

MID-OHIO FOODBANK

CONSOLIDATED
FINANCIAL STATEMENTS
For the Years Ended June 30, 2018 and 2017

(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 statements of financial position as of June 30, 2018 and 2017, and the related consolidated statements of activities, consolidated functional expenses, and consolidated cash flows for the years 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 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 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, 2018 and 2017, and the changes in its consolidated net assets and its consolidated cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2018, 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, 2018

MID-OHIO FOODBANK
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018 AND 2017

	2018	2017
ASSETS		
Cash & Cash Equivalents	\$ 3,732,591	\$ 3,077,408
Investments (Note 12)	4,662,990	4,364,877
Accounts Receivable (Net of allowance for doubtful accounts of \$2,000)	1,023,069	1,182,342
Accounts Receivable-Government	771,830	301,702
Inventory (Note 4)	2,252,517	2,471,330
Prepaid Expenses	38,761	226,552
Total Current Assets	12,481,758	11,624,211
Other Assets		
Assets Held by Others (Note 5)	408,261	381,411
Property, Plant and Equipment, Net (Note 6)	16,869,443	17,261,005
TOTAL ASSETS	\$ 29,759,462	\$ 29,266,627
 LIABILITIES & NET ASSETS		
Current Liabilities		
Accounts Payable	\$ 423,845	\$ 346,321
Accounts Payable-Pension	139,357	136,747
Accrued Salaries and Other Payroll Liabilities	388,886	376,837
Other Liabilities	287,705	434,607
Deferred Revenue (Note 8)	199,596	220,564
Note Payable (Note 10)	3,200	3,200
Total Current Liabilities	1,442,589	1,518,276
Long-Term Liabilities		
Note Payable (Note 10)	18,482	21,832
Total Long-Term Liabilities	18,482	21,832
TOTAL LIABILITIES	1,461,071	1,540,108
 NET ASSETS		
Total Unrestricted	27,125,357	27,050,416
Total Temporarily Restricted	1,173,034	676,103
TOTAL NET ASSETS	28,298,391	27,726,519
 TOTAL LIABILITIES AND NET ASSETS	 \$ 29,759,462	 \$ 29,266,627

See Accompanying Notes to Financial Statements

MID-OHIO FOODBANK
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2018

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>TOTAL</u>
REVENUE AND PUBLIC SUPPORT			
Food Contributions	\$ 66,819,278	\$ -	\$ 66,819,278
Operation Feed Campaign	2,179,277	-	2,179,277
Donations & Grants	12,018,678	80,066	12,098,744
Shared Maintenance Fees	3,421,154	-	3,421,154
Program Earned Income	644,344	-	644,344
The Emergency Food Assistance Program (USDA TEFAP)	402,925	259,028	661,953
Ohio Food Purchase and Agricultural Clearance Program (OFPACP)	429,272	44,878	474,150
Commodity Supplemental Food Program (CSFP)	394,499	105,005	499,504
Child and Adult Care Food Program (CACFP)	175,176	-	175,176
Interest Income	351,457	26,802	378,259
Rental & Other Income	385,952	-	385,952
Net Assets Released from Restrictions	18,848	(18,848)	-
TOTAL REVENUE AND PUBLIC SUPPORT	<u>87,240,860</u>	<u>496,931</u>	<u>87,737,791</u>
EXPENSES			
Program Services			
Collection Storage and Distribution of Food and Nonfood Items	81,749,558	-	81,749,558
Total Program Services	<u>81,749,558</u>	<u>-</u>	<u>81,749,558</u>
Supporting Services			
Management & General	4,035,914	-	4,035,914
Fundraising	1,380,447	-	1,380,447
Total Supporting Services	<u>5,416,361</u>	<u>-</u>	<u>5,416,361</u>
TOTAL EXPENSES	<u>87,165,919</u>	<u>-</u>	<u>87,165,919</u>
Change in Net Assets	74,941	496,931	571,872
Net Assets at Beginning of Year	<u>27,050,416</u>	<u>676,103</u>	<u>27,726,519</u>
Net Assets at End of Year	<u>\$ 27,125,357</u>	<u>\$ 1,173,034</u>	<u>\$ 28,298,391</u>

See Accompanying Notes to Financial Statements

MID-OHIO FOODBANK
CONSOLIDATED STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2017

	UNRESTRICTED	TEMPORARILY RESTRICTED	TOTAL
REVENUE AND PUBLIC SUPPORT			
Food Contributions	\$ 76,047,308	\$ -	\$ 76,047,308
Operation Feed Campaign	2,502,939	-	2,502,939
Donations & Grants	10,828,764	133,302	10,962,066
Shared Maintenance Fees	3,091,518	-	3,091,518
Program Earned Income	437,915	-	437,915
The Emergency Food Assistance Program (USDA TEFAP)	411,048	33,272	444,320
Ohio Food Purchase and Agricultural Clearance Program (OFPACP)	420,889	103,321	524,210
Commodity Supplemental Food Program (CSFP)	434,410	39,126	473,536
Child and Adult Care Food Program (CACFP)	113,909	24,887	138,796
Interest Income	456,587	-	456,587
Rental & Other Income	233,752	-	233,752
TOTAL REVENUE AND PUBLIC SUPPORT	94,979,039	333,908	95,312,947
EXPENSES			
Program Services			
Collection Storage and Distribution of Food and Nonfood Items	90,291,362	-	90,291,362
Total Program Services	90,291,362	-	90,291,362
Supporting Services			
Management & General	3,869,267	-	3,869,267
Fundraising	1,414,281	-	1,414,281
Total Supporting Services	5,283,548	-	5,283,548
TOTAL EXPENSES	95,574,910	-	95,574,910
Change in Net Assets	(595,871)	333,908	(261,963)
Net Assets at Beginning of Year	27,646,287	342,195	27,988,482
Net Assets at End of Year	\$ 27,050,416	\$ 676,103	\$ 27,726,519

See Accompanying Notes to Financial Statements

MID-OHIO FOODBANK
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2018

	<u>Program Services</u>	<u>Management And General</u>	<u>Fundraising Expense</u>	<u>Total Expenses</u>
Food	\$ 71,654,114	\$ -	\$ -	\$ 71,654,114
Labor Costs				
Salaries And Wages	4,247,277	2,095,974	538,481	6,881,732
Payroll Taxes	417,062	211,950	54,697	683,709
Employee Benefits	1,008,243	512,386	132,229	1,652,858
Total Labor Costs	<u>5,672,582</u>	<u>2,820,310</u>	<u>725,407</u>	<u>9,218,299</u>
Transportation Costs				
Freight	386,131	-	-	386,131
Fuel, License, Repairs	393,039	-	-	393,039
Equipment Lease	4,056	-	-	4,056
Transportation Supplies	10,783	-	-	10,783
Insurance	34,437	-	-	34,437
Total Transportation Costs	<u>828,446</u>	<u>-</u>	<u>-</u>	<u>828,446</u>
Building Costs				
Utilities	255,160	24,428	2,221	281,809
Repairs, Maintenance, Supplies	604,446	9,941	904	615,291
Insurance/Property	-	39,496	-	39,496
Total Building Costs	<u>859,606</u>	<u>73,865</u>	<u>3,125</u>	<u>936,596</u>
Administrative Costs				
Office Supplies	5,488	13,655	-	19,143
Telephone	30,325	14,927	450	45,702
Travel	75,109	11,342	4,031	90,482
Printing and Publications	-	1,560	99,231	100,791
Staff / Board Development and Marketing	-	642,797	-	642,797
Membership Fees	70,403	10,150	-	80,553
Professional Fees	3,389	134,240	-	137,629
Fundraising Direct Mail	-	-	448,204	448,204
Service Delivery	1,536,610	38,800	-	1,575,410
Other Fundraising	-	-	11,987	11,987
Other Expenses	199,650	175,484	79,032	454,166
Total Administrative Costs	<u>1,920,974</u>	<u>1,042,955</u>	<u>642,935</u>	<u>3,606,864</u>
Depreciation	813,836	98,784	8,980	921,600
TOTAL EXPENSES	<u>\$ 81,749,558</u>	<u>\$ 4,035,914</u>	<u>\$ 1,380,447</u>	<u>\$ 87,165,919</u>

See Accompanying Notes to Financial Statements

MID-OHIO FOODBANK
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended June 30, 2017

	<u>Program Services</u>	<u>Management And General</u>	<u>Fundraising Expense</u>	<u>Total Expenses</u>
Food	\$ 80,163,940	\$ -	\$ -	\$ 80,163,940
Labor Costs				
Salaries And Wages	4,169,279	2,018,304	452,650	6,640,233
Payroll Taxes	432,300	216,150	48,808	697,258
Employee Benefits	960,250	484,728	108,415	1,553,393
Total Labor Costs	<u>5,561,829</u>	<u>2,719,182</u>	<u>609,873</u>	<u>8,890,884</u>
Transportation Costs				
Freight	474,756	-	-	474,756
Fuel, License, Repairs	369,773	-	-	369,773
Equipment Lease	812	-	-	812
Transportation Supplies	8,351	-	-	8,351
Insurance	36,461	-	-	36,461
Total Transportation Costs	<u>890,153</u>	<u>-</u>	<u>-</u>	<u>890,153</u>
Building Costs				
Utilities	248,330	26,122	2,375	276,827
Repairs, Maintenance, Supplies	544,386	4,235	385	549,006
Insurance/Property	-	35,960	-	35,960
Total Building Costs	<u>792,716</u>	<u>66,317</u>	<u>2,760</u>	<u>861,793</u>
Administrative Costs				
Office Supplies	3,638	13,975	4,175	21,788
Telephone	33,946	14,346	-	48,292
Travel	75,596	14,152	2,998	92,746
Printing and Publications	-	11,199	106,866	118,065
Staff / Board Development and Marketing	-	574,113	-	574,113
Membership Fees	66,629	2,533	-	69,162
Professional Fees	15,556	137,196	-	152,752
Fundraising Special Events	-	-	-	-
Fundraising Direct Mail	-	-	474,545	474,545
Service Delivery	1,747,059	68,026	-	1,815,085
Other Operation Feed	-	-	9,222	9,222
Other Expenses	121,062	145,824	194,532	461,418
Total Administrative Costs	<u>2,063,486</u>	<u>981,364</u>	<u>792,338</u>	<u>3,837,188</u>
Depreciation	819,238	102,404	9,310	930,952
TOTAL EXPENSES	<u>\$ 90,291,362</u>	<u>\$ 3,869,267</u>	<u>\$ 1,414,281</u>	<u>\$ 95,574,910</u>

See Accompanying Notes to Financial Statements

MID-OHIO FOODBANK
CONSOLIDATED STATEMENT OF CASH FLOWS
For the Years Ended June 30, 2018 and 2017

	2018	2017
Cash Flows From Operating Activities		
Change in Net Assets	\$ 571,872	\$ (261,963)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation Expense	921,600	930,952
Realized Gain on Investment	(251,464)	(61,117)
Unrealized Loss (Gain) on Investments	6,537	(271,409)
Changes in Assets:		
Decrease (Increase) in Accounts Receivable	159,273	(762,665)
Decrease (Increase) in Accounts Receivable - Government	(470,128)	(78,689)
Decrease in Inventory	218,813	(80,263)
Decrease (Increase) in Prepaid Expenses	187,791	23
Decrease (Increase) in Assets Held by Others	(26,850)	(34,215)
Changes in Liabilities:		
(Decrease) Increase in Accounts Payable	77,524	(67,146)
(Decrease) Increase in Accounts Payable - Pension	2,610	12,543
Increase in Accrued Salaries and Other Payroll Liabilities	12,049	51,021
Increase in Other Liabilities	(146,902)	360,776
Increase in Deferred Revenue	(20,968)	(24,135)
Net Cash Provided by (Used in) Operating Activities	1,241,757	(286,287)
Cash Flows From Investing Activities		
Payments for the Purchase of Investments	42,152	39,843
Proceeds from the Sale of Investments	-	500,000
Reinvested Investment Income	(95,338)	(89,170)
Capital Expenditures	(530,038)	(199,933)
Net Cash (Used in) Provided by Investing Activities	(583,224)	250,740
Cash Flows From Financing Activities		
Payments on Note Payable - CCDC	(3,350)	(3,251)
Net Cash Used in Financing Activities	(3,350)	(3,251)
Net Increase in Cash and Cash Equivalents	655,183	(38,798)
Cash and Cash Equivalents Balance at Beginning of Year	3,077,408	3,116,206
Cash and Cash Equivalents Balance at End of Year	\$ 3,732,591	\$ 3,077,408
Supplemental Disclosure of Cash Flow Information		
Cash Paid for Interest	705	802

See Accompanying Notes to Financial Statements

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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) Unrestricted net assets represent the portion of expendable funds that is available for support of the operations of the Organization.
- 2) Temporarily restricted net assets consist of contributions that are restricted for use in specified programs. These include the endowment fund and some government funds receivable.
- 3) Permanently restricted net assets comprise funds that are subject to restrictions that the principal be maintained in perpetuity and invested for the purposes of producing present and future income that may be expended by the Organization. No permanently restricted assets existed as of June 30, 2018 or 2017.

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 YEARS ENDED JUNE 30, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (Continued)
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- 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 South Side Roots Cafe.
- 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 received from the general public during the Foodbank's annual Operation Feed campaign are recognized when received. 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.

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (Continued)
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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."

Volunteer Credits

Member agencies supply part-time help to the Foodbank's activities in return for volunteer credits earned at a rate of three dollars per volunteer hour. These credits are used to defray the shared maintenance fees (as noted above) assessed to the respective agencies. Volunteer credits totaling \$1,005 were given during the year ended June 30, 2018.

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.

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.

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Note 2 - Summary of Significant Accounting Policies (Continued)

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, 2018, 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.

Reclassifications

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

Note 3 – Operation Feed

At June 30, 2018, Operation Feed consisted of cash contributions from the general public during the Foodbank's annual campaign. For the year ended June 30, 2018, \$2,619,603 of contributions received through Operation Feed helped defray shared maintenance fees and provided fresh produce at no charge to member agencies.

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

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:

	6/30/2018		6/30/2017	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning Inventory	1,800,043	\$ 2,226,153	2,003,170	\$ 2,079,485
Pounds received for the year				
TEFAP	5,694,928	3,694,801	6,207,072	4,377,344
CSFP	2,490,163	1,815,546	2,156,062	1,510,658
OH Food Purchase				
Program	14,603,464	3,556,858	14,343,085	3,546,447
Industry Surplus	34,371,091	57,743,433	38,496,022	66,598,118
Pounds disbursed for the year				
TEFAP	(5,723,734)	(3,762,112)	(6,488,610)	(4,492,770)
CSFP	(2,138,520)	(1,408,736)	(2,157,922)	(1,534,422)
OH Food Purchase				
Program	(14,262,517)	(3,471,500)	(13,960,064)	(3,462,429)
Industry Surplus	(33,465,614)	(56,268,238)	(36,697,888)	(63,441,729)
Pounds discarded – unusable food	(1,583,816)	(2,191,905)	(2,100,884)	(2,954,549)
Ending Inventory	1,785,488	\$ 1,934,300	1,800,043	\$ 2,226,153

The estimated value of donated food is \$1.68 per pound for 2018, which was based on the 2017 Feeding America Product Valuation Survey and the estimated value of donated food for 2017 was \$1.73, and was based on the 2016 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 YEARS ENDED JUNE 30, 2018 AND 2017

Note 4 – Inventory (Continued)

Purchased Food

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

	6/30/2018		6/30/2017	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning Inventory	356,126	\$ 245,177	453,247	\$ 311,582
Purchases	9,415,627	3,707,100	9,206,854	3,374,027
Food Distributed	<u>(9,179,752)</u>	<u>(3,634,060)</u>	<u>(9,303,975)</u>	<u>(3,440,432)</u>
Ending Inventory	<u>592,001</u>	<u>\$ 318,217</u>	<u>356,126</u>	<u>\$ 245,177</u>
 TOTAL INVENTORY		 <u>\$2,252,517</u>		 <u>\$ 2,471,330</u>

Note 5 - Assets Held by Others

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.

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.

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Note 5 - Assets Held by Others (Continued)

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

	<u>06/30/2018</u> Columbus Foundation	<u>06/30/2018</u> Catholic Foundation	<u>06/30/2017</u> Columbus Foundation	<u>06/30/2017</u> Catholic Foundation
Investment Beginning	\$374,401	\$7,009	\$342,195	\$5,000
Purchases	2,100	10	2,080	2,000
Dividends	-	38	0	9
Investment Income	12,361	-	10,244	-
Realized/Unrealized Gains/Losses	16,057	-	22,895	-
Investment Management Fees	(3,715)	-	(3,013)	-
Investments Ending	<u>\$401,204</u>	<u>\$7,057</u>	<u>\$374,401</u>	<u>\$7,009</u>

Note 6 - Property, Plant and Equipment

Property, plant and equipment consisted of the following:

	<u>6/30/2018</u>	<u>6/30/2017</u>
Building	\$16,574,794	\$16,574,794
Building Improvements	1,218,360	1,210,809
Vehicles	2,352,206	2,322,358
Machinery & Equipment	872,300	797,750
Office Equipment	814,600	597,306
Land	1,570,266	1,570,266
Parking Lot	694,135	694,135
Pantry	18,727	18,727
High Tunnels	85,654	79,915
Total Property, Plant & Equipment	<u>24,201,042</u>	<u>23,866,060</u>
Accumulated Depreciation	<u>(7,331,599)</u>	<u>(6,605,055)</u>
Net Property, Plant & Equipment	<u>\$16,869,443</u>	<u>\$17,261,005</u>

Depreciation expense for the year ended June 30, 2018 and June 30, 2017 was \$921,600 and \$930,952, respectively.

MID-OHIO FOODBANK
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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 \$518,475 and \$523,661 were made for the years ended June 30, 2018 and 2017, 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. 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 were made for the years ended June 30, 2018 and June 30, 2017. 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, 2018 and 2017.

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, 2018 and 2017.

Note 10 - Note Payable

Urban Farms of Central Ohio, LLC secured funding through the Community Capital Development Corporation (CCDC) and Franklin County Revolving Loan Fund in October 2013, to be used for equipment and working capital. The original loan amount was \$70,000 with \$35,000 forgiven when two full-time equivalent staff positions were created. Loan terms are six months of interest only, then principal and interest payments due on the 15th day of each month at a 3% interest rate amortized over 120 months.

MID-OHIO FOODBANK
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Note 11 - Concentration of Credit Risk

The organization's funds contained in its cash balance at June 30, 2018 and 2017 were held in a total of six different financial institutions. Each of these institutions provides insurance coverage up to \$250,000 through the Federal Deposit Insurance Corporation. At June 30, 2018, the cash on deposit at JP Morgan Chase and Nationwide Bank exceeded this \$250,000 limit by \$3,061,966 and \$181,533, respectively. Also at risk at June 30, 2018 was the UBS Investment cash (held in mutual funds) of \$115,611. At June 30, 2017, the cash on deposit at JP Morgan Chase and Nationwide Bank exceeded this \$250,000 limit by \$2,544,618, and \$201,382, respectively. Also at risk at June 30, 2017 was the UBS Investment cash (held in mutual funds) of \$153,577.

Note 12 - Investments

The organization maintains investments in cash and treasuries, bonds, fixed income funds, large cap value funds, large cap growth funds, international funds, small cap funds and REIT funds. 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, 2018 and 2017:

Description	2018		
	Fair Value	Cost	Unrealized Gain / (Loss)
Trading Securities			
Cash Held in Mutual Funds	\$115,611	115,611	0
Equities	2,476,906	2,009,613	467,293
Fixed Income	2,070,473	2,101,798	(31,324)
Total	<u>\$4,662,990</u>	<u>\$4,227,022</u>	<u>435,969</u>
Description	2017		
	Fair Value	Cost	Unrealized Gain / (Loss)
Trading Securities			
Cash held in Mutual Funds	\$153,577	153,577	0
Equities	2,596,113	2,165,610	430,503
Fixed Income	1,615,187	1,623,556	(9,632)
Total	<u>\$4,364,877</u>	<u>\$3,942,743</u>	<u>\$422,134</u>

MID-OHIO FOODBANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2018 AND 2017

Note 12 – Investments (Continued)

Investment income consisted of the following at June 30:

	<u>2018</u>	<u>2017</u>
Interest and dividend income	\$ 95,339	\$89,170
Realized gain on investments	251,463	61,117
Unrealized gains (losses) on investments	(6,537)	271,410
Brokerage fees	<u>(42,152)</u>	<u>(39,843)</u>
Net Investment Income	<u>\$ 298,113</u>	<u>\$381,854</u>

Note 13 – Leases

Reeb Avenue Center rents a portion of a building on Reeb Avenue from the City of Columbus, Ohio. On September 1, 2015 Mid-Ohio Foodbank entered into a sublease agreement with the Reeb Avenue Center to open South Side Roots Café and Market. 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 September 1, 2015 through August 31, 2018 at an annual cost of \$25,056. Payments remaining on the current lease period total \$4,176.