

THE FOODBANK, INC.
(A NONPROFIT ORGANIZATION)

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
YEARS ENDED JUNE 30, 2024 AND 2023

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INDEPENDENT AUDITORS' REPORT

Board of Directors
The Foodbank, Inc.
Dayton, Ohio

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of **The Foodbank, Inc.** (a nonprofit organization), which comprise the statements of financial position as of June 30, 2024 and 2023, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of **The Foodbank, Inc.** as of June 30, 2024 and 2023, 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.

Basis for Opinion

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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **The Foodbank, Inc.** and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of **The Foodbank, Inc.** to continue as a going concern within one year after the date that the financial statements are available to be issued.

INDEPENDENT AUDITORS' REPORT - CONTINUED

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 internal control of **The Foodbank, Inc.** Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the ability of **The Foodbank, Inc.** to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

INDEPENDENT AUDITORS' REPORT - CONTINUED

Supplementary 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 schedule of expenditures of federal awards 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 January 15, 2024, on our consideration of **The Foodbank, Inc.'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 **The Foodbank, Inc.'s** internal control over financial reporting and compliance.



Dayton, Ohio
January 15, 2024

THE FOODBANK, INC.

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$ 7,431,917	\$ 2,446,317
Grants receivable	157,548	2,756,700
Prepaid expenses	53,760	-
Inventory	1,022,920	750,131
Other assets	<u>835</u>	<u>105,741</u>
Total current assets	8,666,980	6,058,889
OPERATING LEASE RIGHT-OF-USE ASSET	7,793	14,775
PROPERTY AND EQUIPMENT, NET	6,660,095	6,806,310
BENEFICIAL INTEREST IN ENDOWMENT FUNDS	9,968,092	10,896,659
INVESTMENTS	<u>57,096</u>	<u>-</u>
	<u>\$ 25,360,056</u>	<u>\$ 23,776,633</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current maturities of finance lease obligations	\$ 32,601	\$ 45,434
Current maturities of operating lease obligations	7,185	6,983
Accounts payable	18,050	25,176
Accrued expenses	<u>214,096</u>	<u>168,235</u>
Total current liabilities	<u>271,932</u>	<u>245,828</u>
LONG-TERM LIABILITIES		
Finance lease obligations, net of current maturities	10,482	43,083
Operating lease obligations, net of current maturities	<u>608</u>	<u>7,792</u>
Total liabilities	<u>283,022</u>	<u>296,703</u>
NET ASSETS		
Without donor restrictions	23,921,572	22,860,659
With donor restrictions	<u>1,155,462</u>	<u>619,271</u>
	<u>25,077,034</u>	<u>23,479,930</u>
	<u>\$ 25,360,056</u>	<u>\$ 23,776,633</u>

See notes to financial statements.

THE FOODBANK, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2024

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT			
Government grants	\$ 1,757,572	\$ -	\$ 1,757,572
United Way allocation	86,983	-	86,983
Contributions	4,253,034	631,853	4,884,887
Net assets released from restrictions	<u>159,099</u>	<u>(159,099)</u>	<u>-</u>
Total Public Support	<u>6,256,688</u>	<u>472,754</u>	<u>6,729,442</u>
REVENUE			
Contribution of nonfinancial assets - food and products	26,675,160	-	26,675,160
Change in value of beneficial interest in endowment funds	1,007,996	63,437	1,071,433
Loss on disposal of property and equipment	(66,018)	-	(66,018)
Investment income	7,096	-	7,096
Other revenue	<u>346,177</u>	<u>-</u>	<u>346,177</u>
Total Revenue	<u>27,970,411</u>	<u>63,437</u>	<u>28,033,848</u>
Total Public Support and Revenue	<u>34,227,099</u>	<u>536,191</u>	<u>34,763,290</u>
FUNCTIONAL EXPENSES			
Program services	31,178,913	-	31,178,913
Management and general	1,168,688	-	1,168,688
Fundraising	<u>818,585</u>	<u>-</u>	<u>818,585</u>
Total Functional Expenses	<u>33,166,186</u>	<u>-</u>	<u>33,166,186</u>
CHANGE IN NET ASSETS	1,060,913	536,191	1,597,104
NET ASSETS			
Beginning of year	<u>22,860,659</u>	<u>619,271</u>	<u>23,479,930</u>
End of year	<u>\$ 23,921,572</u>	<u>\$ 1,155,462</u>	<u>\$ 25,077,034</u>

See notes to financial statements.

THE FOODBANK, INC.**STATEMENT OF ACTIVITIES****YEAR ENDED JUNE 30, 2023**

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
PUBLIC SUPPORT			
Government grants	\$ 4,454,158	\$ -	\$ 4,454,158
United Way allocation	87,549	-	87,549
Contributions	4,434,912	186,099	4,621,011
Net assets released from restrictions	<u>135,175</u>	<u>(135,175)</u>	<u>-</u>
Total Public Support	<u>9,111,794</u>	<u>50,924</u>	<u>9,162,718</u>
REVENUE			
Contribution of nonfinancial assets - food and products	24,842,218	-	24,842,218
Change in value of beneficial interest in endowment funds	613,386	43,970	657,356
Other revenue	<u>18,605</u>	<u>-</u>	<u>18,605</u>
Total Revenue	<u>25,474,209</u>	<u>43,970</u>	<u>25,518,179</u>
Total Public Support and Revenue	<u>34,586,003</u>	<u>94,894</u>	<u>34,680,897</u>
FUNCTIONAL EXPENSES			
Program services	29,246,267	-	29,246,267
Management and general	948,338	-	948,338
Fundraising	<u>830,413</u>	<u>-</u>	<u>830,413</u>
Total Functional Expenses	<u>31,025,018</u>	<u>-</u>	<u>31,025,018</u>
CHANGE IN NET ASSETS	3,560,985	94,894	3,655,879
NET ASSETS			
Beginning of year	<u>19,299,674</u>	<u>524,377</u>	<u>19,824,051</u>
End of year	<u>\$ 22,860,659</u>	<u>\$ 619,271</u>	<u>\$ 23,479,930</u>

See notes to financial statements.

THE FOODBANK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2024

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Goods distributed - food and products	\$ 26,283,610	\$ -	\$ -	\$ 26,283,610
Goods distributed - purchased inventory	729,471	-	-	729,471
Salaries and wages	2,287,442	496,772	417,763	3,201,977
Payroll taxes	192,526	41,811	35,162	269,499
Employee benefits	365,189	79,309	66,696	511,194
Temporary hire	1,072	233	196	1,501
Insurance	63,443	21,148	-	84,591
Professional services	29,703	252,277	14,851	296,831
Membership fees	24,585	-	-	24,585
Interest	-	470	-	470
Dues and subscriptions	-	39,776	-	39,776
Equipment rent	1,321	991	991	3,303
Vehicle expenses	142,935	-	-	142,935
Repairs and maintenance	49,579	5,254	-	54,833
Utilities	69,857	23,286	-	93,143
Telephone and internet	8,368	8,251	4,301	20,920
Office warehouse	83,013	20,704	14,186	117,903
Garden	40,005	-	-	40,005
Marketing and printing	10,646	14,236	184,830	209,712
Security	2,933	978	-	3,911
Conferences and training	45,608	16,161	8,629	70,398
Miscellaneous	21,004	20,074	65,633	106,711
Freight out	25,062	-	-	25,062
Agency capacity building	103,039	-	-	103,039
Inventory spoilage	61,909	-	-	61,909
Special events	<u>31,905</u>	<u>785</u>	<u>5,347</u>	<u>38,037</u>
Total Functional Expenses Before Depreciation	30,674,225	1,042,516	818,585	32,535,326
Depreciation	<u>504,688</u>	<u>126,172</u>	<u>-</u>	<u>630,860</u>
Total Functional Expenses	<u>\$ 31,178,913</u>	<u>\$ 1,168,688</u>	<u>\$ 818,585</u>	<u>\$ 33,166,186</u>

See notes to financial statements.

THE FOODBANK, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2023

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Goods distributed - food and products	\$ 24,489,999	\$ -	\$ -	\$ 24,489,999
Goods distributed - purchased inventory	1,093,636	-	-	1,093,636
Salaries and wages	1,958,257	397,612	376,499	2,732,368
Payroll taxes	164,307	33,361	31,590	229,258
Employee benefits	257,442	52,272	49,496	359,210
Temporary hire	179	36	34	249
Insurance	46,700	15,567	-	62,267
Professional services	27,422	205,753	13,711	246,886
Membership fees	14,922	-	-	14,922
Interest	-	-	1,400	1,400
Dues and subscriptions	-	43,525	-	43,525
Equipment rent	1,321	991	991	3,303
Vehicle expenses	139,276	-	-	139,276
Repairs and maintenance	101,739	15,025	-	116,764
Utilities	63,095	21,032	-	84,127
Telephone and internet	7,343	6,423	4,591	18,357
Office warehouse	95,713	21,084	15,241	132,038
Garden	49,123	-	-	49,123
Marketing and printing	8,726	11,743	291,992	312,461
Security	11,826	3,942	-	15,768
Conferences and training	49,380	17,783	11,911	79,074
Miscellaneous	11,092	29,452	29,662	70,206
Freight out	5,668	-	-	5,668
Agency capacity building	118,963	-	-	118,963
Inventory spoilage	209,988	-	-	209,988
Special events	<u>33,346</u>	<u>1,036</u>	<u>3,295</u>	<u>37,677</u>
Total Functional Expenses Before Depreciation	28,959,463	876,637	830,413	30,666,513
Depreciation	<u>286,804</u>	<u>71,701</u>	<u>-</u>	<u>358,505</u>
Total Functional Expenses	<u>\$ 29,246,267</u>	<u>\$ 948,338</u>	<u>\$ 830,413</u>	<u>\$ 31,025,018</u>

THE FOODBANK, INC.

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2024 AND 2023

	<u>2024</u>	<u>2023</u>
OPERATING ACTIVITIES		
Change in net assets	\$ 1,597,104	\$ 3,655,879
Adjustments to reconcile change in net assets to net cash and cash equivalents provided by operating activities:		
Depreciation	630,860	358,505
Loss on disposal of property and equipment	66,018	-
Change in value of beneficial interest in endowment funds	(1,071,433)	(657,356)
Net realized and unrealized gain on investments	(7,096)	-
Contribution of nonfinancial assets - food and products	(26,675,160)	(24,842,218)
Nonfinancial assets distributed and inventory spoilage	26,345,519	24,699,987
Amortization of right-of-use assets	6,982	14,775
	<u>892,794</u>	<u>3,229,572</u>
Changes in operating assets and liabilities:		
Grants receivable	2,599,152	(2,580,635)
Prepaid expenses	(53,760)	-
Other assets	104,906	345
Purchased inventory	56,852	139,103
Accounts payable	(7,126)	(180,538)
Accrued expenses	45,861	28,113
Operating lease liabilities	(6,982)	(14,775)
	<u>3,631,697</u>	<u>621,185</u>
Net Cash and Cash Equivalents Provided by Operating Activities		
	3,631,697	621,185
INVESTING ACTIVITIES		
Net withdrawals form beneficial interest	2,000,000	-
Purchases of investments	(50,000)	-
Purchases of property and equipment	(550,663)	(1,256,620)
	<u>1,399,337</u>	<u>(1,256,620)</u>
Net Cash and Cash Equivalents Provided (Used) by Investing Activities		
	1,399,337	(1,256,620)
FINANCING ACTIVITIES		
Principal payments on finance/capital lease obligations	(45,434)	(67,055)
	<u>(45,434)</u>	<u>(67,055)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,985,600	(702,490)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>2,446,317</u>	<u>3,148,807</u>
End of year	<u>\$ 7,431,917</u>	<u>\$ 2,446,317</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for:		
Interest paid	<u>\$ 471</u>	<u>\$ 1,400</u>

See notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations - The Foodbank, Inc. (the "Organization") is an Ohio not-for-profit corporation committed to alleviating hunger in its community. The Organization achieves this commitment through the distribution of food commodities to member agencies located in Montgomery County and various other counties in Ohio. The Organization's primary funding sources are from the United States Department of Agriculture (USDA), United States Department of Health and Human Services (HHS), Feeding America, Shared Harvest Foodbank, the United Way campaign and donor contributions.

Basis of Presentation - Accounting standards require the Organization to report information regarding the financial position and activities according to two classes of net assets: without donor restrictions and with donor restrictions.

Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. The Organization has no net assets that are required to be maintained in perpetuity.

Financial 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 revenue and expenses during the reporting period. Actual results could differ from those estimates.

Minimum Cash Requirement - In accordance with the terms of a grantor, the Organization is required to maintain cash reserves without donor restrictions equal to or greater than the previous year's average quarterly cash operating expenses, which exclude distributions of donated food. Minimum cash reserves of \$1,551,776 and \$1,365,525 were required to be maintained for the fiscal year 2024 and 2023. The Organization was in compliance with the minimum cash requirement.

Grants Receivable - The Organization carries its receivables for grants at net realizable value.

Inventory - Inventory consists of perishable and non-perishable foods and related products. Purchased food is valued at the cost of products purchased as determined by the first-in, first-out method.

The Organization generally carries all donated inventory, including donations received through Feeding America, at \$1.93 and \$1.92 per pound at June 30, 2024 and 2023. The valuation per pound is based on the approximate average wholesale value of one pound of donated product at the national level as outlined in the Product Valuation Survey Methodology prepared for Feeding America. Management believes the estimate to be an accurate measure of the inventory cost. The Organization carries all federal and state program inventories at the donated value on the date received.

Property and Equipment - Property and equipment are stated at cost, while donated items are reported at fair value on the date of contribution, and depreciated over their estimated useful lives using the straight-line method. Depreciation expense was \$630,860 and \$358,505 for the years 2024 and 2023. Routine repairs and maintenance are charged to expense when incurred.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Organization capitalizes all expenditures in excess of \$5,000 for property and equipment at cost. Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as support and net assets with donor restrictions. In the absence of such stipulations, contributions of property and equipment are recorded as support and net assets without donor restrictions.

The Organization reviews for impairment of long-lived assets in accordance with accounting standards. These standards require organizations to determine if changes in circumstances indicate that the carrying amount of its long-lived assets may not be recoverable. If a change in circumstances warrants such an evaluation, undiscounted future cash flows from the use and ultimate disposition of the asset, as well as respective market values, are estimated to determine if an impairment exists. Management believes that there has been no impairment of the carrying value of its long-lived assets at June 30, 2024 and 2023.

Investments - Investments in mutual funds with readily determinable fair values are measured at fair value in the statements of financial position. Net unrealized gains and losses are included in the change in net assets on the statements of activities.

Leases - In February 2016, the Financial Accounting Standards Board (FASB) issued guidance Accounting Standards Codification [ASC] 842, *Leases*, to increase transparency and comparability among organizations by requiring the recognition of right-of-use (ROU) assets and lease liabilities on the statement of financial position. Most prominent among the changes in the standard is the recognition of ROU assets and lease liabilities by lessees for those leases classified as operating leases. Under the standard, disclosures are required to meet the objective of enabling users of financial statements to assess the amount, timing, and uncertainty of cash flows arising from leases.

The Organization adopted the standard effective July 1, 2022, and recognized and measured leases existing at July 1, 2022 (the beginning of the period of adoption) through a cumulative effect adjustment, with certain practical expedients available.

The Organization elected the available practical expedients to account for their existing capital leases and operating leases as finance leases and operating leases, respectively, under the new guidance, without reassessing (a) whether the contracts contain leases under the new standard, (b) whether classification of capital leases or operating leases would be different in accordance with the new guidance, or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in the new guidance at lease commencement.

As a result of the adoption of the new lease accounting guidance, the Organization recognized on July 1, 2022 a lease liability of \$21,562, which represents the present value of the remaining operating lease payments of \$21,888, discounted using the risk free-borrowing rate of 2.85% and a ROU asset of \$21,562. The Organization previously recognized capital lease liabilities. As a result of the adoption of the new lease accounting guidance, these liabilities have been reclassified as finance lease obligations on the statements of financial position. Corresponding assets are recognized in property and equipment on the statements of financial position.

The standard had an impact on the statement of financial position, but did not have a material impact on the statement of activities, nor statement of cash flows. The most significant impact was the recognition of ROU assets and lease liabilities for the operating lease, while the accounting for finance leases remained substantially unchanged.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The Organization leases vehicles and various other equipment. The Organization determines if an arrangement is a lease at inception. Operating leases are included in operating lease ROU assets, and current and long-term operating lease liabilities on the statements of financial position. Finance leases are included in property and equipment, and current and long-term finance lease obligations on the statements of financial position.

ROU assets represent the Organization's right to use an underlying asset for the lease term and lease liabilities represent its obligation to make lease payments arising from the lease. Operating and finance lease ROU assets and liabilities are recognized at commencement date based on the present value of lease payments over the lease term. Since the Organization's finance leases provide an implicit interest rate, these were the rates used in determining the present value of these lease payments. As the operating lease does not provide an implicit interest rate, the Organization uses a risk free rate based on the information available at commencement date in determining the present value of lease payments. The operating lease ROU asset also includes any lease payments made and excludes lease incentives. The Organization's lease terms may include options to extend or terminate the lease when it is reasonably certain that it will exercise that option. Lease expense for lease payments is recognized on a straight-line basis over the lease term.

The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Concentrations - Donated food from Shared Harvest and the USDA accounted for 80% and 82% of all donated food for the year 2024 and 2023.

The Organization's cash as of June 30, 2024 and 2023 were on deposit in one financial institution which, at various times throughout the year were in excess of FDIC insurance limits of \$250,000.

Contributions - Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and nature of any donor restrictions. Support that is not restricted by the donor is reported as an increase in net assets without donor restrictions. All other donor restricted support is reported as an increase in net assets with donor restrictions, depending on the nature of the restriction. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions, and reported in the statement of activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as net assets without donor restrictions contributions.

Donations of property and equipment are recorded as contributions at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as increases in restricted net assets. Absent explicit donor stipulations regarding how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Income Tax Status - The Organization is a not-for-profit organization incorporated under the laws of the State of Ohio, and is exempt from the payment of federal income taxes under Section 501(c)(3) of the Internal Revenue Code. However, the Organization is subject to federal income tax on any unrelated business taxable income.

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

Accounting for Uncertainty in Income Taxes - Accounting standards require the evaluation of tax positions taken, or expected to be taken, in the course of preparing the Organization's tax returns, to determine whether the tax positions are "more-likely-than-not" of being sustained by the applicable tax authority. This statement provides that a tax benefit from an uncertain tax position may be recognized in the financial statements only when it is "more-likely-than-not" the position will be sustained upon examination, including resolution of any related appeals or litigation processes, based upon the technical merits and consideration of all available information. Once the recognition threshold is met, the portion of the tax benefit that is recorded represents the largest amount of tax benefit that is greater than 50 percent likely to be realized upon settlement with a taxing authority. Based on its review, management does not believe the Organization has taken any material uncertain tax positions, including any position that would place the Organization's exempt status in jeopardy, as of June 30, 2024 and 2023.

Functional Allocation of Expenses - Directly identifiable expenses are charged to programs and supporting services. Certain categories of expenses are attributable to more than one program or supporting function and are allocated on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses and contract services are allocated on the basis of estimates of time and effort. Occupancy, utilities, insurance, and equipment rental and maintenance are allocated on the basis of estimates of square footage used.

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

Subsequent Events - In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 15, 2024, the date the financial statements were available to be issued.

NOTE 2 - LIQUIDITY AND AVAILABILITY

The Organization monitors its liquidity so that it is able to meet its operating needs and other contractual commitments while maximizing the investment of its excess operating cash. The Organization has the following financial assets, less those unavailable for general expenditure within one year:

	<u>2024</u>	<u>2023</u>
Financial assets:		
Cash and cash equivalents	\$ 7,431,917	\$ 2,446,317
Grants receivable	157,548	2,756,700
Beneficial interest in endowment funds	9,968,092	10,896,659
Other assets	835	105,741
Investments	<u>57,096</u>	<u>-</u>
Total financial assets	<u>17,615,488</u>	<u>16,205,417</u>
Less those unavailable for general expenditure within one year due to:		
Donor-restricted endowment fund	496,609	433,172
Donor-restricted for programming	658,853	186,099
Minimum cash requirement	1,551,776	1,365,525
Beneficial interest in endowment funds	<u>9,471,483</u>	<u>10,463,487</u>
	<u>12,178,721</u>	<u>12,448,283</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 5,436,767</u>	<u>\$ 3,757,134</u>

THE FOODBANK, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - PROPERTY AND EQUIPMENT

	<u>2024</u>	<u>2023</u>
Land	182,100	182,100
Land improvements	347,045	347,045
Building	6,038,539	6,038,539
Vehicles	1,509,845	1,501,275
Software	58,450	58,450
Furniture and equipment	<u>1,114,172</u>	<u>1,082,086</u>
	9,250,151	9,209,495
Less accumulated depreciation	<u>2,590,056</u>	<u>2,403,185</u>
	<u>\$ 6,660,095</u>	<u>\$ 6,806,310</u>

NOTE 4 - INVESTMENTS

Investments are stated at fair value and consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Mutual funds	<u>\$ 57,096</u>	<u>\$ -</u>

Net investment return, consist of the following at June 30:

	<u>2024</u>	<u>2023</u>
Unrealized gains	\$ 7,584	\$ -
Investment fees	<u>(488)</u>	<u>-</u>
	<u>\$ 7,096</u>	<u>\$ -</u>

NOTE 5 - FAIR VALUE MEASUREMENTS

The Organization is required to use inputs for measuring fair value according to the three level hierarchy established in the accounting standards, using the highest level possible (e.g., Level 1) if such inputs are available, and if not, going to the next lower level.

The three levels for measuring fair value are:

Level 1 - Fair values are determined by reference to quoted market prices in an active market and other relevant information generated by market transactions. The Organization did not have Level 1 investments as of June 30, 2023.

Level 2 - Fair value is based on model inputs that are observable either directly or indirectly. The Organization did not have Level 2 investments as of June 30, 2024 and 2023.

Level 3 - Fair values are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair measurement. These inputs reflect assumptions of management using valuation techniques consistent from year to year. The Organization withdrew \$2,000,000 of its Level 3 investments during 2024.

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - FAIR VALUE MEASUREMENTS - CONTINUED

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Fair values of the Organization's financial assets measured on a recurring basis at June 30, 2024 and 2023 are as follows:

	2024			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Investments				
Mutual funds	\$ 57,096	\$ 57,096	\$ -	\$ -
Beneficial interest in endowment funds	<u>9,968,092</u>	<u>-</u>	<u>-</u>	<u>9,968,092</u>
	<u>\$ 10,025,188</u>	<u>\$ 57,096</u>	<u>\$ -</u>	<u>\$ 9,968,092</u>
	2023			
	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Assets				
Beneficial interest endowment funds	<u>\$ 10,896,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,896,659</u>

NOTE 6 - BENEFICIAL INTEREST IN ENDOWMENT FUNDS

The Organization has a beneficial interest in a portion of The Lester L. Haubach Fund for The Foodbank, Inc. (the "Fund"), which is held by The Dayton Foundation. In accordance with the Fund agreement, the Organization has the right to receive income earned on the endowment assets. Under the terms of the Fund agreement, the Organization's Board of Directors has the right to distribute the Fund principal, subject to approval of The Dayton Foundation. Therefore, the Fund is considered to have a purpose restriction and has been classified as part of net assets with donor restrictions. Adjustments to the value of the asset are recorded as changes in net assets with donor restrictions. When income from the Fund is appropriated for expenditure, it is released to net assets without donor restrictions. The fair value of the Fund was \$496,609 and \$433,172 at June 30, 2024 and 2023.

The Organization has established The Foodbank Endowment Fund, a charitable endowment fund, with The Dayton Foundation, of which the Organization is the named beneficiary. The beneficial interest in the endowment fund was \$9,471,483 and \$10,463,487 at June 30, 2024 and 2023, and represents amounts contributed by the Organization, plus any net subsequent earnings retained in this fund. Net investment earnings of the endowment fund are included in the statements of activities as a change in net assets without donor restrictions.

NOTES TO FINANCIAL STATEMENTS

NOTE 7 - ENDOWMENT FUNDS

Generally accepted accounting principles (“GAAP”) require that the net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. The Organization’s endowment consists of donor-restricted funds and funds designated by the Board of Directors to function as endowments, of which all funds are held by The Dayton Foundation, a community foundation. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

Return Objectives and Risk Parameters

The policy for endowment assets held by The Dayton Foundation is to preserve the real purchasing power of the endowed assets and provide a growing stream of income to be made available for spending, net of inflation. This investment policy establishes a return objective through diversification of asset classes. The Dayton Foundation’s investment objective for the endowment assets is for the total return to exceed the rate of inflation, as measured by the Consumer Price Index, by 4% over a 5-year moving average. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives

To satisfy its long-term rate-of-return objectives, the Organization relies on the total return strategy of specific accounts used for these funds by The Dayton Foundation, in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The endowment funds held at The Dayton Foundation target a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term objectives within prudent risk parameters.

Spending Policy and How the Investment Objectives Relate to Spending Policy

The Organization has adopted investment and spending policies for donor-restricted endowment assets held by The Dayton Foundation. The Dayton Foundation’s spending policy calculates the amount of money that can be distributed from the funds annually.

The changes in endowment net assets are as follows for the fiscal years 2024 and 2023:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, June 30, 2022	\$ 9,850,101	\$ 389,202	\$ 10,239,303
Change in value of beneficial interest in endowment funds held by The Dayton Foundation	<u>613,386</u>	<u>43,970</u>	<u>657,356</u>
Endowment net assets, June 30, 2023	10,463,487	433,172	10,896,659
Change in value of beneficial interest in endowment funds held by The Dayton Foundation	1,007,996	63,437	1,071,433
Withdrawal of cash from endowment fund	<u>(2,000,000)</u>	<u>-</u>	<u>(2,000,000)</u>
Endowment net assets, June 30, 2024	<u>\$ 9,471,483</u>	<u>\$ 496,609</u>	<u>\$ 9,968,092</u>

THE FOODBANK, INC.**NOTES TO FINANCIAL STATEMENTS**

NOTE 8 - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are available for the following purposes at June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Subject to expenditure for specific purpose:		
Programming	\$ 658,853	\$ 186,099
The Lester Haubach Fund for The Foodbank, Inc.	<u>496,609</u>	<u>433,172</u>
	<u>\$ 1,155,462</u>	<u>\$ 619,271</u>

The following schedule is the assets released from restrictions for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Purpose restriction	<u>\$ 159,099</u>	<u>\$ 135,175</u>

NOTE 9 - LEASING ACTIVITIES

The Organization leases certain vehicles and various other equipment under long-term cancelable and non-cancelable leases expiring at various dates through 2026.

The following summarizes the line items in the statements of financial position which include the amounts for operating and finance leases as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating Leases		
Operating lease right-of-use assets	<u>\$ 7,793</u>	<u>\$ 14,775</u>
Current operating lease liabilities	\$ 7,185	\$ 6,983
Long-term operating lease liabilities	<u>608</u>	<u>7,792</u>
Total operating lease liabilities	<u>\$ 7,793</u>	<u>\$ 14,775</u>
Finance Leases		
Property and equipment	\$ 349,170	\$ 349,170
Accumulated depreciation	<u>264,693</u>	<u>214,812</u>
Property and equipment, net	<u>\$ 84,477</u>	<u>\$ 134,358</u>
Current finance lease liabilities	\$ 32,601	\$ 45,434
Long-term finance lease liabilities	<u>10,482</u>	<u>43,083</u>
Total finance lease liabilities	<u>\$ 43,083</u>	<u>\$ 88,517</u>

THE FOODBANK, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 9 - LEASING ACTIVITIES - CONTINUED

The following summarizes the weighted average remaining lease term and discount rate as of June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Weighted Average Remaining Lease Term		
Operating lease	1.08 years	2.09 years
Finance leases	1.18 years	1.99 years
Weighted Average Discount Rate		
Operating lease	2.85%	2.85%
Finance leases	2.40%	2.42%

The maturities of lease liabilities as of June 30, 2024 are as follows:

	<u>Operating</u>	<u>Finance</u>
2025	\$ 7,296	\$ 33,211
2026	<u>608</u>	<u>10,554</u>
Total lease payments	7,904	43,765
Less interest	<u>(111)</u>	<u>(682)</u>
Present value of lease liabilities	<u>\$ 7,793</u>	<u>\$ 43,083</u>

The following provides a breakout of rent expense on the statements of functional expenses for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Operating lease expense:		
Operating lease expense	\$ 7,296	\$ 7,296
Short-term lease expense	<u>7,119</u>	<u>4,993</u>
Total operating lease expense	<u>\$ 14,415</u>	<u>\$ 12,289</u>
Finance lease costs:		
Amortization of lease assets included in depreciation expense	\$ 49,884	\$ 49,884
Interest on lease liabilities included in interest expense	<u>471</u>	<u>1,400</u>
Total finance lease expense	<u>\$ 50,355</u>	<u>\$ 51,284</u>

The following summarizes cash flow information related to leases for the years ended June 30, 2024 and 2023:

	<u>2024</u>	<u>2023</u>
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows for operating leases	\$ 7,296	\$ 7,296
Operating cash flows for finance leases	471	1,400
Financing cash flows for finance leases	45,434	67,055

THE FOODBANK, INC.

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - RETIREMENT PLAN

The Organization offers retirement benefits for all of its eligible full-time employees. The defined contribution plan meets the requirements of Internal Revenue Code Section 401(k) and is funded by contributions from the Organization and employees. Contributions are paid as accrued. Employees vest over five years in employer contributions. Organization contributions were \$92,741 and \$73,363 for the years 2024 and 2023.

NOTE 11 - CONTRIBUTED NONFINANCIAL ASSETS

	<u>2024</u>	<u>2023</u>
Food and products	<u>\$ 26,675,160</u>	<u>\$ 24,842,218</u>

The Organization recognized contributed nonfinancial assets within revenue and support, including contributed food and products. Unless otherwise noted, contributed nonfinancial assets did not have donor-imposed restrictions.

Contributed food and products recognized consist of various nonperishable foods, pet food, and nonfood household products provided to the Organization for its operations. Contributed food and products are valued and are reported at the estimated fair value in the financial statements based on an average wholesale value per pound based on published sources.



**INDEPENDENT AUDITORS' 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**

Board of Directors
The Foodbank, Inc.
Dayton, Ohio

We have audited, 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, the financial statements of the **The Foodbank, Inc.** (the "Organization"), which comprise the statement of financial position as of June 30, 2024, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 15, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 the Organization's 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 the 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 or significant deficiencies may exist that were not identified.

**INDEPENDENT AUDITORS' 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**

Report on Compliance and Other Matters

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

Purpose of This 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.



Dayton, Ohio
January 15, 2024



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

Board of Directors
The Foodbank, Inc.
Dayton, Ohio

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the **The Foodbank, Inc.**'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2024. The Organization's major federal programs are identified in the Summary of Auditors' Results section of the accompanying schedule of findings and questioned costs.

In our opinion, **The Foodbank, Inc.** 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, 2024.

Basis for Opinion on Each Major Federal Program

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 requirement of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of **The Foodbank, Inc.** and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of **The Foodbank, Inc.**'s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to **The Foodbank, Inc.**'s federal programs.

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE - CONTINUED

Auditors' Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and to express an opinion on **The Foodbank, Inc.'s** compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **The Foodbank, Inc.'s** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding **The Foodbank, Inc.'s** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of **The Foodbank, Inc.'s** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 **The Foodbank, Inc.'s** internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

INDEPENDENT AUDITORS' 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

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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.



Dayton, Ohio
January 15, 2024

THE FOODBANK, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass Through Grantor/Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Passed through Shared Harvest Foodbank				
Food distribution cluster:				
Emergency Food Assistance Program (Administrative costs)	10.568	Various	\$ -	\$ 397,582
Emergency Food Assistance Program (Food commodities)	10.569	Various	5,276,209	5,276,209
Passed through Ohio Department of Job and Family Services				
Food distribution cluster:				
Commodity Supplemental Food Program (Administrative costs)	10.565	Various	-	112,773
Commodity Supplemental Food Program (Food commodities)	10.565	Various	<u>502,662</u>	<u>502,662</u>
			5,778,871	6,289,226
Passed through Ohio Department of Education (DOE)				
Client nutrition cluster:				
Summer Food Service Program for Children	10.559	Various	<u>3,254</u>	<u>3,254</u>
Total U.S. Department of Agriculture			<u>5,782,125</u>	<u>6,292,480</u>
U.S. Department of Health and Human Services				
Passed through Ohio Association of Foodbanks				
Social Services Block Grant	93.667	Various	-	483,845
Temporary Assistance for Needy Families	93.558	Various	<u>-</u>	<u>918,171</u>
Total U.S. Department of Health and Human Services			<u>-</u>	<u>1,402,016</u>
U.S. Department of Homeland Security				
Passed through the United Way				
Emergency Food and Shelter National Board Program	97.024	Various	<u>-</u>	<u>44,000</u>
U.S. Department of the Treasury				
COVID 19- Coronavirus Relief Fund	21.019		<u>-</u>	<u>20,800</u>
U.S. Department of Housing and Urban Development				
Community Development Block Grant	14.228		<u>-</u>	<u>345,346</u>
TOTAL FEDERAL AWARDS			<u>\$ 5,782,125</u>	<u>\$ 8,104,642</u>

THE FOODBANK, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CONTINUED

YEAR ENDED JUNE 30, 2024

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of **The Foodbank, Inc.** under programs of the federal government for the year ended June 30, 2024. 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 2 - 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 the Uniform Guidance wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 3 - Indirect Cost Rate

The Organization has elected not to use the 10 percent de minimus indirect cost rate as allowed under the Uniform Guidance.

Note 4 - Donated Commodities

The amounts reported as federal expenditures for certain federal programs represents federal commodities distributed to pantries and other qualified agencies during the fiscal year under the programs with FALN numbers 10.559, 10.565, and 10.569. The value of federal commodities on hand for these programs at June 30, 2024 was \$566,289.

THE FOODBANK, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2024

SUMMARY OF AUDITORS' RESULTS

1. The auditors' report expresses an unmodified opinion on whether the financial statements of the Organization were prepared in accordance with GAAP.
2. No significant deficiencies or material weaknesses relating to the audit of the financial statements are reported in the Independent Auditors' 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*.
3. No instances of noncompliance material to the financial statements of the Organization were disclosed during the audit.
4. No significant deficiencies or material weaknesses relating to the audit of the major federal award program are reported in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs expresses an unmodified opinion.
6. There were no audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a).
7. The programs tested as major programs were FALN 10.565 - Commodity Supplemental Food Program, FALN 10.568 - Emergency Food Assistance Program (Administrative Costs), FANL 10.569 - Emergency Food Assistance Program (Food Commodities), and FALN 93.558 - Temporary Assistance for Needy Families.
8. The threshold used for distinguishing between Type A and B programs was \$750,000.
9. The Organization did qualify as a low-risk auditee.

FINDINGS - FINANCIAL STATEMENTS AND COMPLIANCE AUDITS

No matters are reportable.