits - Employees	56,613	178,275	234,888	98,234	333,122
Payroll Taxes - Employees	21,654	43,761	65,415	23,183	88,598
Living Allowance/Stipends - National Service	-	673,797	673,797	-	673,797
Payroll Taxes - National Service	-	1,080	1,080	-	1,080
Accounting Services	6,460	25,637	32,097	4,421	36,518
Consulting	-	-	-	10,556	10,556
Marketing/PR Consulting	-	-	-	63,614	63,614
Legal Fees	-	-	-	7,418	7,418
Training - Employee	-	337	337	-	337
Training - Inservice - National Service	-	1,500	1,500	-	1,500
Meeting & Conference Expenses	-	-	-	1,411	1,411
Program Expenses	-	603,773	603,773	79,226	682,999
Office Supplies	597	1,584	2,181	425	2,606
Printing & Copying	45	146	191	903	1,094
Publications	-	-	-	9,695	9,695
Postage	1,189	3,097	4,286	893	5,179
Advertising	-	20,392	20,392	15,477	35,869
Membership Dues	-	-	-	31,038	31,038
Rent	18,916	50,541	69,457	12,401	81,858
Telephone	3,603	10,226	13,829	11,808	25,637
Insurance	-	-	-	25,722	25,722
Travel	273	921	1,194	908	2,102
Equipment & Software Purchases	-	-	-	257,386	257,386
Interest Expense/ Bank & Collection Fees	-	-	-	451	451
Miscellaneous Expense	-	-	-	44,981	44,981
Grants to Foodbanks	-	1,391,921	1,391,921	-	1,391,921
Grants to Agencies	499,955	-	499,955	-	499,955
Shelf Stable and Protein (Note 6)	13,508,854	-	13,508,854	-	13,508,854
Agricultural Surplus (Note 6)	7,313,245	-	7,313,245	-	7,313,245
TANF / Innovative Backpack Programs (Note 6)	1,908,521	-	1,908,521	-	1,908,521
OPI	125,224	-	125,224	-	125,224
Best Buy	280,552	-	280,552	-	280,552
Storage and Distribution (Note 6)	2,235,532	-	2,235,532	-	2,235,532
Total	\$ 26,233,100	\$ 3,513,662	\$ 29,746,762	\$ 1,131,621	\$ 30,878,383

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

	PROGRAM EXPENSES			SUPPORT SERVICES	Total
	Ohio Food Program	Other Programs	Subtotal Programs	General & Management	
Wages and Salaries	\$ 222,875	\$ 505,988	\$ 728,863	\$ 322,147	\$ 1,051,010
Fringe Benefits - Employees	58,326	152,157	210,483	113,729	324,212
Payroll Taxes - Employees	19,834	43,743	63,577	23,974	87,551
Living Allowance/Stipends - National Service	-	592,182	592,182	-	592,182
Payroll Taxes - National Service	-	1,013	1,013	-	1,013
Accounting Services	5,563	24,495	30,058	5,038	35,096
Consulting	-	-	-	18,300	18,300
Marketing/PR Consulting	-	-	-	63,649	63,649
Legal Fees	-	-	-	10,100	10,100
Training - Employee	-	-	-	1,400	1,400
Meeting & Conference Expenses	1,170	1,437	2,607	4,521	7,128
Program Expenses	12,000	143,793	155,793	34,973	190,766
Office Supplies	700	1,900	2,600	1,668	4,268
Printing & Copying	-	940	940	7,467	8,407
Publications	-	-	-	10,414	10,414
Postage	3,439	9,139	12,578	2,380	14,958
Advertising	-	2,771	2,771	422	3,193
Membership Dues	-	-	-	14,085	14,085
Rent	16,968	50,074	67,042	17,066	84,108
Telephone	4,532	12,113	16,645	12,488	29,133
Insurance	-	-	-	26,207	26,207
Travel	74	3,584	3,658	17,149	20,807
Equipment & Software Purchases	-	-	-	258,672	258,672
Depreciation	-	-	-	11,274	11,274
Interest Expense/ Bank & Collection Fees	-	-	-	1,219	1,219
Miscellaneous Expense	-	-	-	61,485	61,485
Grants to Foodbanks	-	1,225,699	1,225,699	-	1,225,699
Grants to Agencies	495,638	-	495,638	-	495,638
Shelf Stable and Protein (Note 6)	13,043,151	-	13,043,151	-	13,043,151
Agricultural Surplus (Note 6)	7,400,502	-	7,400,502	-	7,400,502
TANF / Innovative Backpack Programs (Note 6)	7,154,181	-	7,154,181	-	7,154,181
OPI	81,893	-	81,893	-	81,893
FEMA	969,154	-	969,154	-	969,154
Best Buy	697,922	-	697,922	-	697,922
Storage and Distribution	2,235,532	-	2,235,532	-	2,235,532
Freight	46,476	-	46,476	-	46,476
Total	\$ 32,469,930	\$ 2,771,028	\$ 35,240,958	\$ 1,039,827	\$ 36,280,785

Ohio Association of Foodbanks
Statement of Cash Flows
For the Years Ended June 30, 2021 and 2020

	<u>2021</u>	<u>2020</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 1,711,626	\$ 944,274
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation Expense	-	11,275
Change in Assets:		
Grants & Accounts Receivable	2,865,924	(3,380,903)
Change in Liabilities:		
Accounts Payable	(3,346,952)	1,930,515
Accrued Wages and Payroll Taxes	117,698	29,902
Deferred Revenue	356,628	570,828
Net Cash Provided by Operating Activities	1,704,924	105,891
Cash Flows from Investing Activities		
Net Cash Provided by Investing Activities	-	-
Cash Flows from Financing Activities		
Payments on Capital Lease Obligations	(92)	(12,955)
Net Cash Used in Financing Activities	(92)	(12,955)
Net Change in Cash and Cash Equivalents	1,704,832	92,936
Cash and Cash Equivalents at Beginning of Year	3,728,823	3,635,887
Cash and Cash Equivalents at End of Year	\$ 5,433,655	\$ 3,728,823
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Interest	\$ -	\$ 1,219

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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, 2021 of \$235,000 and net assets with restrictions as of June 30, 2020 of \$150,000.00

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, 2021 and 2020 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.

Membership Dues

Membership dues are paid based on Feeding America Goal Factors issued annually. As of June 30, 2021 and 2020, dues totaled \$244,401 and \$245,499 each year respectively, 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, 2021 and 2020, deferred revenue for the Association was \$1,023,124 and \$666,496 respectively.

New Accounting Pronouncements

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 Topic 958 implementation was delay for private companies and nonprofit organizations beginning after December 15, 2021 as part of the ASU 2020-05 issued in June 2020.

Note 2 – Summary of Significant Accounting Policies (Continued)

New Accounting Pronouncements

In May 2014, the FASB (“the Board”) issued Accounting Standards Update (“ASU”) 2014-09, Revenue from Contracts with Customer (Topic 606). Under this standard, a company recognizes revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. The standard implements a five-stop process for customer contract revenue recognition that focuses on transfer of control. Entities may elect to adopt the guidance for annual reporting periods beginning after December 15, 2020, based on the update ASU 2020-05, issued by the Board in January 2020. Entities can transition to the standard either retrospectively or as a cumulative-effect adjustment as of the date of adaptation.

As of December 30, 2020, the Organization adopted ASC 606 using the full retrospective method. As a result, the Organization evaluated the impact of the new revenue recognition model on their operation to determine if changes were required to comply with these requirements. The conclusion is that there is no change to the amount and timing of revenue recognition. The Organization’s major source of revenue are from grants and contributions, which the FASB has scoped out of ASC 606. Due to the nature of these revenue streams, they are considered non-reciprocal transactions and there is no customer.

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 – 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.

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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 November 22, 2021, 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:

	2021	2020
Equipment	\$ 161,762	\$ 161,762
Vehicles	25,000	25,000
Total Equipment and Vehicles	186,762	186,762
Less: Accumulated Depreciation	(186,762)	(186,762)
Equipment and Vehicles, Net	\$ -	\$ -

Depreciation expense for the years ended June 30, 2021 and 2020 was \$0 and \$11,275 respectively.

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

Note 4 – Lease Commitments

Operating Leases

The Association leases office space. Rent expense for the year ended June 30, 2021 totaled \$81,858.

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

For the Year Ended June 30,	Amount
2022	\$ 84,805
2023	87,349
2024	89,969
2025	92,668
2026	95,448
2027	32,771
Total	\$ 483,010

Note 5 – Ohio Food Program and Agricultural Clearance Program

In 2021, the Association received a \$24,550,000 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), \$11,411,250 to purchase food products, storage and distribution for local food distribution agencies; 2) The Agricultural Clearance Program (ACP), \$11,411,250 to strengthen the emergency food distribution system; 3) Capacity Building, \$500,000; and 3) Administration, \$1,227,500.

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 75% of the Association's total revenue.

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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:

Shelf Stable and Protein	2021	2020
Food Purchases for Foodbanks	\$ 13,508,854	\$ 13,057,317
Storage & Distribution of Food Purchases	1,010,766	1,010,766
Pantry Trak Expenses	107,000	107,000
Total	\$ 14,626,620	\$ 14,175,083
Agricultural Surplus		
Purchase of Commodities for Consumption	\$ 7,313,245	\$ 7,408,537
Storage and Distribution of Commodities	1,010,766	1,010,766
Pantry Trak Expenses	107,000	107,000
Total	\$ 8,431,011	\$ 8,526,303
TANF/Innovative Backpack Programs		
Purchase of Food and Transportation	\$ 1,908,521	\$ 7,154,181
Total Food Program	\$ 24,966,152	\$ 29,855,567

Note 7- Concentration of Credit Risk

The Association’s funds contained in its cash and cash equivalent balances at June 30, 2021 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, 2021, the cash on deposit at Fifth Third Bank, Key Bank and Huntington National Bank exceeded this \$250,000 limit by \$91,624, \$11,662 and \$4,001,971, respectively.

At June 30, 2020, the cash on deposit at Fifth Third Bank, Key Bank and Huntington National Bank exceeded this \$250,000 limit by \$91,590, \$11,636 and \$3,031,097 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 \$75,175 and \$73,598 were made for the year ended June 30, 2021 and 2020 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.

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2021 and 2020

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, 2021 and 2020.

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	\$	5,433,655
Accounts Receivable		1,124,047
Less Accrued Payroll and Related Expenses		(229,441)
Less Accounts Payable		(127,683)
Less Deferred Revenue		(1,023,124)
Total	\$	5,177,454

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 \$46,025,000. The Association also has an available credit line of \$750,000 which has not been utilized.

Note 11- PPP Loan

On April 29, 2020, the organization secured a Paycheck Protection Loan for \$196,000. Principal and interest are deferred until August 14, 2021. Interest on the loan accrues at 1% during the deferral period. Following the deferral period, the loan must be paid over 18 months. However, if certain criteria are met within the first 8 weeks (extended to 24 weeks) of obtaining the loan proceeds, the portion of the loan utilized and accrued interest will be forgiven contingent upon bank review and approval by the Small Business Loan Association. On February 10, 2021, Ohio Association of Foodbanks received the decision from Small Business Administration (SBA) that loan has now been fully forgiven.

**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, 2021, 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 November 22, 2021.

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

Purpose of 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.

HWA Alliance of CPA Firms, Inc.

Westerville, Ohio
November 22, 2021





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, 2021. 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 major federal programs for the year ended June 30, 2021.



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.

HWA Alliance of CPA Firms, Inc.

Independence, Ohio
November 22, 2021



Ohio Association of Foodbanks
Statement of Expenditures of Federal Awards
For the Year Ended June 30, 2021

Federal Grantor/Pass-Through Grantor Program Title	Entity Number	Federal CFDA	Disbursements
Department of Health and Human Services Pass-Through Programs			
Passed through Ohio Department of Job & Family Service			
Social Services Block Grant - Core Food Program	G-2021-17-0120	93.667	2,000,000
Temporary Assistance for Needy Families (TANF) - Core Food Program	G-2021-17-0120	93.558	22,050,000
Total Social Services Block Grant & Temporary Assistance for Needy Families			24,050,000
Total Passed through Ohio Department of Job & Family Service			24,050,000
Passed through Ohio Development Services Agency			
Low-Income Home Energy Assistance	20-HA-157	93.558	11,267
Low-Income Home Energy Assistance	21-HA-157	93.568	61,128
Total Low-Income Home Energy Assistance			72,395
Total Passed through Ohio Development Services Agency			72,395
Passed through Governor's Office of Faith-Based & Community Initiatives			
Temporary Assistance For Needy Families (TANF)	C-2021-21-0447	93.558	2,368,360
Total Temporary Assistance for Needy Families			2,368,360
Total Passed through Governor's Office of Faith-Based & Community Initiatives			2,368,360
Passed through Franklin County Department of Job and Family Services			
Social Service Block Grant (Title XX)	25-20-3385	93.667	90,536
Social Service Block Grant (Title XX)	25-21-3504	93.667	309,436
Total Social Services Block Grant			399,972
Passed through Franklin County Department of Job and Family Services			399,972
Total Department of Health and Human Services Pass-Through Programs			26,890,727
Total Department of Health and Human Services			26,890,727
Corporation for National & Community Service Direct Program			
Volunteers in Service to America	15V5NOH008	94.013	857,476
Total Volunteers in Service to America			857,476
Total Corporation for National & Community Service Direct Program			857,476
Department Agriculture Pass-Through Programs			
Passed through Ohio Department of Job & Family Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1819-17-0393	10.561	228,232
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-2021-17-0784	10.561	1,375,938
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			1,604,170
TEFAP Farm-to-Foodbank Program	G-2021-17-0900	10.568	217,165
Total TEFAP Farm-to-Foodbank Program			217,165
Total Passed through Ohio Department of Job & Family Services			1,821,335
Passed through Franklin County Department of Job and Family Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	25-20-3385	10.561	4,000
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	25-21-3504	10.561	80,322
Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program			84,322
Total Passed through Franklin County Department of Job and Family Services			84,322
Total Department Agriculture Pass-Through Programs			1,905,657
Total Department of Agriculture			1,905,657
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 29,653,860

OHIO ASSOCIATION OF FOODBANKS

Notes to the Schedule of Expenditures of Federal Awards
For the Years Ended June 30, 2021 and 2020

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, 2021. 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 \$24,516,240 during fiscal year 2021. These payments were included in the schedule of federal expenditures of federal awards under grants G-2021-17-0120 (Title XX), G-2021-17-0120 (TANF), and G-2021-17-0103; G-2021-17-0393 (Supplemental Nutrition Assistance Program), CFDA Number 93.667, 93.558, 10.561 and 10.568.

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 Year Ended June 30, 2021

2021 CFDA Federal Grant Distribution By Subrecipient

ORGANIZATION	Title XX		Title XX Capacity		TANF - GOFBCI		Farm to		SNAP		TOTAL			
	93.667		93.558	Building	93.667	Summer Meals	Foodbank	10.568	10.561					
Akron-Canton Regional Foodbank	\$	180,080	\$	2,516,760	\$	60,945	\$	13,985	\$	-	\$	2,771,770		
Greater Cleveland Food Bank		248,411		3,726,706		89,790		16,527		878,121		4,959,555		
The Foodbank		94,824		1,386,438		34,275		28,470		8,483		1,552,490		
Freestore Foodbank		165,178		2,445,013		59,705		67,123		17,405		2,984,216		
Mid-Ohio Foodbank		297,850		4,868,062		107,660		44,578		158,595		5,476,745		
Clark, Champaign and Logan		24,775		362,234		8,955		7,700		-		403,664		
Foodbank of the Mahoning Valley		69,358		1,014,092		25,070		13,985		-		1,122,505		
Foodbank of North Central		53,008		775,030		19,160		14,007		12,120		873,325		
Southeast Ohio Foodbank		39,521		577,834		14,285		11,830		-		643,470		
Shared Harvest Foodbank		74,933		1,095,600		27,085		13,860		54,758		1,266,236		
Toledo Northwestern Ohio Food Bank		97,065		1,419,203		35,085		7,560		-		1,558,913		
West Ohio Food Bank		49,632		725,681		17,940		14,410		-		807,663		
Licking County food Pantry Network		-		-		-		5,040		-		5,040		
COAD		-		-		-		16,000		-		16,000		
Adams Brown CAC		-		-		-		19,018		-		19,018		
St. Francis Center		-		-		-		4,130		-		4,130		
Pike County CAC		-		-		-		19,800		-		19,800		
Meigs Local Schools		-		-		-		7,700		-		7,700		
Potters House		-		-		-		13,700		-		13,700		
Ross County CAC		-		-		-		10,300		-		10,300		
TOTAL	\$	1,394,635	\$	20,912,653	\$	499,955	\$	169,601	\$	197,527	\$	1,341,869	\$	24,516,240

OHIO ASSOCIATION OF FOODBANKS
 Schedule of Findings and Questioned Costs
 For the Years Ended June 30, 2021 and 2020

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
93.667	Social Services Block Grant

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

\$ 889,616

Auditee qualified as low-risk auditee?

 X yes no

OHIO ASSOCIATION OF FOODBANKS
Schedule of Findings and Questioned Costs
For the Years Ended June 30, 2021 and 2020

SECTION II - Financial Statement Findings

None

Section III - Federal Award Findings and Questioned Costs

None