

**Shared Harvest Foodbank; Inc.**

**Financial Statements and  
Supplemental Information  
December 31, 2021  
Together with Independent Auditor's Reports**

# **Shared Harvest Foodbank, Inc.**

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STEPHENSON  
& WARNER, INC.

CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditor's Report

To the Board of Trustees of  
Shared Harvest Foodbank, Inc.  
Fairfield, Ohio

### Report on the Audit of the Financial Statements

#### *Opinion*

We have audited the accompanying financial statements of Shared Harvest Foodbank, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Shared Harvest Foodbank, Inc. as of December 31, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Shared Harvest 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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 Shared Harvest Foodbank, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

#### *Auditor's 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 auditor's 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 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 Shared Harvest Foodbank, Inc.'s internal control. 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 Shared Harvest Foodbank, Inc.'s ability 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.

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 May 19, 2022, on our consideration of Shared Harvest 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Shared Harvest Foodbank, Inc.'s 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 Shared Harvest Foodbank, Inc.'s internal control over financial reporting and compliance.

*Stephenson and Warner, Inc.*

Stephenson and Warner, Inc.  
Hamilton, Ohio

May 19, 2022

**Shared Harvest Foodbank, Inc.**  
**Statement of Financial Position**  
**December 31, 2021**

**Assets**

Current assets	
Cash and cash equivalents	\$ 3,486,924
Restricted cash and cash equivalents	65,605
Accounts receivable - contract asset	27,283
Unconditional promises to give	44,319
Grants receivable	165,527
Inventory	1,465,682
Prepaid expenses	4,632
Total current assets	<u>5,259,972</u>
Investments	279,393
Property and equipment, net	<u>1,279,428</u>
Total assets	<u><u>6,818,793</u></u>

**Liabilities and Net Assets**

Current liabilities	
Accounts payable	135,048
Accrued payroll and related taxes	6,649
Accrued liabilities	7,372
Total current liabilities	<u>149,069</u>
Total liabilities	<u>149,069</u>
Net assets	
Without donor restrictions	6,324,726
Without donor restrictions - board designated	<u>279,393</u>
	<u><u>6,604,119</u></u>
With donor restrictions	<u>65,605</u>
Total net assets	<u>6,669,724</u>
Total liabilities and net assets	<u><u>\$ 6,818,793</u></u>

**The accompanying notes to financial statements  
are an integral part of these statements.**

**Shared Harvest Foodbank, Inc.**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
<b>Public support and revenue</b>			
<b>Public support</b>			
In-kind food contributions	\$ 7,936,270	\$ -	\$ 7,936,270
Contributions	974,053	77,500	1,051,553
United Ways	128,274	-	128,274
Federal grants	999,475	-	999,475
State of Ohio grants	141,796	-	141,796
Net assets released from restrictions	251,092	(251,092)	-
<b>Total public support</b>	<u>10,430,960</u>	<u>(173,592)</u>	<u>10,257,368</u>
<b>Other revenue</b>			
Member agency contract revenue	153,558	-	153,558
Investment activity, net	44,300	-	44,300
Miscellaneous	8,198	-	8,198
<b>Total revenue</b>	<u>206,056</u>	<u>-</u>	<u>206,056</u>
<b>Total public support and revenue</b>	<b>10,637,016</b>	<b>(173,592)</b>	<b>10,463,424</b>
<b>Expenses</b>			
<b>Program services</b>			
Food banking	7,778,044	-	7,778,044
Senior food program	680,321	-	680,321
Childhood food program	639,376	-	639,376
SNAP outreach	123,489	-	123,489
Advocacy	18,066	-	18,066
Total program services	<u>9,239,296</u>	<u>-</u>	<u>9,239,296</u>
Management and general	318,870	-	318,870
Fundraising	18,587	-	18,587
<b>Total expenses</b>	<b><u>9,576,753</u></b>	<b><u>-</u></b>	<b><u>9,576,753</u></b>
Change in net assets prior to sale of property and equipment	1,060,263	(173,592)	886,671
Loss on sale of property and equipment	(6,122)	-	(6,122)
<b>Change in net assets</b>	<b><u>1,054,141</u></b>	<b><u>(173,592)</u></b>	<b><u>880,549</u></b>
Net assets at beginning of year	5,549,978	239,197	5,789,175
<b>Net assets at end of year</b>	<b><u>\$ 6,604,119</u></b>	<b><u>\$ 65,605</u></b>	<b><u>\$ 6,669,724</u></b>

The accompanying notes to financial statements  
are an integral part of these statements.

**Shared Harvest Foodbank, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended December 31, 2021**

	Program Services						Supporting Services		
	Food Banking	Senior Food Program	Childhood Food Program	SNAP Outreach	Advocacy	Total	Management and General	Fundraising	Total
Salaries	\$ 249,558	\$ 93,724	\$ 51,427	\$ 94,630	\$ 12,996	\$ 502,335	\$ 179,697	\$ -	\$ 682,032
Employee benefits	32,845	12,335	6,768	12,454	1,710	66,112	23,652	-	89,764
Payroll taxes	23,689	8,897	4,882	8,983	1,234	47,685	17,057	-	64,742
Total salaries and related expenses	306,092	114,956	63,077	116,067	15,940	616,132	220,406	-	836,538
Food distributions	7,026,586	505,115	-	-	-	7,531,701	-	-	7,531,701
Food purchases	18,344	-	554,548	-	-	572,892	-	-	572,892
Depreciation	102,739	9,220	11,855	1,317	1,317	126,448	2,634	2,635	131,717
Occupancy	79,578	17,866	5,244	125	522	103,335	12,105	2,630	118,070
Transportation	62,552	3,884	1,208	2,853	252	70,749	63	1,295	72,107
Capacity building grants	55,649	1,800	-	-	-	57,449	-	-	57,449
Professional and contract services	28,620	251	-	-	-	28,871	18,423	10,125	57,419
Supplies	30,316	18,700	1,216	8	-	50,240	2,273	93	52,606
Marketing and communications	3,450	2,394	138	1,477	-	7,459	24,575	1,761	33,795
Technology and related	6,200	473	249	-	-	6,922	23,868	-	30,790
Non-vehicle equipment and maintenance	26,942	1,914	1,125	-	-	29,981	-	-	29,981
Subscriptions and dues	17,290	295	-	-	-	17,585	1,784	-	19,369
Insurance	11,431	897	598	24	24	12,974	48	48	13,070
Telephone	846	1,120	98	1,591	11	3,666	9,148	-	12,814
Staff support	1,409	64	20	27	-	1,520	2,532	-	4,052
Postage	-	1,372	-	-	-	1,372	921	-	2,293
Miscellaneous	-	-	-	-	-	-	90	-	90
Total expenses	<u>\$ 7,778,044</u>	<u>\$ 680,321</u>	<u>\$ 639,376</u>	<u>\$ 123,489</u>	<u>\$ 18,066</u>	<u>\$ 9,239,296</u>	<u>\$ 318,870</u>	<u>\$ 18,587</u>	<u>\$ 9,576,753</u>

The accompanying notes to financial statements  
are an integral part of these statements.

**Shared Harvest Foodbank, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2021**

Cash flows from operating activities	
Change in net assets	\$ 880,549
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	131,717
Loss on disposal of equipment	6,122
Investment activity	(40,766)
Increase (decrease) in cash from changes in operating assets and liabilities	
Accounts receivable and grants receivable	156,918
Unconditional promises to give	17,786
Inventory	(404,568)
Prepaid expenses	(4,632)
Accounts payable	(131,423)
Accrued expenses	3,397
Net cash provided by operating activities	<u>615,100</u>
 Cash flows from investing activities	
Payments related to the acquisition of property and equipment	(134,417)
Net cash used by investing activities	<u>(134,417)</u>
 Net change in cash and cash equivalents and restricted cash and cash equivalents	480,683
Cash and cash equivalents and restricted cash and cash equivalents at beginning of year	3,071,846
Cash and cash equivalents and restricted cash and cash equivalents, end of year	<u>\$ 3,552,529</u>

**The accompanying notes to financial statements  
are an integral part of these statements.**

**Shared Harvest Foodbank, Inc.**  
**Notes to Financial Statements**  
**December 31, 2021**

**Nature of Operations**

Shared Harvest Foodbank, Inc., (the Organization), was incorporated under the laws of the State of Ohio in 1984 as a nonprofit corporation. The Organization's purpose is to meet the basic food needs of people experiencing food insecurity. The Organization solicits the food industry for contributions of usable but unmarketable products and participates in federal and state funded hunger relief programs. The Organization distributes grocery products to needy people through a network of 80 member charities in five counties in Ohio and coordinates and administers the United States Department of Agriculture's (USDA) Emergency Food Assistance Program for four foodbanks serving an additional 26 counties.

The Organization earns revenue from a variety of sources, primarily from the food industry providing donations of grocery commodities; the USDA providing funding for emergency food and commodities, which is administered through the Ohio Department of Job and Family Services (ODJFS); and the Ohio Association of Foodbanks that provides funds for SNAP Outreach, funds and food commodities for the Ohio Food Purchase and Agriculture Clearance Program. The Organization receives significant contributions from individuals, United Ways in southwestern Ohio and foundations.

**Note 1 – Summary of Significant Accounting Policies**

**Basis of Accounting** – The financial statements are presented by accounting principles generally accepted in the United States of America as described in *Accounting Standards Codification* (ASC) issued by the Financial Accounting Standards Board (FASB).

**Use of Estimates** – The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. The most significant estimate is related to the valuation of inventory. The other significant estimates include the useful lives for depreciable assets, the fair value of financial instruments and allocation of common expenses to program and supporting services. Actual results could differ, materially, from those estimates.

**Cash and Cash Equivalents and Restricted Cash and Cash Equivalents** – For purposes of the statement of financial position and cash flows, the Organization considers all instruments that have original maturity date less than three months to be cash equivalents.

**Grants Receivable** – consist primarily of unpaid grant reimbursements due from ODJFS and the Ohio Association of Foodbanks. Therefore, management believes that an allowance for uncollectible accounts is not required and has not been provided.

**Inventory** – Inventory consists of food, supplies, and commodities available for distribution. The inventory is valued at \$1.00 per pound. This value is based on management's review and analysis of inventory items in comparison to current retail costs for substantially similar items, using a retail market basket survey. The inventory method approximates the first-in first-out method.

## Note 1 – Summary of Significant Accounting Policies, continued

**Investments** – Investments in marketable equity securities and mutual funds with readily determined fair values are stated at quoted fair market value. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities. Interest and dividend income are recorded as received.

**Property and Equipment** – Property and equipment are stated at cost if purchased or at fair market value at the date of donation less accumulated depreciation. Assets costing \$5,000 or more and with a useful life greater than one year are capitalized. Depreciation is provided using the straight-line method over the estimated useful life of the asset. Useful lives of the assets for financial reporting are 3 to 15 years for equipment and software, 5 to 20 years for improvements, and 31 years for buildings. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in the change in net assets for the period. The Organization assesses the recoverability of the carrying amount of property and equipment if events or changes occur, such as a significant decrease in market value of the assets or a significant change in operating conditions. The Organization uses the direct expensing method to account for major maintenance activities.

**Net Assets** – Net assets without donor restrictions are free from donor-imposed restrictions. The net assets without donor restrictions may be used at the discretion of management to support the Organization’s purposes and missions. The board designated net assets are to be used for the expressed purpose as voted on by the Board of Trustees. Net assets with donor restrictions are those whose use by the Organization has been limited by donors to a specific time period or purpose.

**Contributions** – Contributions are recognized as revenue when the funds or assets are received, or unconditional promises to give are received. All contributions are considered to be available for the Organization’s general programs unless specifically restricted by the donor. Amounts received that are designated for future purposes or restricted by the donor are reported as restricted support and increase net assets with donor restrictions. When a restriction expires, 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. Gifts of long-lived assets or other assets used to acquire, or construct property or equipment are released from restriction when the assets are placed in service unless donor-imposed restrictions extend beyond that date. The unpaid promises to give have not been discounted because the promises are due in the next year. Management believes the promises to give balance is fully collectible and no allowance for uncollectible promises has been recorded at year end.

**Fees and Grants from Government Agencies** – Under ASU 2018-08 the Organization has determined that usually grants received from the federal government, other government agencies and government grants received through subrecipients are conditional contributions. Most of the government grant agreements include a requirement that assets must be used for allowable and reasonable qualifying expenses (or costs) that are based on specific requirements of an agreement about the conduct of an activity. The Organization recognizes a contribution for a government grant when qualifying expenses have been incurred and the Organization may request reimbursement from the government agency. Usually, the Organization does not receive government grant funds in advance of incurring qualifying expenses. Government grants that are not conditional will be reported as an unconditional contribution when the funds are received or unconditional promises to give are received. The Organization has two cost-reimbursable grants with a total balance of \$1,111,907 in which qualifying expenditures have not yet been incurred nor have any funds been received.

## **Note 1 – Summary of Significant Accounting Policies, continued**

**Donated Assets** – Donated marketable securities and other noncash and nonfood donations are recorded as contributions at their estimated fair values at the date of the donation.

**In-kind Food Contributions** – Food contributions are recorded in the financial statements as in-kind contribution revenue and inventory and are valued at \$1.00 per pound, which management believes approximates fair market value. When food is distributed to member charities, the inventory recorded value is recorded as direct service expenditure.

**Donated Services** – Although many individuals volunteer their time and talents to perform a variety of tasks without which the Organization could not conduct any of its programs as successfully, these services do not meet the criteria for recognition under the provisions of ASC for nonprofit organizations. Accordingly, the value of these services has not been recognized in the financial statements. The Organization had 2,334 volunteers in 2021 that provided 9,423 hours of service to the Organization in 2021. Based on a Value of Volunteer Time Index prepared by the Independent Sector the volunteers provided \$255,081 to the Organization in 2021. The volunteer amounts include assistance from the Ohio National Guard as part of the Covid-19 relief effort.

**Member Agency Contract Revenue** – The Organization's member agencies can order food items from the Organization's website; the Organization will send the member agency an invoice and recognize revenue when the food is delivered to the member agency. Members do not usually pay for orders in advance of delivery. Member agencies are charged a delivery fee and the cost of food (only for purchased food). Invoice payments are usually due from members 30 days from the invoice date. The Organization has determined that there are no significant financing components in its contracts. The Organization is not aware of any variable considerations that constrain revenue recognition. The Organization believes there are not any significant refunds or similar obligations, or warranty obligations as a result of these contracts. The Organization's contract assets (accounts receivable) were \$27,283 at December 31, 2021 and \$16,450 at January 1, 2021. Trade accounts receivable are stated at the amount management expects to collect from outstanding balances. Management has evaluated the credit history of customers having outstanding balances and current relationships with them. Those balances outstanding after management has used reasonable collection efforts are written off through a charge to the valuation account and a credit to trade accounts receivable. The accounts receivable balances past due are not interest bearing.

**Functional Allocation of Expenses** – The costs of providing the various programs have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs benefited based the actual usage by each program, the amount of inventory distributed by each program or the percentage of staff time dedicated to the program which is applied to shared costs.

**Advertising** – Advertising costs are expensed as incurred.

**Income Taxes** – The Organization is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. The Organization is classified as an entity that is not a private foundation within the meaning of Section 509(a) and qualifies for deductible contributions as provided in Section 170(b)(1)(A)(vi). The Organization's information returns for the years 2018 through 2021 are subject to examination by the Internal Revenue Service, although that agency has not indicated any intent to do so. The Organization believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

## **Note 1 – Summary of Significant Accounting Policies, continued**

**Fair Value of Financial Instruments** – ASC Section 820 requires certain disclosures for the fair value measurements of financial assets and financial liabilities. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC Section 820 establishes a framework for measuring fair value which includes a hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The highest priority is given to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under ASC Section 820 are:

***Level 1*** – Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization is able to access.

***Level 2*** – Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets in inactive markets, inputs other than quoted prices that are observable for the asset or liability, and inputs that are derived principally from or corroborated by observable market data by correlation or other means. If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

***Level 3*** – Inputs to the valuation method are unobservable and significant to the fair value measurement.

The level at which the fair value of an asset or liability will be measured is based on the highest priority of any available input that is significant to the fair value measurement. Valuation techniques used attempt to maximize the use of observable inputs and minimize the use of unobservable inputs. These standards apply to all financial assets and liabilities as well as nonfinancial assets and liabilities that are recognized or disclosed at fair value in the financial statements on a recurring basis (at least annually).

The valuation methodologies, which have not changed during 2021, are:

The carrying values of cash and cash equivalents, accounts receivable, grants receivable, restricted cash and cash equivalents and accounts payable approximate their fair values due to their short-term duration (Level 1). Investments are recognized at fair value as determined by quoted market prices on a traded market (Level 1). There are no fair value measurements with respect to nonfinancial assets or liabilities that are recognized or disclosed at fair value in our financial statements on a recurring basis. The tabular presentation of the fair value of financial instruments, besides investments, is not considered necessary since it is presented in the statement of financial position.

## **Note 2 – Date of Management’s Review**

In preparing the financial statements, management has evaluated events and transactions subsequent to December 31, 2021 through May 19, 2022, which represents the date the financial statements were available to be issued.

### Note 3 – Cash and Cash Equivalents and Restricted Cash and Cash Equivalents

For purposes of the statement of financial position and the statement of cash flows, cash and cash equivalents consist of cash held in checking, savings and money market accounts with a bank. Assets reserved for certain purposes on the statement of financial position include restricted cash and cash equivalents received with restrictions imposed by donors but not yet spent. The following table provides a reconciliation of cash and cash equivalents and restricted cash and cash equivalents reported within the statement of financial position that sum to the total of the same such amount on the statement of cash flows.

Cash and cash equivalents	\$ 3,486,924
Restricted cash and cash equivalents	65,605
	<u><u>\$ 3,552,529</u></u>

### Note 4 – Investments

The balances, presented at fair market value, were:

	<u>Level 1</u>
Money market	\$ 7,021
Mutual funds - stock funds	186,032
Mutual funds - bond funds	51,944
Stocks	<u>34,396</u>
	<u><u>\$ 279,393</u></u>

The investment activities were:

Balances, beginning of year, fair market value	\$ 238,627
Interest and dividends	4,876
Realized gains	50,909
Unrealized losses	(12,860)
Fees	<u>(2,159)</u>
	<u>40,766</u>
Balances, end of year, fair market value	<u><u>\$ 279,393</u></u>

The Organization uses the following ways to determine the fair value of its investments:

*Equity securities traded on national securities exchanges:* determined by the closing price on the last business day of the fiscal year.

*Open-end mutual funds:* determined by the published net asset value per unit at the end of the last trading day of the fiscal year.

## **Note 5 – Property and Equipment, net**

The balances were:

Land	\$ 383,383
Equipment and vehicles	933,599
Buildings	299,950
Building improvements	1,016,693
Software	35,260
	<hr/>
Less accumulated depreciation	2,668,885
Construction in progress	(1,431,957)
	<hr/>
	42,500
	<hr/>
	\$ 1,279,428
	<hr/>
Depreciation	\$ 131,717

## **Note 6 – Net Assets**

The Board of Trustees designated specific net assets without restrictions for certain functions. The value of the investments, see Note 4, are designated for long-term needs.

The net assets with restrictions and their activities at December 31, 2021 were:

BackPack Program for Preble County	\$ 8,105
Mobile pantry	50,000
2022 conference	7,500
	<hr/>
	\$ 65,605

## **Note 7 – Retirement Benefits**

The Organization maintains a defined contribution pension plan that covers virtually all employees. Under the plan, the Organization is required to contribute up to 5% of each participant's compensation to the plan. Employees are eligible to participate in the plan after one year of service. The pension costs were \$7,775 for the year 2021.

## **Note 8 – Related Party**

The Organization may engage in immaterial financial transactions with members of its Board of Trustees.

## **Note 9 – Risks, Uncertainties, and Concentrations**

The Organization's market is concentrated in the southwest Ohio geographic area. The Organization obtains substantial funding and support through ODJFS and the Ohio Association of Foodbanks.

The Organization's investments are subject to various risks, such as interest rate, credit, and overall market volatility risks. The investments are not insured. The Organization grants credit without collateral to its member agencies; the member's balances are closely monitored. The Organization has not experienced significant losses from accounts receivable.

## **Note 9 – Risks, Uncertainties, and Concentrations, continued**

Amounts held in financial institutions occasionally are in excess of the Federal Deposit Insurance Corporation limits. The Organization deposits its cash with high quality financial institutions, and management believes the Organization is not exposed to significant credit risk on those amounts.

Under the terms of government grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenditures under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. Management expects such amounts, if any, of expenditures that may be disallowed by the grantor to be immaterial.

## **Note 10 – Liquidity and Availability of Financial Assets**

As part of the Organization's liquidity management plan, cash in excess of estimated daily requirements are deposited in a money market account.

The Organization's available financial assets and financial assets available to meet cash needs for general expenditures within one year consists of the following:

Financial assets at year end:

Cash and cash equivalents	\$ 3,552,529
Investments	279,393
Grants receivable	165,527
Accounts receivable	27,283
Unconditional promises to give	<u>44,319</u>
	4,069,051

Less those unavailable for general expenditures within one year,

Donor restricted and board designated	
Board designated investments	<u>(279,393)</u>

Financial assets available to meet cash needs

for general expenditures within one year	<u>\$ 3,789,658</u>
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## **Note 11 – Operating Leases**

The Organization rents office equipment under an operating lease agreement that requires monthly payments of \$365 and the lease expires in February 2025. The office equipment lease payments were \$7,178 in 2021. Future minimum payments for the years ending December 31 are:

2022	\$ 4,380
2023	4,380
2024	4,380
2025	730
	<u>\$ 13,870</u>

## **Note 12 – Emergency Food Assistance Program**

The Organization coordinates and administers the United States Department of Agriculture's Emergency Food Assistance Program (TEFAP) through the Ohio Department of Job and Family Services (ODJFS) for itself and four foodbanks in Ohio. The Organization orders TEFAP food for itself and the four foodbanks, and the Organization receives only its TEFAP food at the Organization's warehouse. The TEFAP food for the four foodbanks is shipped directly to those foodbanks.

The Organization prepares monthly TEFAP grant cost reimbursement reports for itself and the four foodbanks (based on information provided by those foodbanks), and those reports are submitted to ODJFS by the Organization. The Organization receives a TEFAP grant cost reimbursement payment from ODJFS and distributes the funds to the four foodbanks.

Management has determined the administration of the TEFAP program for the four foodbanks is an agency transaction according to accounting principles generally accepted in the United States of America. Thus, the TEFAP food and grant funds for the four foodbanks are not recorded on the Organization's statement of activities. The four foodbanks received \$6,517,541 pounds of TEFAP food (valued at a \$1.00 per pound) in 2021, and the TEFAP grant funds passed through to the four foodbanks were \$1,588,253 in 2021.

The TEFAP grant funds due to the four foodbanks at December 31, 2021 were \$59,900. This amount is recorded with accounts payable on the statement of financial position, and is also recorded with grants receivable at December 31, 2021.

## **Supplemental Schedule**

**Shared Harvest Foodbank, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

Federal Agency or Department/Program or Cluster Title/Pass-through Entity	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed through to Subrecipients	Total Federal Expenditures
<b>United States Department of Agriculture</b>				
Passed through the State of Ohio Department of Job and Family Services				
Food Distribution Cluster				
Emergency Food Assistance Program (Administrative Costs)	10.568	G-2223-17-0745 G-2021-17-0820	\$ 1,588,253	\$ 2,163,609
Emergency Food Assistance Program (Food Commodities)	10.569	G-2223-17-0745 G-2021-17-0820		
		Food received directly by Organization	1,571,363	2,220,884
		Food passed through directly to subrecipient organizations	6,517,541	6,517,541
			8,088,904	8,738,425
Commodity Supplemental Food Program	10.565	G-2223-17-0739 G-2021-17-0811		
		Food	-	505,115
		Cash	1,800	154,003
			1,800	659,118
			9,678,957	11,561,152
<b>Total Food Distribution Cluster</b>				
Passed through the Ohio Association of Foodbanks		SNAPFY22Q1SHFB		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	SNAPFY22 SHFB SNAPFY21SHFB		44,874
<b>Total Department of Agriculture</b>			9,678,957	11,606,026
<b>United States Department of Health and Human Services</b>				
Passed through the Ohio Association of Foodbanks		2223-OFPACP-SHFB		
Temporary Assistance for Needy Families	93.558	1921-OFPACP-SHFB		
		Food	954,642	1,149,324
		Cash	-	92,735
			954,642	1,242,059
Social Services Block Grant	93.667	1921-OFPACP-SHFB 2223-OFPACP-SHFB		
			-	73,169
<b>Total Department of Health and Human Services</b>			954,642	1,315,228
<b>United States Department of Homeland Security</b>				
Emergency Food and Shelter National Board Program	97.024	Cash	-	18,081
<b>Total Department of Homeland Security</b>		Food	6,522	6,567
			6,522	24,648
<b>United States Department of the Treasury</b>				
Covid-19 - Coronavirus Relief Fund	21.019			
Passed through Butler County, Ohio				100,000
Passed through the Ohio Association of Foodbanks		G-2223-17-0445		
<b>Total Department of the Treasury</b>			-	80,076
			-	180,076
			\$ 10,640,121	\$ 13,125,978

See Independent Auditor's Report.

**Shared Harvest Foodbank, Inc.**  
**Schedule of Expenditures of Federal Awards**  
**For the Year Ended December 31, 2021**

**Note 1 – Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Shared Harvest Foodbank, Inc. (the Organization) under programs of the federal and state government for the year ended December 31, 2021. 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 allowable or are limited as to reimbursement.

**Note 3 – Indirect Cost Rates**

The Organization did not elect to use 10 percent de minimis indirect cost rate as allowed under the *Uniform Guidance*.

**Note 4 – Emergency Food Assistance Program**

Food distributed directly to subrecipients from the Ohio Department of Job and Family Services is not recorded on the Organization's statement of activities. Administrative cost funds distributed to subrecipients is also not recorded on the Organization's statement of activities, see Note 12 in the notes to financial statements for additional information.

**Note 5 – Food Distribution**

Nonmonetary assistance is reported in the Schedule at \$1.00 per pound for the food, supplies or commodities disbursed.

**Note 6 – Donated Personal Protective Equipment (PPE)**

The Organization did not receive donated PPE from federal agencies or pass-through entities in 2021 (unaudited).

**Single Audit Reports and  
Schedule of Findings and Questioned Costs**



**Independent Auditor's Report on Internal Control  
Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with *Government Auditing Standards***

To the Board of Trustees of  
Shared Harvest Foodbank, Inc.  
Fairfield, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Shared Harvest Foodbank, Inc. (a nonprofit organization), which comprise the statement of financial position as of December 31, 2021, 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 May 19, 2022.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Shared Harvest Foodbank, Inc.'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 Shared Harvest Foodbank, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of the Shared Harvest Foodbank, Inc.'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 may exist that have not been identified.

### *Report on Compliance and Other Matters*

As part of obtaining reasonable assurance about whether Shared Harvest Foodbank, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.

*Stephenson and Warner, Inc.*

**Stephenson and Warner, Inc.**

Hamilton, Ohio

May 19, 2022



STEPHENSON  
& WARNER, INC.  
CERTIFIED PUBLIC ACCOUNTANTS

**Independent Auditor's Report on Compliance for  
Each Major Federal Program and on Internal Control  
Over Compliance Required by the *Uniform Guidance***

To the Board of Trustees of  
Shared Harvest Foodbank, Inc.  
Fairfield, Ohio

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Shared Harvest 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 Shared Harvest Foodbank, Inc.'s major federal programs for the year ended December 31, 2021. Shared Harvest Foodbank, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Shared Harvest 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 December 31, 2021.

***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 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)*. Our responsibilities under those standards and the *Uniform Guidance* are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Shared Harvest 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 Shared Harvest 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 Shared Harvest Foodbank, Inc.'s federal programs.

***Auditor's Responsibilities 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 express an opinion on Shared Harvest 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 Shared Harvest 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 Shared Harvest 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 Shared Harvest 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 Shared Harvest 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.

#### **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 a 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 Auditor's 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. Given these limitations, during our audit 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.

*Stephenson and Warner, Inc.*  
Stephenson and Warner, Inc.  
Hamilton, Ohio

May 19, 2022

**Shared Harvest Foodbank, Inc.**

**Schedule of Findings and Questioned Costs  
For the Year Ended December 31, 2021**

**Section I – Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued:	<i>Unmodified</i>
Internal control over financial reporting:	
• Material weaknesses identified	<i>No</i>
• Significant deficiencies identified	<i>No</i>

Noncompliance material to financial statements noted	<i>No</i>
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*Federal Awards*

Internal control over major federal programs:	
• Material weaknesses identified	<i>No</i>
• Significant deficiencies identified	<i>No</i>

Type of auditor's report issued on compliance for major programs:	<i>Unmodified</i>
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Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)	<i>No</i>
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Identification of major programs:

Assistance Listing #10.568, 10.569 and 10.565	<i>Food Distribution Cluster</i>
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Dollar threshold used to distinguish between type A and type B programs:	<i>\$750,000</i>
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Auditee qualified as a low risk auditee	<i>Yes</i>
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**Section II – Financial Statement Findings and Questioned Costs**  
*- None -*

**Section III – Federal Award Findings and Questioned Costs**  
*- None -*