

OHIO ASSOCIATION OF FOODBANKS

FINANCIAL STATEMENTS

For the Years Ended June 30, 2017 and 2016

(With Independent Auditors' Report Thereon)

OHIO ASSOCIATION OF FOODBANKS

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of Ohio Association of Foodbanks (a nonprofit organization), which comprise the statements of financial position as of June 30, 2017 and 2016, 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, 2017 and 2016, 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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2017, 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 2, 2017

OHIO ASSOCIATION OF FOODBANKS
Statements of Financial Position
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current Assets		
Cash and Cash Equivalents (Note 2)	\$ 2,997,544	\$ 2,235,063
Grants & Accounts Receivable	982,070	1,005,569
Employee Advances	-	2,507
Total Current Assets	3,979,614	3,243,139
Other Assets		
Equipment & Vehicles (Net) (Note 3)	57,544	66,938
TOTAL ASSETS	\$ 4,037,158	\$ 3,310,077
 LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 1,608,293	\$ 1,289,944
Accrued Wages and Payroll Taxes	103,162	81,862
Deferred Revenue	518,993	368,774
Capital Lease Obligations - Current Portion (Note 4)	11,229	22,026
Total Current Liabilities	2,241,677	1,762,606
Long-Term Liabilities		
Capital Lease Obligations - Long-Term Portion (Note 4)	23,219	11,832
Total Long-Term Liabilities	23,219	11,832
TOTAL LIABILITIES	2,264,896	1,774,438
 NET ASSETS		
Total Unrestricted		
Designated by Board	492,000	492,000
Undesignated	1,101,596	1,021,287
Total Unrestricted	1,593,596	1,513,287
Total Temporarily Restricted	178,666	22,352
TOTAL NET ASSETS	1,772,262	1,535,639
 TOTAL LIABILITIES AND NET ASSETS	 \$ 4,037,158	 \$ 3,310,077

See Accompanying Notes to Financial Statements

OHIO ASSOCIATION OF FOODBANKS
Statement of Activities
For the Year Ended June 30, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Public Support			
Governmental Revenue	\$ 27,743,970	\$ -	\$ 27,743,970
Foundation Revenue	-	178,666	178,666
Membership Dues	195,004	-	195,004
Donations	222,652	-	222,652
	<u>28,161,626</u>	<u>178,666</u>	<u>28,340,292</u>
Other Revenue			
Interest Income	3,680	-	3,680
Other	180,762	-	180,762
Gain in Disposal of Equipment	1,098	-	1,098
Released from Restrictions	22,352	(22,352)	-
	<u>207,892</u>	<u>(22,352)</u>	<u>185,540</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>28,369,518</u>	<u>156,314</u>	<u>28,525,832</u>
EXPENSES			
Program Expenses			
Ohio Food Program	21,145,609	-	21,145,609
Ohio Benefit Bank	5,432,105	-	5,432,105
National Service	627,123	-	627,123
Total Program Expenses	<u>27,204,837</u>	<u>-</u>	<u>27,204,837</u>
General and Management	1,084,372	-	1,084,372
TOTAL EXPENSES	<u>28,289,209</u>	<u>-</u>	<u>28,289,209</u>
Change in Net Assets	80,309	156,314	236,623
Net Assets at Beginning of Year	<u>1,513,287</u>	<u>22,352</u>	<u>1,535,639</u>
Net Assets at End of Year	<u>\$ 1,593,596</u>	<u>\$ 178,666</u>	<u>\$ 1,772,262</u>

See Accompanying Notes to Financial Statements

OHIO ASSOCIATION OF FOODBANKS
Statement of Activities
For the Year Ended June 30, 2016

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND OTHER SUPPORT			
Public Support			
Governmental Revenue	\$ 29,077,700	\$ -	\$ 29,077,700
Foundation Revenue	-	389,115	389,115
Membership Dues	162,568	-	162,568
Donations	109,948	-	109,948
	<u>29,350,216</u>	<u>389,115</u>	<u>29,739,331</u>
Other Revenue			
Interest Income	1,258	-	1,258
Other	193,266	-	193,266
Released from Restrictions	366,763	(366,763)	-
	<u>561,287</u>	<u>(366,763)</u>	<u>194,524</u>
TOTAL REVENUE AND OTHER SUPPORT	<u>29,911,503</u>	<u>22,352</u>	<u>29,933,855</u>
EXPENSES			
Program Expenses			
Ohio Food Program	21,325,078	-	21,325,078
Ohio Benefit Bank	6,742,617	-	6,742,617
National Service	540,572	-	540,572
Total Program Expenses	<u>28,608,267</u>	<u>-</u>	<u>28,608,267</u>
General and Management	976,535	-	976,535
TOTAL EXPENSES	<u>29,584,802</u>	<u>-</u>	<u>29,584,802</u>
Change in Net Assets	326,701	22,352	349,053
Net Assets at Beginning of Year	<u>1,186,586</u>	<u>-</u>	<u>1,186,586</u>
Net Assets at End of Year	<u>\$ 1,513,287</u>	<u>\$ 22,352</u>	<u>\$ 1,535,639</u>

See Accompanying Notes to Financial Statements

OHIO ASSOCIATION OF FOODBANKS
Statement of Functional Expenses
For the Year Ended June 30, 2017

	Ohio Food Program	Ohio Benefit Bank	National Service	Subtotal Programs	General & Management	Total
Wages and Salaries	\$ 322,464	\$ 892,483	\$ 113,497	\$ 1,328,444	\$ 339,030	\$ 1,667,474
Fringe Benefits - Employees	85,888	286,233	18,641	390,762	141,099	531,861
Payroll Taxes - Employees	27,197	77,658	9,893	114,748	25,205	139,953
Living Allowance/Stipends - National Service	-	59,926	401,363	461,289	22,318	483,607
Payroll Taxes - National Service	-	230	1,259	1,489	-	1,489
Accounting Services	4,396	22,746	7,903	35,045	15,445	50,490
Marketing/PR Consulting	-	-	-	-	60,667	60,667
Legal Fees	-	-	-	-	32,705	32,705
Training - Employee	1,275	25	374	1,674	129	1,803
Training - Inservice - National Service	-	-	480	480	-	480
Meeting & Conference Expenses	1,417	3,725	15,266	20,408	14,177	34,585
Program Expenses	1,484	186,407	12,160	200,051	77,375	277,426
Office Supplies	1,302	6,174	-	7,476	2,170	9,646
Printing & Copying	214	6,439	346	6,999	10,176	17,175
Publications	-	-	-	-	4,296	4,296
Postage	1,209	8,724	-	9,933	1,018	10,951
Advertising	-	29,861	-	29,861	292	30,153
Membership Dues	-	-	-	-	70,054	70,054
Rent	22,007	102,432	10,813	135,252	15,365	150,617
Telephone	9,140	42,748	-	51,888	12,027	63,915
Insurance	-	-	-	-	17,408	17,408
Travel	4,337	21,841	35,083	61,261	26,930	88,191
Equipment & Software Purchases	329	7,045	45	7,419	165,156	172,575
Depreciation	-	-	-	-	21,732	21,732
Bad Debt Expense	-	-	-	-	2,507	2,507
Interest Expense/ Bank & Collection Fees	-	-	-	-	4,062	4,062
Miscellaneous Expense	-	976	-	976	3,029	4,005
Ohio Benefit Bank Software Support/Development	-	1,050,000	-	1,050,000	-	1,050,000
Grants to Foodbanks	-	1,116,807	-	1,116,807	-	1,116,807
Grants to Agencies	-	1,509,625	-	1,509,625	-	1,509,625
Shelf Stable and Protein (Note 6)	10,002,946	-	-	10,002,946	-	10,002,946
Agricultural Surplus (Note 6)	8,530,542	-	-	8,530,542	-	8,530,542
TANF / Innovative Backpack Programs (Note 6)	1,901,567	-	-	1,901,567	-	1,901,567
OPI	81,070	-	-	81,070	-	81,070
Best Buy	130,550	-	-	130,550	-	130,550
Freight	16,275	-	-	16,275	-	16,275
Total	\$ 21,145,609	\$ 5,432,105	\$ 627,123	\$ 27,204,837	\$ 1,084,372	\$ 28,289,209

See Accompanying Notes to Financial Statements

OHIO ASSOCIATION OF FOODBANKS
Statement of Functional Expenses
For the Year Ended June 30, 2016

	Ohio Food Program	Ohio Benefit Bank	National Service	Subtotal Programs	General & Management	Total
Wages and Salaries	\$ 170,348	\$ 1,121,799	\$ 103,069	\$ 1,395,216	\$ 346,801	\$ 1,742,017
Fringe Benefits - Employees	60,371	345,922	38,885	445,178	105,884	551,062
Payroll Taxes - Employees	13,900	96,115	6,211	116,226	30,193	146,419
Living Allowance/Stipends - National Service	-	60,492	365,271	425,763	-	425,763
Payroll Taxes - National Service	-	756	2,688	3,444	-	3,444
Accounting Services	5,226	32,238	10,009	47,473	6,929	54,402
Marketing/PR Consulting	-	40,000	-	40,000	54,908	94,908
Legal Fees	-	-	-	-	30,759	30,759
Program Evaluation	-	39,621	-	39,621	-	39,621
Training - Employee	106	1,639	17	1,762	1,388	3,150
Training - Inservice - National Service	-	-	-	-	242	242
Meeting & Conference Expenses	409	12,496	-	12,905	18,477	31,382
Program Expenses	3,122	199,098	-	202,220	124,230	326,450
Office Supplies	1,318	13,442	-	14,760	2,511	17,271
Printing & Copying	3,221	12,798	-	16,019	6,489	22,508
Publications	-	-	-	-	4,495	4,495
Postage	517	10,864	-	11,381	1,024	12,405
Advertising	-	82,397	-	82,397	12,152	94,549
Membership Dues	-	25	-	25	33,651	33,676
Rent	18,105	102,695	-	120,800	28,779	149,579
Telephone	5,355	47,141	-	52,496	15,379	67,875
Insurance	-	-	-	-	15,696	15,696
Travel	5,011	81,905	14,422	101,338	43,766	145,104
Equipment & Software Purchases	-	9,948	-	9,948	33,949	43,897
Depreciation	-	-	-	-	31,148	31,148
Bad Debt Expense	-	-	-	-	6,589	6,589
Interest Expense/ Bank & Collection Fees	-	-	-	-	8,376	8,376
Miscellaneous Expense	-	2,966	-	2,966	12,720	15,686
Ohio Benefit Bank Software Support/Development	-	1,805,000	-	1,805,000	-	1,805,000
Grants to Foodbanks	-	733,122	-	733,122	-	733,122
Grants to Agencies	-	1,890,138	-	1,890,138	-	1,890,138
Shelf Stable and Protein (Note 6)	9,550,269	-	-	9,550,269	-	9,550,269
Agricultural Surplus (Note 6)	9,430,330	-	-	9,430,330	-	9,430,330
TANF / Innovative Backpack Programs (Note 6)	1,977,649	-	-	1,977,649	-	1,977,649
OPI	7,281	-	-	7,281	-	7,281
Best Buy	56,140	-	-	56,140	-	56,140
Freight	16,400	-	-	16,400	-	16,400
Total	\$ 21,325,078	\$ 6,742,617	\$ 540,572	\$ 28,608,267	\$ 976,535	\$ 29,584,802

See Accompanying Notes to Financial Statements

OHIO ASSOCIATION OF FOODBANKS
Statements of Cash Flows
For the Years Ended June 30, 2017 and 2016

	2017	2016
Cash Flows from Operating Activities		
Change in Net Assets	\$ 236,623	\$ 349,053
Adjustments to Reconcile Change in Net Assets to Net Cash (Used in) Provided by Operating Activities		
Depreciation Expense	21,732	31,148
Gain on Disposal of Fixed Assets	(1,098)	
Change in Assets:		
Grants & Accounts Receivable	23,499	342,181
Deposits	-	20,132
Employee Advances	2,507	(1,114)
Prepaid Expense	-	64
Change in Liabilities:		
Accounts Payable	318,349	415,479
Accrued Wages and Payroll Taxes	21,300	(108,440)
Deferred Revenue	150,219	231,528
Net Cash Provided by Operating Activities	773,131	1,280,031
Cash Flows from Investing Activities		
Capital Expenditures	(10,650)	(20,178)
Net Cash Used in Investing Activities	(10,650)	(20,178)
Cash Flows from Financing Activities		
Payments on Capital Lease Obligations	-	-
Net Cash Used in Financing Activities	-	-
Net Change in Cash and Cash Equivalents	762,481	1,259,853
Cash and Cash Equivalents at Beginning of Year	2,235,063	975,210
Cash and Cash Equivalents at End of Year	\$ 2,997,544	\$ 2,235,063
Supplemental Disclosures of Cash Flow Information		
Cash Paid During the Year for Interest	\$ 4,062	\$ 8,376

See Accompanying Notes to Financial Statements

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and June 30, 2016

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) Unrestricted net assets represent the portion of expendable funds that is available for support of the Association.
- 2) Temporarily restricted net assets are limited as to use by donor-imposed restrictions that either expire by passage of time or that can be fulfilled or removed by actions of the Association. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. There were temporarily restricted net assets as of June 30, 2016 of \$178,666 and temporary restricted net assets for 2016 of \$22,352.
- 3) Permanently restricted net assets are subject to donor-imposed restrictions which do not expire. Generally, the providers of these funds restrict the Association to maintain the principal in perpetuity and invest for the purposes of producing present and future income that may be expended by the Association. There were no permanently restricted net assets as of June 30, 2017 and 2016.

Board Designated Net Assets

The Board of Directors of the Association have designated net assets to be used as a reserve for general operating expenses in the event of a major loss of funding. Total board designated net assets as of both June 30, 2017 and 2016 were \$492,000.

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and June 30, 2016

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. As of June 30, 2017 and 2016, the grants and accounts receivable balance primarily consisted of funds due from the State of Ohio.

Expense Allocation

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

Equipment

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

Revenue Recognition

Revenues are generally recognized when received by the Association.

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2016 and June 30, 2015

Note 2 - Summary of Significant Accounting Policies (Continued)

Membership Dues

Membership dues are paid based on Feeding America Goal Factors issued annually. As of June 30, 2017 and 2016, dues totaled \$195,004 and \$162,568 each year, respectively, and are paid by each of the 12 Feeding America foodbanks on a quarterly basis.

Use of Estimates

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

Fair Value of Financial Instruments

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

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

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

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

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

Deferred Revenue

Deferred revenue of the Association represents amounts received on grant agreements in advance, which have not been earned at the end of the year. As of June 30, 2017 and 2016, deferred revenue for the Association was \$518,993 and \$368,774 respectively.

Subsequent Events

Generally accepted accounting principles define subsequent events as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through October 2, 2017, the date on which the financial statements were available to be issued.

Reclassifications

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

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and June 30, 2016

NOTE 3 – PROPERTY AND EQUIPMENT

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

	<u>2017</u>	<u>2016</u>
Equipment	\$ 199,426	\$ 199,426
Vehicles	52,289	52,289
Total Equipment and Vehicles	251,715	251,715
Less: Accumulated Depreciation	(156,507)	(184,777)
Equipment and Vehicles, Net	<u>\$ 57,544</u>	<u>\$ 66,938</u>

Depreciation expense for the years ended June 30, 2017 and 2016 was \$21,732 and \$31,148, respectively.

Note 4 – Lease Commitments

Capital Leases

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

At June 30, 2017, the future minimum lease payments under the capital lease obligations are as follows:

<u>For the year ended June 30,</u>	<u>Amount</u>
2018	\$ 11,229
2019	23,219
Total	34,448
Less: Current Portion	<u>(11,299)</u>
Long-Term Portion	<u>\$ 23,219</u>

The following is an analysis of the leased assets included in property and equipment as of June 30, 2017 and 2016:

	<u>2017</u>	<u>2016</u>
Copiers	\$ 45,097	\$ 82,761
Less: Accumulated Depreciation	(11,274)	(50,001)
Net Carrying Amount	<u>\$ 33,823</u>	<u>\$ 32,760</u>

OHIO ASSOCIATION OF FOODBANKS
 NOTES TO FINANCIAL STATEMENTS
 For the Years Ended June 30, 2017 and June 30, 2016

Note 4 – Lease Commitments (Continued)

Amortization expense of \$10,639 and \$20,690 for assets held under capital leases is included with depreciation expense for 2017 and 2016.

Operating Leases

The Association leases office space. Rent expense for the year ended June 30, 2017 and 2016 totaled \$150,617 and \$149,579 respectively.

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

<u>For the Year Ended June 30,</u>	<u>Amount</u>
2018	\$ 153,275
2019	155,802
2020	<u>0</u>
Total	<u>\$ 309,077</u>

Note 5 – Ohio Food Program and Agricultural Clearance Program

In 2017, 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 68% 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:

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and June 30, 2016

Note 6 - Ohio Food & Agriculture Clearance Program, TANF Executive Order (TANF E.O.), and Governor's Backpack Program-Continued
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Shelf Stable and Protein	2017	2016
Food Purchases for Foodbanks	\$ 9,025,446	\$ 8,572,769
Storage & Distribution of Food Purchases	977,500	977,500
Transportation and Delivery Charge	0	0
Pass Through	0	0
Total	\$ 10,002,946	\$ 9,550,269
Agricultural Surplus		
Purchase of Commodities for Consumption	\$ 7,553,042	\$ 8,452,830
Purchase of Commodities TANF E.O.	0	0
Storage and Distribution of Commodities	977,500	977,500
Transportation Costs	0	0
Joint Farm Project	0	0
Processing Fees	0	0
Total	\$ 8,530,542	\$ 9,430,330
TANF/Innovative Backpack Programs		
Purchase of Food and Transportation	\$ 1,901,567	\$ 1,977,649
Total Food Program	\$20,435,055	\$20,958,248

Note 7 - Concentration of Credit Risk
--

The Association's funds contained in its cash and cash equivalent balances at June 30, 2017 and 2016 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, 2017, the cash on deposit at Key Bank and Huntington National Bank exceeded this \$250,000 limit by \$10,730 and \$2,159,969, respectively. Also at risk at June 30, 2017 was the Fifth Third Securities cash of \$76,845.

At June 30, 2016, the cash on deposit at Key Bank and Huntington National Bank exceeded this \$250,000 limit by \$10,379 and \$450,216, respectively. Also at risk at June 30, 2016 was the Fifth Third Securities cash of \$76,074.

OHIO ASSOCIATION OF FOODBANKS
NOTES TO FINANCIAL STATEMENTS
For the Years Ended June 30, 2017 and June 30, 2016

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 \$158,762 and \$108,244 were made for the years ended June 30, 2017 and 2016, respectively. Pension plan contributions consist of safe harbor and employer match contributions, along with a discretionary amount based upon a percentage of annual compensation of eligible employees; discretionary contributions are set by the Board of Trustees according to the availability of funds.

Note 9 - Contingency

The grant programs of the Association are subject to potential audits by agents of each individual granting authority. The purpose of such an audit is to ensure compliance with conditions precedent to the granting of funds. Revenues generated by the grant programs may be disallowed in subsequent periods as a result of these audits. However, management believes that the Association has materially complied with all grant agreements as of the years ended June 30, 2017 and 2016.

**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, 2017, and the related statements activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 2, 2017.

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 2, 2017

**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, 2017. 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, 2017.

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 2, 2017

**Ohio Association of Foodbanks
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017**

Federal Grantor/Pass-Through Grantor Program Title	Entity Number	Federal CFDA	Disbursements
Department of Health and Human Services Direct Programs			
Cooperative Agreement to Support Navigators in Federally - facilitated and State Partnership Marketplaces	N/A	93.332	\$ 1,149,263
Cooperative Agreement to Support Navigators in Federally - facilitated and State Partnership Marketplaces	N/A	93.332	407,921
<i>Total Cooperative Agreement to Support Navigators in Federally - facilitated and State Partnership Exchanges - Direct Programs</i>			<u>1,557,185</u>
<i>Total Department of Health and Human Services Direct Programs</i>			<u>1,557,185</u>
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-1617-17-0042	93.667	2,000,000
Temporary Assistance for Needy Families (TANF) - Core Food Program	G-1617-17-0042	93.558	17,050,000
Temporary Assistance for Needy Families (TANF) - Ohio Benefit Bank	G-1617-17-0036	93.558	800,000
<i>Total Social Services Block Grant & Temporary Assistance for Needy Families</i>			<u>19,850,000</u>
<i>Total Passed through Ohio Department of Job & Family Service</i>			<u>19,850,000</u>
Passed through Ohio Department of Development			
Low-Income Home Energy Assistance	17-HA-157	93.568	66,800
Low-Income Home Energy Assistance	16-HA-157	93.568	1,293
<i>Total Low-Income Home Energy Assistance</i>			<u>68,093</u>
<i>Total Passed through Ohio Department of Development</i>			<u>68,093</u>
Passed through Governor's Office of Faith-Based & Community Initiatives			
Temporary Assistance For Needy Families (TANF)	G-1617-21-0019	93.558	279,014
Temporary Assistance For Needy Families (TANF)	G-1617-21-0583	93.558	1,795,526
<i>Total Temporary Assistance for Needy Families</i>			<u>2,074,540</u>
<i>Total Passed through Governor's Office of Faith-Based & Community Initiatives</i>			<u>2,074,540</u>
Passed through Franklin County Department of Job and Family Services			
Social Service Block Grant (Title XX)	25-17-2039	93.667	270,737
Social Service Block Grant (Title XX)	25-16-2001	93.667	45,392
<i>Total Social Services Block Grant</i>			<u>316,129</u>
<i>Passed through Franklin County Department of Job and Family Services</i>			<u>316,129</u>
<i>Total Department of Health and Human Services Pass-Through Programs</i>			<u>22,308,762</u>
<i>Total Department of Health and Human Services</i>			<u>22,308,762</u>
Corporation for National & Community Service Direct Program			
Volunteers in Service to America	N/A	94.013	628,483
<i>Total Volunteers in Service to America</i>			<u>628,483</u>
<i>Total Corporation for National & Community Service Direct Program</i>			<u>628,483</u>
Department Agriculture Pass-Through Programs			
Passed through Ohio Department of Job & Family Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1617-17-0437	10.561	279,014
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	G-1617-17-1018	10.561	1,194,542
<i>Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</i>			<u>1,473,556</u>
<i>Total Passed through Ohio Department of Job & Family Services</i>			<u>1,473,556</u>
Passed through Franklin County Department of Job and Family Services			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	25-16-2001	10.561	16,403
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	25-17-2039	10.561	43,938
<i>Total State Administrative Matching Grants for the Supplemental Nutrition Assistance Program</i>			<u>60,340</u>
<i>Total Passed through Franklin County Department of Job and Family Services</i>			<u>60,340</u>
<i>Total Department Agriculture Pass-Through Programs</i>			<u>1,533,896</u>
<i>Total Department of Agriculture</i>			<u>1,533,896</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 26,028,326</u>

OHIO ASSOCIATION OF FOODBANKS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

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, 2017. 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. 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 C – 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 \$20,884,933 during fiscal year 2017. These payments were included in the schedule of federal expenditures of federal awards under grants Navigator CA-NAV-15-038, G-1617-17-0042 (Title XX), G-1617-17-0042 (TANF), and G-1617-17-0437; G-1617-17-0109 (Supplemental Nutrition Assistance Program), CFDA Number 93.332, 93.667, 93.558 and 10.561.

OHIO ASSOCIATION OF FOODBANKS
Notes to the Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2017

CFDA Federal Grant Distribution By Subrecipient

ORGANIZATION	Navigator 93.332	Title XX 93.667	TANF 93.558	SNAP 10.561	TOTAL
Akron-Canton Regional Foodbank		232,959	2,037,472	50,003	2,320,434
Greater Cleveland Food Bank		338,789	2,963,066	751,013	4,052,868
The Foodbank		129,409	1,131,818		1,261,227
Freestore Foodbank		227,069	1,985,957	137,065	2,350,091
Mid-Ohio Foodbank		401,679	3,513,106	110,924	4,025,709
Second Harvest Food Bank of Clark, Champaign and Logan Counties		35,169	307,590		342,759
Second Harvest Food Bank of the Mahoning Valley		92,929	812,762		905,691
Second Harvest Food Bank of North Central Ohio		72,029	629,969		701,998
The Southeast Ohio Food Bank		62,529	546,882		609,411
Shared Harvest Foodbank		102,999	900,835	67,803	1,071,637
Toledo Northwestern Ohio Food Bank		133,570	1,168,210		1,301,780
West Ohio Food Bank		70,870	619,833		690,703
Access Health Mahoning Valley	77,484				77,484
Asian Services In Action, Inc. (ASIA)	102,721				102,721
Cuyahoga Health Access Partnership(CHAP)	169,534				169,534
Community Action Committee of Pike County	69,747				69,747
Freestore Foodbank	199,788				199,788
Ohio Association of Free Clinics	255,843				255,843
Southeast, Inc.	80,338				80,338
Washington Morgan Community Action	72,857				72,857
Toledo/Lucas County CareNet	222,313				222,313
TOTAL	1,250,625	1,900,000	16,617,500	1,116,808	20,884,933

OHIO ASSOCIATION OF FOODBANKS
Notes to the Schedule of Expenditures of Federal Awards
FOR THE YEAR ENDED JUNE 30, 2017

NOTE D - 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
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 FOR THE YEAR ENDED JUNE 30, 2017

Section I — Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	_____ yes	<u> X </u> no
• Significant deficiency(ies) identified?	_____ yes	<u> X </u> 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	<u> X </u> no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.667	Social Services Block Grant
93.558	Temporary Assistance For Needy Families (TANF)
93.332	Cooperative Agreement to Support Navigators in Federally-facilitated and State Partnership Marketplaces
10.561	State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Dollar threshold used to distinguish between type A and type B programs:	\$ 780,850	
Auditee qualified as low-risk auditee?	_____ yes	<u> X </u> no

OHIO ASSOCIATION OF FOODBANKS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017

Section II — Financial Statement Findings

None

Section III — Federal Award Findings and Questioned Costs

None

**OHIO ASSOCIATION OF SECOND HARVEST FOODBANKS
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

Finding 2016-001: Eligibility

Condition: Per the Ohio Association of Foodbanks regional agent contract for SFY 2016 regarding the Ohio Food Purchase and Agricultural Clearance Program, it states at the “Eligibility” Section:

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

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

HW&A tested eight Foodbanks. From there we tested a total of sixty-eight pantries (from September 2015 and May 2016). We then randomly selected 360 individuals who received food commodities under the Ohio Food Purchase and Agricultural Clearance Program to review the eligibility forms. Based upon this review we noted the following:

- Instances where the incorrect form was being used for FY 2016

Cleveland Foodbank

The Word Church - East

Freestore

LHMBC: Pantry / Cafe Hope

Toledo Northwestern Ohio Foodbank

Christ United Methodist

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

Cause: Lack of compliance with contract.

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

OHIO ASSOCIATION OF SECOND HARVEST FOODBANKS
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017
(Continued)

Recommendation: This condition has continued to be a problem under this program since F/Y 2006. For some time the Association assigned three internal staff to perform compliance reviews of the twelve Foodbanks. This fiscal year the condition greatly improved from what it has been in the past.

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

Management Response:

In FY 2016, our statewide network of food pantries, operated largely by elderly volunteers, managed 1,516 food pantries in the state, which last year processed and completed 3,397,367 *ODJFS Federal and State Food Programs Eligibility to Take Food Home Groceries forms*.

Per the Ohio Association of Foodbanks, Regional Agent contract for FY 2016-17, Foodbanks are required to meet all the terms and conditions of this contract and ensure compliance with the Ohio Department of Job and Family Services Ohio Food Programs Manual by their member food pantries. In addition, food pantries and member charities are required to attend mandatory trainings at least once per year that are held by their corresponding Foodbank. If an agency representative fails to attend the scheduled mandatory training, the Foodbank reserves the right to place the agency on product hold, meaning the agency is prohibited from receiving federal and state funded food or donated product from the Foodbank until training has been completed.

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

The Ohio Association of Foodbank food program staff will continue to conduct quarterly internal audit reviews, monitoring and oversight of the agencies that failed to properly complete the *ODJFS Federal and State Food Programs Eligibility to Take Food Home Groceries form*. During FY 2016, Ohio Association of Foodbank staff conducted agreed upon procedure reviews of all 12 foodbanks and conducted audits of 151 randomly selected food pantries eligibility forms during 2 separate months of operation. This audit encompassed nearly 10 percent of all food pantry operations in the state, resulting in the most significant improvement in compliance in the past decade.

OHIO ASSOCIATION OF SECOND HARVEST FOODBANKS
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017
(Continued)

In FY 2016 the significant improvements in compliance that were achieved were in large part due to the implementation of various web-based eligibility systems, with Pantry Trak representing the largest system in operation, that fully automates the intake, tracking and completion of the *ODJFS Federal and State Food Programs Eligibility to Take Food Home Groceries form*.

Eleven Foodbanks are in various stages of implementation of web-based system eligibility systems and one foodbank, The Foodbank Inc., in Dayton has converted 100 percent of their agencies. These web-based systems include Pantry Trak (PT) operating in 769 food pantries, Virtual Case Manager (VCM) operating in 27 food pantries, VESTA operating in 15 food pantries and Food Star/ManPower that is in operation in 2 food pantries.

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

Until all food pantries are converted, the following review procedures will remain in effect to verify compliance under Uniform Guidance and with the terms of our grant with ODJFS and the contract in place with the Foodbanks.

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

**OHIO ASSOCIATION OF SECOND HARVEST FOODBANKS
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2017**

(Continued)

The Association will conduct the following procedures to ensure compliance with the Contract.

The procedures are as follows:

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

Status: Issue resolved during FY 2017