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TOLEDO SEAGATE FOODBANK

FINANCIAL STATEMENTS

AND

AUDIT REPORTS

YEAR ENDED: SEPTEMBER 30, 2015

TOLEDO SEAGATE FOODBANK

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Board of Directors
Toledo Seagate Foodbank
526 High St.
Toledo, Ohio 43609

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

I have audited the accompanying financial statements of Toledo Seagate Foodbank, Inc. which comprise the statement of financial position as of September 30, 2015, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Toledo Seagate Foodbank, Inc. as of September 30, 2015, 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.

Other Matters

Other Information

My 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 my opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated February 10, 2016, on my consideration of Toledo Seagate Foodbank, Inc.'s internal control over financial reporting and on my 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 my 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 Toledo Seagate Foodbank, Inc.'s internal control over financial reporting and compliance.



Ronald W. Coon, Sr, MPPA.

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February 10, 2016

TOLEDO SEAGATE FOODBANK
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2015

ASSETS

Current Assets		
Cash and Cash Equivalents (Note 4)	\$ 373,647	
Cash Restricted (Note 8)	2,711	
Cash - Short Term	394,040	
Accounts Receivable		
(Gross/Net)	16,679	
Grants Receivables	80,319	
Interest Receivable	485	
Other Receivables	650	
Inventory (Note 3)	736,588	
Grants Awarded	<u>448,665</u>	
Total Current Assets		\$ 2,053,784
Non Current Assets		
Investments (Note 7)		752,827
Property and Equipment (Note 5)		1,126,666
Other Assets		
Prepaid Expenses	25,742	
Deposits	<u>525</u>	
Total Other Assets		<u>26,267</u>
TOTAL ASSETS		\$ <u>3,959,544</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOLEDO SEAGATE FOODBANK

LIABILITIES & NET ASSETS

LIABILITIES

Current Liabilities

Accounts Payable	\$	7,218
Bank Account Overdraft		0
Taxes Payable		325
Accrued Payroll		9,717
Accrued Payroll Taxes		645
Current Portion of Long-Term Debt		0
Unearned Revenue		<u>448,665</u>

Total Current Liabilities \$ 466,570

Long-Term Liabilities 0

TOTAL LIABILITIES 466,570

NET ASSETS

Net Assets (Note 2)

Comprehensive Income	(13,208)
Permanently Restricted		2,711
Temporarily Restricted		459,163
Unrestricted		<u>3,044,308</u>

TOTAL NET ASSETS 3,492,974

TOTAL LIABILITIES & NET ASSETS \$ 3,959,544

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOLEDO SEAGATE FOODBANK
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2015

UNRESTRICTED NET ASSETS

Support

Donations	139,514
In-Kind Donations (Note 2)	2,005,132
Operational Grants	71,944
Fundraising (net of 0 costs)	5,900
Food Distributions (net)	87,688
Basket Distributions (net)	229,828
Other Revenue	24,320
Interest Income	<u>25,898</u>

Total Unrestricted Support 2,590,224

Net Assets Released from Restrictions

Released by Payment	29,913
Released by Distributions	2,583,874
Released by Time Expiration	<u>463,547</u>

Total Net Assets Released from Restrictions 3,077,334
5,667,558

Expenditures from Operations

Cost of Distributions (net) 4,478,578

Supporting Services

Interest (Note 7)	0
Depreciation	74,422
Capital Improvement Subsidy	0
Program & General	<u>1,070,108</u> (Schedule 1)

Total Expenditures (5,623,108)

INCREASE IN UNRESTRICTED NET ASSETS 44,450

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOLEDO SEAGATE FOODBANK
STATEMENT OF ACTIVITIES (cont'd)
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2015

TEMPORARILY RESTRICTED NET ASSETS		
Support		
CDBG	29,913	
Department of Agriculture	463,547	
Department of Agriculture-Product	2,568,260	
Net Assets Released from Restrictions		
By Payment	(29,913)	
By Distribution	(2,583,874)	
By Time Limit Expiration	(<u>463,547</u>)	
INCREASE IN TEMPORARILY RESTRICTED NET ASSETS		(<u>15,614</u>)
PERMANENTLY RESTRICTED NET ASSETS		
Support		
NONE		
Net Assets Released from Restrictions		
Payment on Renovations	1,527	
INCREASE IN PERMANENTLY RESTRICTED NET ASSETS		(<u>1,527</u>)
INCREASE IN NET ASSETS		27,309
CHANGE IN COMPREHENSIVE INCOME		(15,355)
NET ASSETS AT OCTOBER 1, 2014		<u>3,481,020</u>
NET ASSETS AT SEPTEMBER 30, 2015		\$ <u><u>3,492,974</u></u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOLEDO SEAGATE FOODBANK
STATEMENT OF CHANGES IN CASH FLOW
FOR YEAR ENDED SEPTEMBER 30, 2015

OPERATING ACTIVITIES

Cash Inflows

From Donations	139,514
From Food & Basket Distributions	320,789
From Interest Income	36,189
Received from Other Revenue	30,220
From Grants	<u>537,001</u>

Total Cash Inflows 1,063,713

Cash Outflows

Paid for Inventory	158,859
Paid Wages	304,953
Paid Interest	0
Paid Program Services	<u>531,484</u>

Total Cash Outflows 995,296

TOTAL CASH FLOWS FROM OPERATING ACTIVITIES **68,417**

INVESTING ACTIVITIES

Cash Inflows

Investment Adjustment	15,355
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Cash Outflows

Asset Acquisition	<u>103,955</u>
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Total Cash Outflows 88,600

TOTAL CASH FLOWS FROM INVESTING ACTIVITIES **(88,600)**

FINANCING ACTIVITIES

NONE

NET CASH FLOWS FROM FINANCING ACTIVITIES 0

NET CASH FLOWS FROM ALL ACTIVITIES **(20,183)**

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOLEDO SEAGATE FOODBANK
STATEMENT OF CHANGES IN CASH FLOW (cont'd)
FOR YEAR ENDED SEPTEMBER 30, 2015

NET CASH FLOWS FROM ALL ACTIVITIES	(20,183)
BEGINNING CASH OCTOBER 1, 2014	<u>790,581</u>
ENDING CASH SEPTEMBER 30, 2015	\$ <u>770,398</u>

NON-CASH TRANSACTIONS

Donated Inventory	1,733,831
Donated Wages (Note 2)	<u>271,301</u>
TOTAL NON-CASH TRANSACTIONS	\$ <u>2,005,132</u>

RECONCILIATION

Increase in Support Revenue/Expenditures		11,954
Change in Receivables	775	
Change in Inventory	(2,107)	
Change in Prepaid Expenditures	(1,310)	
Change in Accounts Payable	(13,562)	
Change in Payroll Taxes Payable	(3,041)	
Change in Accruals	1,286	
Change in Grants Awarded (net)	0	
Add In Depreciation	<u>74,422</u>	
		<u>56,463</u>
Net Cash Flow from Operations		\$ <u>68,417</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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TOLEDO
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FOODBANK

TOLEDO SEAGATE FOODBANK
STATEMENT OF FUNCTIONAL EXPENDITURES - PROGRAM SERVICES
FOR YEAR ENDED SEPTEMBER 30, 2015
SCHEDULE 1

FUNCTIONAL EXPENDITURES	PROGRAM SERVICES	ADMIN.	FUND- RAISING	TOTALS (Memo)
Wages	553,861	12,417	11,262	577,540
Payroll Taxes	32,205	722	655	33,582
Supplies	15,239	342	310	15,890
Rent	0	0	0	0
Utilities	52,748	1,183	1,073	55,003
Telephone	13,841	310	281	14,433
Alarm Services	1,937	43	39	2,020
Real Estate Taxes	5,761	129	117	6,007
Advertising (Note 2)	12,226	613	15,692	28,531
Printing	0	0	0	0
Consultants	37,833	848	769	39,450
Dues & Publications	1,986	45	40	2,071
Professional Fees	18,074	405	368	18,847
Freight	0	0	0	0
Bank Charges	1,469	33	30	1,532
Bad Debts	0	0	0	0
Refuse Disposal	4,189	94	85	4,368
Insurance	48,414	1,085	984	50,484
Maintenance	50,203	1,126	1,021	52,349
Program Expenses	39,185	878	797	40,860
Office Supplies	8,603	193	175	8,971
Postage	2,678	60	54	2,793
Employee Benefits	84,258	1,889	1,713	87,860
Equipment Rental	3,237	73	66	3,375
Vehicle Expenses	23,152	519	471	24,142
TOTAL FUNCTIONAL EXP.	1,011,098	23,007	36,003	1,070,108

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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TOLEDO
SEAGATE
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TOLEDO SEAGATE FOODBANK

NOTES TO FINANCIAL STATEMENTS

Note 1: ORGANIZATION

ORGANIZATION - The Toledo Seagate Foodbank (Organization) has been granted the status as a non-profit Corporation in the State of Ohio and 5739.02 (B)(12) of the Ohio Revised Code. The Organization was formed primarily for the purpose of charitable distribution of food for the needy.

NATURE OF BUSINESS - Toledo Seagate Foodbank activities include providing food for the needy in Northern Ohio. The Organization also provides outreach services to these same needy.

Note 2: SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING - The financial statements of Toledo Seagate Foodbank have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables and other liabilities.

INCOME TAX STATUS - Toledo Seagate Foodbank is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. However, income from certain activities not directly related to the Organization's tax exempt purpose is subject to taxation as unrelated business income. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization that is not a private foundation under Section 509(a)(2).

DONATED SERVICES - A number of people have contributed significant amounts of time to the activities of the Organization without compensation. The financial statements do reflect a substantial portion of their value (\$318,913 or 14,042 ½ hours), since their services are integral to the Organization fulfilling its mission statement. The value is based upon the "National Value of Volunteer Time" for the State of Ohio at the rate of \$19.23. Those hours donated that are missed would represent an immaterial portion with regard to the financial statements taken as a whole.

TOLEDO SEAGATE FOODBANK
NOTES TO FINANCIAL STATEMENTS

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Note 2: SIGNIFICANT ACCOUNTING POLICIES(cont'd)

DONATED GOODS - A number of Companies, Individuals and Organizations have contributed significant goods to the Organization. The value of these goods are determined at the fair market value at the time of the donation (\$2,005,132). The financial statements do reflect a substantial portion of their value, since these goods are integral to the Organization fulfilling it's mission statement. Those goods donated that are missed would represent an immaterial portion with regard to the financial statements taken as a whole.

DEFERRED REVENUE - Income from grants is deferred and recognized over the periods to which the grants earned.

PROPERTY AND EQUIPMENT - Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Property and equipment is depreciated using the straight line method.

EXPENDITURE ALLOCATION - Expenditures are charged to programs and supporting services on the basis of periodic time and expenditure studies. Management and general expenditures include those expenditures that are not directly identifiable with any other specific function but provide for the overall support and direction of the Organization.

TOLEDO SEAGATE FOODBANK
NOTES TO FINANCIAL STATEMENTS

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Note 2: SIGNIFICANT ACCOUNTING POLICIES(cont'd)

FUND ACCOUNTING - In order to ensure observance of limitations and restrictions placed on the resources available to the Corporation, the internal accounts of the Organization are maintained on accordance with principles of fund accounting. This is the procedure by which resources are classified for accounting and reporting purposes into funds that are in accordance with the activities or objectives specified. Restricted funds maintained by the Organization and their objectives are as follows:

Community Development Block Grant (Toledo Subrecipient for Years 40 & 41) - Operating Grant used for the acquisition of food for the distribution for indigent households.

Ohio Department of Agriculture - Operating and Food grant for operating expenditures and food distribution.

BASIS OF PRESENTATION - Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its Statement of Financial Accounting Standards ASC 958-205-45-15, Financial Statements of Not-for-Profit Organizations. Under those provisions, net assets and revenues, gains and losses are classified based on the existence or absence of donor-imposed restrictions as follows:

Unrestricted Net Assets - Net assets that are not subject to donor-imposed stipulations.

Temporarily Restricted Net Assets - Net assets subject to donor-imposed stipulations that can be fulfilled by actions of the Organization pursuant to those stipulations or that expire with the passage of time.

TOLEDO SEAGATE FOODBANK
NOTES TO FINANCIAL STATEMENTS

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Note 2: SIGNIFICANT ACCOUNTING POLICIES(cont'd)

Permanently Restricted Net Assets - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donors of such assets permit the Organization to use all or part of the income earned on the assets.

ESTIMATES - Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

RESTRICTED AND UNRESTRICTED REVENUE - Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

ADVERTISING - All advertising costs are expensed in the year in which incurred and no amounts have not been capitalized.

TOLEDO SEAGATE FOODBANK
NOTES TO FINANCIAL STATEMENTS

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Note 3: INVENTORY

Substantially all of the Organization's inventory is either distributed or donated. Distributions from the Department of Agriculture amounted to \$2,568,260. An additional \$1,733,831 was donated through various food drives, area merchants and distributors. In relationship to the acquisition of inventory distributed, \$131,928 was purchased.

Inventories are stated at the lower of cost or market. These values were determined by both the retail cost method and the first-in, first-out method. The inventories that was distributed by the department of Agriculture (\$459,164) are computed on the first-in, first-out method. The inventories donated (\$277,424) were computed by the gross profit method.

Note 4: CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, all cash accounts are considered cash and cash equivalents.

Financial instruments that potentially subject the Organization to concentrations of credit risk consist principally of cash and cash equivalent accounts in financial institutions. Cash and cash equivalents exceeding the federally insured limits (\$250,000) totaled \$520,398.

TOLEDO SEAGATE FOODBANK
NOTES TO FINANCIAL STATEMENTS

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Note 5: PROPERTY AND EQUIPMENT

The Property, Plant and Equipment for the organization are generally purchased with unrestricted net assets. Some of these assets are leased/purchased using restricted funding. Even though the funding agency may have the right to reclaim any assets so purchased with restricted funds, the funding agency treats leased assets as sunk costs. Since the Organization negotiates a favorable lease arrangement, the funding agency usually does not interfere with that arrangement.

Expenditures for property, equipment, and improvements are capitalized at cost. Equipment expenditures of \$1,000 or less are charged to expense. Ordinary repairs and maintenance are charged to expense when incurred. Donated assets are capitalized, and recorded as support, at their fair value at the date of receipt. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use, and contributions of cash that must be used to acquire property and equipment, are reported as restricted support. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time. Depreciation is computed using the straight-line method over the estimated useful lives of the related assets, which are as follows:

	Years
Office Furniture	5-7
Equipment	5-7
Vehicles	5-10
Buildings	40-60
Building Improvements	40-60
Modular	20-25

TOLEDO SEAGATE FOODBANK
NOTES TO FINANCIAL STATEMENTS

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Note 5: PROPERTY AND EQUIPMENT (cont'd)

	BASIS	ACC DEP'N	NET
Land	25,960	0	25,960
Building	409,250	71,500	337,750
Building Improvements	493,397	136,178	357,219
Modular	115,786	19,674	96,112
Furniture & Fixtures	15,146	12,800	2,346
Equipment	243,824	93,574	150,250
Software	4,603	4,603	0
Vehicles	<u>322,578</u>	<u>165,549</u>	<u>157,029</u>
TOTALS	1,630,544	503,878	1,126,666

Depreciation for the period was \$74,422

Note 6: THIRD PARTY REIMBURSEMENTS

The Organization receives funding from the City of Toledo Department of Housing and Neighborhood Revitalization which is directly funded by federal Community Development Block Grant monies, through the Department of Housing and Urban Development. In 2015, less than 0.5% of the Organization's funding was through this program. This grant is awarded on an annual basis and not automatically renewed each year.

TOLEDO SEAGATE FOODBANK
NOTES TO FINANCIAL STATEMENTS

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Note 7: INVESTMENT SECURITIES

The Organization adopted ASC 320, *Accounting for Certain Investments Held by Non-Profit Organizations*. Under ASC 320, investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

The Organization also adopted ASC 820, *Fair Value Measurements*. Under ASC 820, the establishment of a fair value hierarchy divided into three levels. As described below:

- | | |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the plan has the ability to access. |
| Level 2 | Inputs to the valuation methodology include: <ul style="list-style-type: none">▶ Quoted prices for similar assets or liabilities in active markets;▶ Quoted prices for identical or similar assets or liabilities in inactive markets;▶ Inputs other than quoted prices that are observable for the asset or liability▶ Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |

Following is a description of the valuation methodologies used for Investments measured at fair value. There have been no changes in the methodologies used at September 30, 2015

TOLEDO SEAGATE FOODBANK
NOTES TO FINANCIAL STATEMENTS

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Note 7: INVESTMENT SECURITIES (cont'd)

Common stocks, corporate bonds and U.S. government securities: Valued at the closing price reported on the active market on which the individual securities are traded.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or or reflective of future fair values. Furthermore, while the Organization believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2015:

	Level 1	Level 2	Level 3	Total
Mutual Funds	0	0	0	0
Common Stocks	0	0	0	0
Corporate Bonds	<u>752,827</u>	<u>0</u>	<u>0</u>	<u>752,827</u>
	<u>752,827</u>	<u>0</u>	<u>0</u>	<u>752,827</u>

	<u>COST</u>	<u>FAIR VALUE</u>	<u>UNREALIZED GAIN/LOSS</u>
Mutual Funds - Cash	0	0	0
Bonds - Long Term	766,035	752,827	(13,208)
TOTALS	766,035	752,827	(13,208)

TOLEDO SEAGATE FOODBANK
NOTES TO FINANCIAL STATEMENTS

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Note 7: INVESTMENT SECURITIES (cont'd)

Management has elected to determine these investments as "Hold till Maturity" and therefore the maturities of the various bonds range from 2016 through 2018. Interest payments are made annually on anniversary dates.

The following amounts are used for the financial statements under the basis of the Lower of Cost or Market:

	<u>COST</u>	<u>FINANCIAL STATEMENTS</u>	<u>UNREALIZED GAIN/LOSS</u>
Mutual Funds - Cash	0	0	0
Bonds - Long Term	766,035	752,827	(13,208)
TOTALS	766,035	752,827	(13,208)

Net Unrealized Gain/Losses consist of the following:

Net Unrealized Loss rom other Investments	(13,208)
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Investment return is summarized as follows:

Dividend Income	0
Interest Income	25,898
Net Realized Gains/Losses	0
Net Unrealized Gains/Losses	(13,208)
NET INVESTMENT INCOME	12,690

Note 8: RESTRICTED ACCOUNT

The Capital Projects Fund is properly classified as a Restricted Net Asset. There were no outstanding debts on this restriction. These funds were utilized for the completion of any current or future Capital Projects for the Organization.

TOLEDO SEAGATE FOODBANK
NOTES TO FINANCIAL STATEMENTS

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Note 9: MEASURE OF OPERATIONS

In the statement of activities, the Organization includes in its definition of operations all revenues and expenses that are an integral part of its programs and supporting activities. Investment Income, including net realized and unrealized gains and losses, earned in excess of the Organization's aggregate authorized spending amount, and contributions to temporarily and permanently restricted net assets are recognized as nonoperating support revenues, gains, and losses.

Note 10: FUND-RAISING EXPENSES

The Organization allocates 1.95% of the overall expenses to fund-raising with the exception of Advertising, which is allocated at 55%. The Organization determined that 75% of the total fund-raising expenditures (\$27,002) would be for retention of funding. The balance (\$9,001) would be for true recruitment of additional funding.

Note 11: SUBSEQUENT EVENTS

Management has evaluated subsequent events through February 10, 2016, the date the financial statements. Subsequent Events are those events subsequent to the balance sheet date and audit report date that would materially affect the future fiscal condition of the Organization. There were no items that would qualify as a subsequent event.

TOLEDO SEAGATE FOODBANK
NOTES TO FINANCIAL STATEMENTS

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Note 12: THIRD PARTY FUND-RAISING EVENTS

Certain area businesses have sponsored fund-raising for the Organization. These third-party businesses have paid for all of the expenses that generated these contributions, both cash and non-cash, which was not disclosed to the Organization. These events are:

	Cash	Non-Cash
Stuff the Truck	3,363	17,711
Letter Carriers	0	5,850
Milk Money	6,576	0
Walleye	0	2,175
Pack the Pick-up	<u>2,537</u>	<u>19,761</u>
Totals	12,476	45,497

The Organization treats these third party events as donations and the previous mentioned amounts were included.

TOLEDO SEAGATE FOODBANK
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ending SEPTEMBER 30, 2015

Federal Financial Assistance

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Program Title	Grant Amount	Current Year's Expenditures
CDBG 39 th & 40 th Year 2012-2015; 2015-2015 CFDA # 14.228	29,913	29,913

DEPARTMENT OF VETERANS AFFAIRS

Program Title	Grant Amount	Current Year's Expenditures
Veterans Assistance CFDA # 64.110	163,772	166,052

DEPARTMENT OF AGRICULTURE

Program Title	Grant Amount	Current Year's Expenditures
TFAP CFDA# 10.568	127,860	127,860
CSFP CFDA# 10.565	335,687	335,687
Food Distributions: TFAP CFDA# 10.569	1,260,579	1,255,794
CSFP CFDA# 10.565	<u>1,307,681</u>	<u>1,328,080</u>
TOTAL	\$ <u>3,031,807</u>	\$ <u>3,047,421</u>
FEDERAL PROGRAM TOTALS	\$ <u>3,225,492</u>	\$ <u>3,243,386</u>

TOLEDO SEAGATE FOODBANK
NOTES TO FEDERAL FINANCIAL ASSISTANCE

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of activity of the Organization's federal award programs. The schedule has been prepared on the accrual basis of accounting.

Product Distributions are valued by the unit as per the price schedule issued by the Department Agriculture. Costs of the distributions are valued on the First-in, First-out basis and is valued at the lower of cost or market.

NOTE 2: MATCHING REQUIREMENTS

Certain Federal programs may require the County to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Organization was not required to provide matching funds at this time. The Schedule does not include the expenditure of non-Federal matching funds.

NOTE 3: RELEASE OF EXPENDITURES

The Organization determines the expenditure available for release from restrictions when the expenditure meets the following conditions: 1.) Creates an obligation for the Organization to pay; 2.) Has completed a specific purpose/objective through the grant provisions and 3.) The expenditure is in accordance with the agreed upon specifications or standard.

NOTE 4: DEPARTMENT OF VETERANS AFFAIRS

The amounts that are paid and granted from the Department of Veterans Affairs are included in the Schedule of Expenditures of Federal Awards for reporting under Circular A-133. In the Financial Statements, these are treated as Support for Basket Distributions and the respective costs are included in the Cost of Goods Sold.

TOLEDO SEAGATE FOODBANK
NOTES TO FEDERAL FINANCIAL ASSISTANCE
Page 2

NOTE 5: RECONCILIATION

Amounts Released from Restrictions (Pp5)		\$ 3,075,213
Department of Veterans Affairs	\$ 166,052	
Restricted fund from Capital Projects	<u>2,121</u>	
Total Adjustments		<u>168,173</u>
Total Federal Program Expenditures		\$ <u><u>3,243,386</u></u>

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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

Board of Trustees
Toledo Seagate Foodbank
526 High St..
Toledo, Ohio 43609

I 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 Toledo Seagate Foodbank (a nonprofit organization), which comprise of the statement of financial position as of September 30, 2015, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements and have issued my report thereon dated February 10, 2016.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Toledo Seagate Foodbank's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the effectiveness of the Toledo Seagate Foodbank's internal control. Accordingly, I 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 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.

Toledo Seagate Foodbank, Inc.
REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit, I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

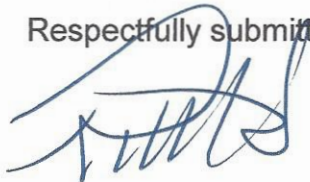
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Toledo Seagate Foodbank's financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my 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 my 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.

Respectfully submitted,



Ronald W. Coon, Sr, MPPA.
Certified Public Accountant
Diplomate, American Board of Forensic Accounting
Certified Fraud Examiner
Fellow, American College of Forensic Examiners

Institute

February 10, 2016

Board of Directors
Toledo Seagate Foodbank
526 High St.
Toledo, Ohio 43609

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors of
Toledo Seagate Foodbank

Report on Compliance for Each Major Federal Program

I have audited Toledo Seagate Foodbank's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Toledo Seagate Foodbank's major federal programs for the year ended September 30, 2015. Toledo Seagate Foodbank's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

My responsibility is to express an opinion on compliance for each of Toledo Seagate Foodbank's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Toledo Seagate Foodbank's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of Toledo Seagate Foodbank's compliance.

Opinion on Each Major Federal Program

In my opinion, Toledo Seagate Foodbank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2015.

Report on Internal Control over Compliance

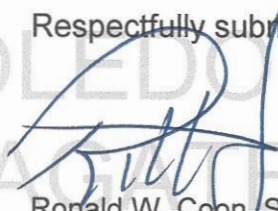
Management of Toledo Seagate Foodbank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered Toledo Seagate Foodbank's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, I do not express an opinion on the effectiveness of Toledo Seagate Foodbank's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

My consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of my 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.

Respectfully submitted,



Ronald W. Coon, Sr, MPPA.

Certified Public Accountant

Diplomate, American Board of Forensic Accounting

Certified Fraud Examiner

Fellow, American College of Forensic Examiners Institute

February 10, 2016

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TOLEDO SEAGATE FOODBANK
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ending September 30, 2015

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	Ohio Department of Agriculture-CFDA# 10-565, CFDA# 10.568 & CFDA# 10.569
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low risk Auditee?	Yes

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