

MID-OHIO FOODBANK

**CONSOLIDATED
FINANCIAL STATEMENTS
For the Year Ended June 30, 2019**

(With Independent Auditor's Report Thereon)

MID-OHIO FOODBANK

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Mid-Ohio Foodbank
Grove City, Ohio

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Mid-Ohio Foodbank (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statement of activities, consolidated functional expenses, and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mid-Ohio Foodbank as of June 30, 2019, and the changes in its consolidated net assets and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2019, on our consideration of Mid-Ohio Foodbank's 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 Mid-Ohio Foodbank's internal control over financial reporting and compliance.

Hemphill Wright & Associates, Inc.

Westerville, Ohio
October 2, 2019

MID-OHIO FOODBANK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

ASSETS

Cash & Cash Equivalents	\$ 3,170,549
Investments (Note 11)	4,926,075
Accounts Receivable (Net of allowance for doubtful accounts of \$2,000)	561,250
Accounts Receivable-Government	759,664
Inventory (Note 4)	3,626,538
Prepaid Expenses	66,517
Assets Held by Others (Note 5)	406,981
Property, Plant and Equipment, Net (Note 6)	16,820,440
TOTAL ASSETS	<u><u>\$ 30,338,014</u></u>

LIABILITIES & NET ASSETS

Accounts Payable	\$ 423,220
Accounts Payable-Pension	153,541
Accrued Salaries and Other Payroll Liabilities	411,771
Other Liabilities	166,895
Deferred Revenue (Note 8)	207,168
Note Payable	-
TOTAL LIABILITIES	<u>1,362,595</u>

NET ASSETS

Without Donor Restrictions:	
Board Designated	398,838
Undesignated	27,795,816
Total Without Donor Restrictions	<u>28,194,654</u>
With Donor Restrictions	780,765
TOTAL NET ASSETS	<u><u>\$ 28,975,419</u></u>

TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 30,338,014</u></u>
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See Accompanying Notes to Financial Statements

MID-OHIO FOODBANK
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

	<u>WITHOUT DONOR RESTRICTIONS</u>	<u>WITH DONOR RESTRICTIONS</u>	<u>TOTAL</u>
REVENUE AND PUBLIC SUPPORT			
Food Contributions	\$ 76,048,322	\$ -	\$ 76,048,322
Operation Feed Campaign	2,002,532	-	2,002,532
Donations & Grants	10,884,426	85,088	10,969,514
Shared Maintenance Fees	2,894,405	-	2,894,405
Program Earned Income	1,026,671	-	1,026,671
The Emergency Food Assistance Program (USDA TEFAP)	975,608	-	975,608
Ohio Food Purchase and Agricultural Clearance Program (OFPACP)	488,492	167	488,659
Commodity Supplemental Food Program (CSFP)	501,031	-	501,031
Child and Adult Care Food Program (CACFP)	179,617	36,233	215,850
Interest Income	264,567	-	264,567
Rental & Other Income	463,536	-	463,536
Net Assets Released from Restrictions	112,556	(112,556)	-
TOTAL REVENUE AND PUBLIC SUPPORT	<u>95,841,763</u>	<u>8,932</u>	<u>95,850,695</u>
EXPENSES			
Program Services			
Collection Storage and Distribution of Food and Nonfood Items	88,901,274	-	88,901,274
Total Program Services	<u>88,901,274</u>	<u>-</u>	<u>88,901,274</u>
Supporting Services			
Management & General	4,145,839	-	4,145,839
Fundraising	2,126,554	-	2,126,554
Total Supporting Services	<u>6,272,393</u>	<u>-</u>	<u>6,272,393</u>
TOTAL EXPENSES	<u>95,173,667</u>	<u>-</u>	<u>95,173,667</u>
Change in Net Assets	668,096	8,932	677,028
Net Assets at Beginning of Year	<u>27,526,558</u>	<u>771,833</u>	<u>28,298,391</u>
Net Assets at End of Year	<u>\$ 28,194,654</u>	<u>\$ 780,765</u>	<u>\$ 28,975,419</u>

See Accompanying Notes to Financial Statements

MID-OHIO FOODBANK
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2019

	Program Services	Management And General	Fundraising Expense	Total Expenses
Food	\$ 79,209,040	\$ -	\$ -	\$ 79,209,040
Labor Costs				
Salaries And Wages	4,294,129	2,231,677	697,399	7,223,205
Payroll Taxes	408,633	225,453	70,454	704,540
Employee Benefits	1,001,511	552,558	172,674	1,726,743
Total Labor Costs	5,704,273	3,009,688	940,527	9,654,488
Fees for Services				
Legal	21,013	27,957	-	48,970
Accounting/Payroll	-	63,920	-	63,920
Other	165,307	4,397	-	169,704
Total Fees for Services	186,320	96,274	-	282,594
Other Expenses				
Advertising and Promotion	-	24,901	243,218	268,119
Office Expenses	60,942	57,479	900	119,321
Information Technology	75,736	105,563	115,884	297,183
Occupancy	1,002,585	47,741	3,215	1,053,541
Travel	77,670	9,764	4,433	91,867
Conferences & Development	-	205,537	-	205,537
Interest	510	-	-	510
Insurance	35,925	39,247	-	75,172
Transportation	843,821	-	-	843,821
Fundraising	-	-	809,330	809,330
Service Delivery	862,515	7,903	-	870,418
Marketing & Communication	-	388,287	-	388,287
Events	11,785	53,943	-	65,728
Bad Debts	10,194	-	-	10,194
Total Other Expenses	2,981,683	940,365	1,176,980	5,099,028
Depreciation	819,958	99,512	9,047	928,517
TOTAL EXPENSES	\$ 88,901,274	\$ 4,145,839	\$ 2,126,554	\$ 95,173,667

See Accompanying Notes to Financial Statements

MID-OHIO FOODBANK
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

Cash Flows From Operating Activities	
Change in Net Assets	\$ 677,026
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities	
Depreciation Expense	928,517
Realized Gain on Investment	(580,599)
Unrealized Loss (Gain) on Investments	382,812
Changes in Assets:	
Decrease (Increase) in Accounts Receivable	461,819
Decrease (Increase) in Accounts Receivable - Government	12,166
Decrease in Inventory	(1,374,021)
Decrease (Increase) in Prepaid Expenses	(27,756)
Decrease (Increase) in Assets Held by Others	1,280
Changes in Liabilities:	
(Decrease) Increase in Accounts Payable	(625)
(Decrease) Increase in Accounts Payable - Pension	14,184
Increase in Accrued Salaries and Other Payroll Liabilities	22,885
Increase in Other Liabilities	(120,809)
Increase in Deferred Revenue	7,572
Net Cash Provided by Operating Activities	<u>404,451</u>
Cash Flows From Investing Activities	
Payments for the Purchase of Investments	(5,010,313)
Proceeds from the Sale of Investments	5,047,854
Reinvested Investment Income	(102,838)
Disposal of Fixed Assets	-
Capital Expenditures	(879,514)
Net Cash Used in Investing Activities	<u>(944,811)</u>
Cash Flows From Financing Activities	
Payments on Note Payable - CCDC	(21,682)
Net Cash Used in Financing Activities	<u>(21,682)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(562,042)
Cash and Cash Equivalents Balance at Beginning of Year	<u>3,732,591</u>
Cash and Cash Equivalents Balance at End of Year	<u>\$ 3,170,549</u>
Supplemental Disclosure of Cash Flow Information	
Cash Paid for Interest	<u>510</u>

See Accompanying Notes to Financial Statements

**MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Note 1 - Background

Organization

The Foodbank is a nonprofit corporation that collects, stores and distributes food and nonfood items to organizations feeding the needy. The Foodbank was organized in 1976 and began operations in April 1980. On March 12, 1987, the Foodbank officially changed the name of the organization from Operation Feed, Inc. to Mid-Ohio Foodbank.

In June 2013, Mid-Ohio Foodbank entered into an agreement as the sole member of Urban Farms of Central Ohio, LLC (UFCO), an Ohio non-profit limited liability company. UFCO was organized to create and operate a sustainable, non-profit urban farming business that operates on underutilized urban sites. Mid-Ohio Foodbank retains oversight of the farms and reserved powers for major decisions. The financial statements represent the consolidated operations of Mid-Ohio Foodbank and Urban Farms of Central Ohio, LLC.

Note 2 - Summary of Significant Accounting Policies

Basis of Accounting

The Organization uses the accrual basis of accounting.

Basis of Presentation

Donated food is recognized as a contribution and resulting inventory. Net assets and revenues, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- 1) Net assets without donor restrictions represent the portion of expendable funds that is available for support of the operations of the Organization. Since the endowment fund is board/management restricted and not donor restricted, it is included in net assets without donor restrictions.
- 2) Net assets with donor restrictions consist of contributions that are restricted for use in specified programs. These include some government funds receivable.

The Organization obtains donations from the following contracts with governmental agencies:

- 1) The Emergency Food and Shelter Program (EFSP) represents Federal funds that have been distributed to the Organization through the United Way acting as fiscal agent for the Emergency Food and Shelter National Board Program. The funds are designated for the purchase of food for distribution to qualified agencies.

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

- 2) The USDA-TEFAP Program provides temporary emergency food assistance to the Columbus community and is funded through the State of Ohio Department of Human Services, acting for the United States Department of Agriculture (USDA).
- 3) The Commodity Supplemental Food Program (CSFP) is a federal USDA food and nutrition program serving nutritionally at-risk, income-eligible participants. It is administered in Ohio by the Department of Job and Family Services and program services are provided locally by designated food banks. The targeted participant population in Ohio is the elderly, ages 60 and older; and children, age 5, who age off the WIC program at their sixth birthday.
- 4) The Child and Adult Care Food Program (CACFP) provides payments for eligible meals served to participants who meet age and income requirements. Mid-Ohio Foodbank serves meals to eligible children through the Mid-Ohio Foodbank Kids' Cafe Program.
- 5) The Temporary Assistance to Needy Families (TANF) program provides time-limited assistance to needy families with children. Funding from the Department of Health and Human Services is passed through the Ohio Association of Foodbanks.

Tax Exempt Status

Mid-Ohio Foodbank 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)(1) of the Internal Revenue Code and qualifies as a tax-deductible charitable contribution for individual donors. Mid-Ohio Foodbank's federal exempt organization tax returns are subject to examination by the Internal Revenue Service, generally for three years after they are filed. The Foodbank is also exempt from property tax and state income taxes.

Cash & Cash Equivalents

Cash and cash equivalents consist of cash held in checking and money market accounts. At year-end and throughout the year, the organization's cash balances were deposited in several banks.

Property and Equipment

The Foodbank capitalizes the cost of all expenditures over \$5,000 for purchased property and equipment and for the estimated fair value of all significant donated property and equipment. Depreciation is provided over the estimated useful lives of the assets or the life of the lease; whichever is shorter, for leasehold improvements, using the straight-line method.

Public Support and Revenue Recognition

Contributions are recognized when the donor makes a promise to give to Mid-Ohio Foodbank that is, in substance, unconditional. Contributions received are recorded as with or without donor restriction, depending on the existence and nature of any donor restrictions.

**MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Note 2 - Summary of Significant Accounting Policies (Continued)
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When a restriction expires, net assets with donor restriction are reclassified as net assets without donor restrictions and reported in the consolidated 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. Contributions received from the general public during the Foodbank's annual Operation Feed campaign are recognized when received.

Conditional promises to give are recognized only when the conditions on which they depend are substantially met and the promises become unconditional.

Program contributions represent amounts contributed by program beneficiaries. The contributions are to help defray the cost of the specific program in which the beneficiary received assistance. The contributions are recorded as revenue with donor restrictions due to the implied stipulation that the contributions be used in the program where the beneficiary received assistance. When a restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and reported in the consolidated statement of activities as released from restriction. If the restriction is satisfied in the same period the program contribution is received, the program contribution is reported as revenue without donor restrictions.

Donations, other than grants are generally recognized when received by the Foodbank. TEFAP, CSFP, CACFP, and Ohio Association of Foodbanks (OAF) revenue is recognized as the related food distribution services are provided to member agencies.

Shared Maintenance Fees

To cover distribution costs, the Foodbank assesses member agencies a \$0.08 per pound charge on certain food distributed to them, although fresh food is available at no charge to agencies. USDA TEFAP food is distributed at \$0.08 per pound, while food procured through food drives is distributed free of charge. These fees are recognized as revenues as the related food distribution services are provided to member agencies.

Donated Services

The Foodbank has many volunteers who donate their time to the Foodbank's activities. It is the policy of the Foodbank not to record the value of these donated services since they do not meet the criteria of generally accepted accounting principles (GAAP) which state, "Contributions of services shall be recognized if the services received 1) create or enhance nonfinancial assets; or 2) require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation."

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 2 - Summary of Significant Accounting Policies (Continued)

Compensated Absences

Employees of the Foodbank are entitled to paid vacation depending on length of service. Vacation is earned and accrued on a bi-weekly basis; hours accrued beyond 20 days (160 hours) are forfeited. Employees may be paid up to five (5) days (40 hours) for any unused accrued vacation days within any fiscal year. No vested rights or interests are accrued for sick days.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, labor costs are based on salaries and wages paid and allocated based on the nature of the service or activity performed. Building costs are allocated based on square footage and the remaining costs are allocated according to asset usage.

Expense Classification	Allocation Base
Personnel	Actual Time Allocations
Occupancy	Square footage, usage
Depreciation	Asset use, square footage

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Generally accepted accounting principles defines 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, 2019, the date on which the financial statements were available to be issued.

Fair Value of Financial Instruments

The Organization's financial instruments consist primarily of cash, accounts receivable, accounts payable, and accrued expenses. The carrying amount of these assets and liabilities approximates fair value due to their short-term nature.

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 2 - Summary of Significant Accounting Policies (Continued)
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Reclassifications

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

Change in Accounting Policy

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

New Accounting Pronouncements

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

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

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

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 3 – Operation Feed

At June 30, 2019, Operation Feed consisted of cash contributions from the general public during the Foodbank’s annual campaign. For the year ended June 30, 2019, \$2,002,532 of contributions received through Operation Feed helped defray shared maintenance fees and provided fresh produce at no charge to member agencies.

Note 4 - Inventory

Donated Food

Food donated to the Organization is capitalized as inventory and recorded as an unrestricted contribution. Upon distribution, the food is recorded as a decrease in unrestricted net assets. Activities of donated food inventory are summarized as follows:

	6/30/2019	
	Pounds	Dollar Value
Beginning Inventory	1,785,488	\$ 1,934,300
Pounds received for the year		
TEFAP	11,201,210	9,569,494
CSFP	1,888,522	1,574,352
OH Food Purchase Program	15,098,153	3,565,212
Industry Surplus	37,863,743	61,339,264
Pounds disbursed for the year		
TEFAP	(9,648,916)	(8,165,533)
CSFP	(2,197,313)	(1,811,300)
OH Food Purchase Program	(14,615,551)	(3,448,241)
Industry Surplus	(36,536,202)	(59,222,692)
Pounds discarded – unusable food	(1,586,029)	(2,059,088)
Ending Inventory	3,253,105	\$ 3,275,768

The estimated value of donated food is \$1.62 per pound for 2019, which was based on the 2018 Feeding America Product Valuation Survey. The fluctuation in the dollar value of inventory received and distributed may not correlate to the fluctuation in pounds; for example, government commodities may be comprised of fewer pounds with higher unit cost.

**MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Note 4 – Inventory (Continued)

Purchased Food

In addition to donated food, the Organization also maintains an inventory of purchased food as follows:

	6/30/2019	
	Pounds	Dollar Value
Beginning Inventory	592,001	\$ 318,217
Purchases	3,163,321	3,512,433
Food Distributed	(3,154,333)	(3,479,880)
Ending Inventory	600,989	\$ 350,770
TOTAL INVENTORY		\$3,626,538

Note 5 - Assets Held by Others

Endowment Fund- In December 2004, Mid-Ohio Foodbank established a fund with the Columbus Foundation. All income from this fund is to be reinvested into the fund principal. Mid-Ohio Foodbank is the beneficiary of this fund and may direct Columbus Foundation as to the distribution of the funds. A specified beneficiary recognizes its rights to the assets held by a recipient organization as an asset unless the donor has explicitly granted the recipient organization variance power. At the time of transfer, Mid-Ohio Foodbank granted variance power to the Columbus Foundation to distribute the funds to other recipients. Therefore, generally accepted accounting principles require that assets transferred in which variance power was granted be omitted from the beneficiary's statement of financial position.

However, management believes it is highly unlikely that the Columbus Foundation would ever exercise its variance power and that the funds will be distributed only as directed by Mid-Ohio Foodbank. Therefore, management has chosen to report these funds on its statement of financial position as Assets Held by Others and to include in the statement of activities the earnings and gains (losses) generated by the fund. The funds are reflected in the financial statement at current fair market value.

The endowment fund is reported as a board designated net asset without donor restrictions. As the fund and earnings continue to grow long term, they may be utilized for future operating expenses as determined by the board and management.

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 5 - Assets Held by Others (Continued)

Catholic Foundation- In March 2016, Mid-Ohio Foodbank transferred \$5,000 of operating funds to establish a donor advised fund with the Catholic Foundation as a new opportunity for engaging existing and prospective donors. The President & CEO and CFO are named as advisors to the fund and can, at their discretion, request that donations be disbursed to the organization.

Long-term investment activity is reflected in the table below:

	<u>06/30/2019</u> Columbus Foundation	<u>06/30/2019</u> Catholic Foundation
Investment Beginning	\$401,204	\$7,057
Contributions	50	1,000
Investment Return(net of expenses)	(2,416)	86
Investments Ending	<u>\$398,838</u>	<u>\$8,143</u>

Note 6 - Property, Plant and Equipment

Property, plant and equipment consisted of the following:

	<u>6/30/2019</u>
Building	\$16,574,794
Building Improvements	1,686,391
Vehicles	2,552,010
Machinery & Equipment	884,584
Office Equipment	874,992
Land	1,570,266
Parking Lot	694,135
Pantry	18,727
High Tunnels	85,654
Leasehold Improvements in Progress	49,354
Total Property, Plant & Equipment	<u>24,990,907</u>
Accumulated Depreciation	<u>(8,170,467)</u>
Net Property, Plant & Equipment	<u>\$16,820,440</u>

Depreciation expense for the year ended June 30, 2019 was \$928,517.

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 7 - Retirement and Tax Sheltered Annuity Plan

The Foodbank maintains a defined contribution pension plan for all full-time employees who have completed at least one year of service. Contributions of \$555,023 was made for the year ended June 30, 2019. Pension plan contributions consist of safe harbor and employer match contributions, along with a discretionary amount based upon a percentage of annual compensation of eligible employees; discretionary contributions are set by the Board of Trustees according to the availability of funds. During the year ended June 30, 2013 the Foodbank began a Private Section 457(b) deferred compensation plan for executive management, and in June 2015 added a 457(f) component to the plan. Contributions of \$25,000 was made for the year ended June 30, 2019. Discretionary contributions are set by the Board of Directors.

Note 8 - Deferred Revenue

Deferred revenue represents donations designated for 2019 operating support, and credit balances in accounts receivable which have not been earned as of June 30, 2019.

Note 9 - Contingencies

Contracts and grants with various Local, State and Federal agencies are subject to audits and final settlements under the terms and conditions contained therein. Until such audits and final settlements have been reached, there exists a contingency to refund any amount received in excess of expended allowable costs.

Management believes that no material liability would result from such audits and final settlements. The Foodbank had complied, in all material respects, with the provisions of each grant and contract, and no provision for possible loss and or assessment had been recorded at June 30, 2019.

Note 10 - Concentration of Credit Risk

The organization's funds contained in its cash balance at June 30, 2019 were held in a total of seven different financial institutions. Each of these institutions provides insurance coverage up to \$250,000 through the Federal Deposit Insurance Corporation. At June 30, 2019, the cash on deposit at JP Morgan Chase and Axos Bank exceeded this \$250,000 limit by \$2,077,542 and \$187,967, respectively. Also at risk at June 30, 2019 was the Huntington National Bank (HNB) Investment cash of \$2,703,807.

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019

Note 11 - Investments

The organization maintains investments in cash, equities and equity funds. Investments are carried at fair value, and realized and unrealized gains and losses are reflected within investment return in the statement of activities.

The investment portfolio was transferred from UBS to Huntington National Bank from UBS in May 2019, consequently a large amount of cash was on hand at June 30, 2019 awaiting finalization of our investment policy statement and subsequent investment. All investments are classified as Level 1 (Quoted Prices in Active Markets for Identical Assets/Liabilities) investments.

The investments consisted of the following at June 30, 2019:

Description	2019		
	Fair Value	Cost	Unrealized Gain / (Loss)
Trading Securities			
Cash Held in Mutual Funds	\$2,703,807	\$2,703,807	\$ -
Equities	2,222,268	2,164,823	57,445
Total	<u>\$4,926,075</u>	<u>\$4,868,630</u>	<u>\$57,445</u>

Investment income consisted of the following at June 30:

	2019
Interest and dividend income	\$ 112,171
Realized gain on investments	580,599
Unrealized gains (losses) on investments	(387,044)
Brokerage fees	(41,159)
Net Investment Income	<u>\$ 264,567</u>

**MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Note 12 – Leases

Reeb Avenue Center rents a portion of a building on Reeb Avenue from the City of Columbus, Ohio. On January 1, 2019 Mid-Ohio Foodbank renewed its sublease agreement with the Reeb Avenue Center to operate South Side Roots Café. South Side Roots is owned and operated by Mid-Ohio Foodbank, and includes a pay-what-you-can café, and affordable fresh foods market, a weekly community meal, and a Kids' Café meal program for students at South Side Learning & Development Center and the Boys & Girls Club of Columbus.

The lease is for the period January 1, 2019 through August 31, 2021 and includes a 2% annual increase. Future lease payments are:

FY 2020	\$19,780
FY 2021	20,161
FY 2022	<u>3,371</u>
Future Lease payments	<u>\$43,312</u>

Note 13 – Liquidity

The organization's financial assets available within one year of the balance sheet date for general expenditure are as follows.

Cash and cash equivalents	\$ 3,170,549
Short-term investments	4,926,075
Accounts receivable	1,320,914
Less: Accounts Payable	(423,220)
Less: Accounts Payable-Pension	(153,541)
Less: Accrued Salaries and Other Payroll Liabilities	(411,771)
Less: Other Liabilities	<u>(166,895)</u>
Total	<u>\$ 8,262,111</u>

As part of MOF's liquidity management, it has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due. MOF has a goal to maintain cash, on hand to meet 60 days of normal operating expenses, which average \$1.6M per month. In addition, the organization holds the equivalent of three months expenses in various investments that can be liquidated in the event of an unanticipated liquidity need.

**MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

Note 14 – Net Assets With Donor Restrictions

Net assets with donor restrictions are available for the following purposes:

TEFAP	\$ 264,648
CSFP	64,549
SNAP	17,122
OAS	146,332
Kids' Meals CACFP	42,272
NRCS	113,484
City of Columbus	61,257
Franklin Co.	50,000
Donor Rest	21,101
	<u>\$ 780,765</u>

MID-OHIO FOODBANK

UNIFORM GUIDANCE

SUPPLEMENTAL FINANCIAL REPORT

For the Year Ended June 30, 2019

MID-OHIO FOODBANK

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CONSOLIDATED FINANCIALS OF MID-OHIO FOODBANK
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Pass-Through Entity Number	Federal CFDA Number	Disbursements
Food Distribution Programs			
United States Department of Agriculture Pass-Through Programs			
Passed through Ohio Department of Jobs & Family Services			
Commodity Supplemental Food Program (Administrative Costs)	G - 1819 - 17 - 0500	10.565	\$ 144,131
	G - 1819 - 17 - 0751		356,900
Commodity Supplemental Food Program (Food Commodities) (Note B)	G - 1817 - 17 - 0500	10.565	452,892
	G - 1819 - 17 - 0751		1,121,460
Total Commodity Supplemental Food Program			2,075,383
Emergency Food Assistance Program (Administrative Costs)	G - 1819 - 17 - 0510	10.568	245,415
	G - 1819 - 17 - 0726		640,192
Emergency Food Assistance Program (Food Commodities) (Note B)	G - 1819 - 17 - 0510	10.569	1,231,804
	G - 1819 - 17 - 0726		3,213,293
Emergency Food Assistance Program (Trade Mitigation Administrative Costs) (Note B)	G - 1819 - 17 - 0726	10.569	90,000
Emergency Food Assistance Program (Trade Mitigation Food Commodities) (Note B)	G - 1819 - 17 - 0726		3,720,436
Total Emergency Food Assistance Program			9,141,141
Total Passed through Ohio Department of Jobs & Family Services			11,216,524
Passed through Natural Resources Conservation Service			
Soil and Water Conservation - Community Garden Projects		10.902	271,746
Total Passed through Soil and Water Conservation - Community Garden Projects			271,746
Total Passed through Natural Resources Conservation Service			271,746
Passed through Ohio Department of Education - Office for Child Nutrition			
Child and Adult Care Food Program		10.558	215,850
Total Child and Adult Care Food Program			215,850
Total Passed through Ohio Department of Education - Office for Child Nutrition			215,850
Total United States Department of Agriculture			11,704,120
Total Food Distribution Programs			
Other Programs			
United States Department of Agriculture Pass-Through Programs			
Passed through Ohio Association of Foodbanks			
Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants		10.561	117,330
Total Supplemental Nutrition Assistance Program, Process and Technology Improvement Grants			117,330
Total Passed through Ohio Association of Foodbanks			117,330
Total United States Department of Agriculture			117,330
Department of Health and Human Services Pass-Through Programs			
Passed through Franklin County Job & Family Services			
Temporary Assistance to Needy Families (Food Purchase & Distribution Costs)		93.667	100,000
Total Temporary Assistance for Needy Families			100,000
Total Passed through Franklin County Job & Family Services			100,000
Passed through Ohio Association of Foodbanks			
Social Services Block Grant (Administrative Costs)		93.667	38,380
Social Services Block Grant (Food Commodities)		93.667	369,235
Total Social Services Block Grant			407,615
Temporary Assistance to Needy Families (Administrative Costs)		93.558	327,147
Temporary Assistance to Needy Families (Food Commodities)		93.558	3,147,285
Total Temporary Assistance to Needy Families			3,474,432
Total Passed through Ohio Association of Foodbanks			3,882,047
Total Department of Health and Human Services			3,982,047
Department of Homeland Security Pass-Through Programs			
Passed through United Way of Franklin County			
Emergency Food and Shelter National Board Program	30-6672-00 LRO 002	97.024	70,011
Total Emergency Food and Shelter National Board Program			70,011
Total Passed-through United Way of Franklin County			70,011
Total Department of Homeland Security			70,011
Total Other Programs			
			4,169,388
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 15,873,508

MID-OHIO FOODBANK
NOTES TO THE CONSOLIDATED SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of Mid-Ohio Foodbank under programs of the federal government for the year ended June 30, 2019. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Organization.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in 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. Pass-through entity identifying numbers are presented where available.

NOTE C – FOOD DONATION PROGRAM

The Organization reports commodities consumed on the Schedule at the entitlement value. At June 30, 2019, the organization had food commodities totaling \$2,132,572 in inventory, comprised of CFDA 10.565 - \$480,851 and CFDA 10.569 - \$1,651,721 which are excluded from this schedule.

**MID-OHIO FOODBANK
 NOTES TO THE CONSOLIDATED SCHEDULE OF
 EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2019**

NOTE D – SUBRECIPIENTS

The Organization passes certain federal awards (commodities) received to other not-for-profit agencies (subrecipients). As a subrecipient, the Organization has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards/commodities as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award’s performance goals.

These distributions were included in the schedule of federal expenditures of federal awards under CFDA Numbers 93.558, 93.667, 10.565 and 10.569. The distribution of commodities to subrecipients is reflected below:

Subrecipients ≥ \$200k	CFDA 93.558	CFDA 93.667	CFDA 10.565	CFDA 10.569	Total
Total	\$ 3,147,285	\$ 469,235	\$ 1,574,352	\$4,952,240	\$ 10,143,112

NOTE E – INDIRECT COST RATE ELECTION

The Organization has elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**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
Mid-Ohio Foodbank
Grove City, 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 Mid-Ohio Foodbank (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statement of activities, consolidated statement of functional expense and consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated October 2, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mid-Ohio Foodbank's 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 consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of Mid-Ohio Foodbank's internal control. Accordingly, we do not express an opinion on the effectiveness of Mid-Ohio Foodbank'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 the Mid-Ohio Foodbank's 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, 2019

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

To the Board of Directors of
Mid-Ohio Foodbank
Grove City, Ohio

Report on Compliance for Each Major Federal Program

We have audited Mid-Ohio Foodbank's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Mid-Ohio Foodbank's major federal programs for the year ended June 30, 2019. Mid-Ohio Foodbank's 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 Mid-Ohio Foodbank's 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 Mid-Ohio Foodbank's 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 Mid-Ohio Foodbank's compliance.



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

Opinion on Each Major Federal Program

In our opinion, Mid-Ohio Foodbank 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, 2019.

Report on Internal Control over Compliance

Management of Mid-Ohio Foodbank 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 Mid-Ohio Foodbank's 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 Mid-Ohio Foodbank's 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.



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

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

We have audited the financial statements of Mid-Ohio Foodbank as of and for the year ended June 30 , 2019, and have issued our report thereon dated October 2, 2019, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Hemphill Wright & Associates, Inc.

Westerville, Ohio
October 2, 2019

**MID-OHIO FOODBANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

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 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 [2 CFR 200.516(a)]? _____ yes X no

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
93.558 10.561	Temporary Assistance For Needy Families (TANF) State Administrative Matching Grants for the Supplemental Nutrition Assistance Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? _____ yes X no

**MID-OHIO FOODBANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section II — Financial Statement Findings
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None

Section III — Federal Award Findings and Questioned Costs
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None

MID-OHIO FOODBANK
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Finding 2018-001: Eligibility

Condition: Per Mid-Ohio Foodbanks contract for SFY 2018 with the Ohio Association of Foodbanks 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 forty (40) pantries from a total of 457 eligible pantries. From there we tested the months of October 2017 and April 2018. We then randomly selected 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 32 instances in 10 pantries in which there was no signature in pantry track nor was a paper signature obtained in order for the individuals to receive the food.

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

Cause: Lack of compliance with contract.

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

Recommendation: Since it does not appear that some of the agencies are closely monitoring to make sure the individuals receiving food are adhering to the requirements of the Ohio Food Purchase and Agricultural Clearance Program we recommend that Mid-Ohio Foodbank implement controls within pantry track that you can’t proceed without a signature.

Management Response: Management concurs with the audit finding. Our further research determined that the 40 pantries tested provided 12,587 episodes of service during October 2017 and April 2018, therefore the 32 exceptions noted represent a .25% error rate. While we can modify PantryTrak programming to alert users to obtain the clients’ signature, we cannot definitively eliminate the potential for error if the interviewer closes the browser window. We are, however, exploring other interventions that will reduce the likelihood of closing a transaction without either an electronic or paper signature. Implementation of the modifications could start as soon as December 2018.

Status: The issue has now been resolved