

**TOLEDO SEAGATE FOODBANK
OF NORTHWEST OHIO**

FINANCIAL STATEMENTS

AND

AUDIT REPORTS

YEAR ENDED: SEPTEMBER 30, 2023

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO

TABLE OF CONTENTS

	PAGE
Accountant's Report	1
Financial Statements	
Balance Sheets.....	5
Statement of Activities	7
Statement of Changes in Cash Flow	9
Statement of Functional Expenditures	
Program Services.....	12
Notes to Financial Statements	14
Schedule of Federal Financial Assistance.....	30
Report on Compliance and on Internal Control over Financial Reporting based on an Audit of Financial Statements Performed in Accordance with government Auditing Standards.....	35
Report on Compliance For Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance.....	37
Schedule of Findings and Questioned Costs.....	42

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

INDEPENDENT AUDITOR'S REPORT

Report on the Audit of the Financial Statements

Opinion

I have audited the accompanying financial statements of Toledo Seagate Foodbank of Northwest Ohio (an Ohio nonprofit Corporation), which comprise the statement of financial position as of September 30, 2023, 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 my opinion, the financial statements present fairly, in all material respects, the financial position of Toledo Seagate Foodbank of Northwest Ohio as of September 30, 2023, 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

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. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of Toledo Seagate Foodbank of Northwest Ohio and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Toledo Seagate Foodbank of Northwest Ohio'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

My 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 my 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*, I:

- 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 Toledo Seagate Foodbank of Northwest Ohio 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 my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Toledo Seagate Foodbank of Northwest Ohio's ability to continue as a going concern for a reasonable period of time.

I am 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

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 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 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*, I have also issued my report dated March 27, 2023, on my consideration of Toledo Seagate Foodbank of Northwest Ohio '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 solely 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 the effectiveness of Toledo Seagate Foodbank of Northwest Ohio '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 Toledo Seagate Foodbank of Northwest Ohio's internal control over financial reporting and compliance.

Ronald W. Coon, Sr.

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

March 27, 2023

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TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2023

	ASSETS		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	TOTAL
Current Assets			
Cash and Cash Equivalents (Note 7)	835,273	0	835,273
Cash - Board Imposed Rest (Note 8)	2,762	0	2,762
Cash - Short Term	1,045,964	0	1,045,964
Receivables (Gross/Net)	24,224	0	24,224
Grants Receivable (Gross/Net)	1,709	0	1,709
Interest Receivable	81	0	81
Other Receivables	1,062	0	1,062
Inventory (Note 5)	192,866	1,187,503	1,380,369
Grants Awarded	<u>0</u>	<u>45,000</u>	<u>45,000</u>
Total Current Assets	2,103,941	1,232,503	3,336,444
Non-Current Assets			
Investments (Note 10)	824,289	0	824,289
Property and Equipment (Note 6)	2,318,957	0	2,318,957
Finance Lease - Right to Use (Note 17)	<u>7,547</u>	<u>0</u>	<u>7,547</u>
Total Fixed Assets	2,326,504	0	2,326,504
Other Assets			
Prepays	18,721	0	18,721
Deposits	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Assets	<u>18,721</u>	<u>0</u>	<u>18,721</u>
TOTAL ASSETS	<u>\$ 5,373,455</u>	<u>\$ 1,232,503</u>	<u>\$ 6,505,958</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO

LIABILITIES & NET ASSETS

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	TOTAL
LIABILITIES			
Current Liabilities			
Accounts Payable	38,764	0	38,764
Taxes Payable	6,253	0	6,253
Accrued Payroll	12,237	0	12,237
Accrued Payroll Taxes	923	0	923
Construction Obligation Payable	0	0	0
Current Portion of Long Term Debt	0	0	0
Current Portion of Long Term Lease	1,742	0	1,742
Unearned Revenue	<u>0</u>	<u>45,000</u>	<u>45,000</u>
Total Current Liabilities	59,919	45,000	104,919
Long Term Liabilities			
Lease Obligation Payable (Note 17)	<u>5,805</u>	<u>0</u>	<u>5,805</u>
Total Long Term Liabilities	<u>0</u>	<u>0</u>	<u>0</u>
TOTAL LIABILITIES	65,724	45,000	110,724
NET ASSETS			
Comprehensive Income	0	0	0
Without Donor Restrictions	5,207,731	0	5,207,731
With Donor Restrictions	<u>0</u>	<u>1,187,503</u>	<u>1,187,503</u>
TOTAL NET ASSETS	5,207,731	1,187,503	6,395,234
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 5,273,455</u>	<u>\$ 1,232,503</u>	<u>\$ 6,505,958</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
STATEMENT OF ACTIVITIES
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	TOTAL
SUPPORT			
Donations	174,947	0	174,947
In-Kind Donations	2,673,767	0	2,673,767
Food Distributions	0	6,306,558	6,306,558
Grants	125,013	752,892	877,905
Fund-Raising (net of \$25,675 costs)	30,101	0	30,101
Basket Revenue	91,422	0	91,422
Other Support Revenue	3,612	0	3,612
Interest and Dividends	21,969	0	21,969
Net Assets Released from Restriction	<u>6,661,973</u>	<u>(6,661,973)</u>	<u>0</u>
TOTAL SUPPORT REVENUE	9,782,804	397,477	10,180,281
OPERATING EXPENDITURES			
Programs			
Product Distributions	8,500,014	0	8,500,014
Program Related Expenditures	<u>1,395,804</u>	<u>0</u>	<u>1,395,804</u>
Total Program Expenditures	9,895,818	0	9,895,818
Support Services			
Management and General	42,838	0	42,838
Fund-Raising	<u>76,127</u>	<u>0</u>	<u>59,247</u>
Total Support Services	118,965	0	118,965

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
STATEMENT OF ACTIVITIES (cont'd)
FOR FISCAL YEAR ENDING SEPTEMBER 30, 2023

	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	TOTAL
Other Operating Expenditures			
Depreciation	147,202	0	147,202
Interest	0	0	0
	<u>0</u>	<u>0</u>	<u>0</u>
Total Other Operating Expenditures	<u>147,202</u>	<u>0</u>	<u>147,202</u>
Total Operating Expenditures	10,161,985	0	10,161,985
Net Operating Income	(379,181)	397,477	18,296
Non-Operating Expenditures			
Decrease in Value of Investments	<u>(98,533)</u>	<u>0</u>	<u>(98,533)</u>
Change in Net Assets	(477,714)	397,477	(80,237)
Beginning Net Assets	5,685,445	790,026	6,475,471
Ending Net Assets	<u>\$ 5,207,731</u>	<u>\$ 1,187,503</u>	<u>\$ 6,395,234</u>

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
STATEMENT OF CHANGES IN CASH FLOW
FOR YEAR ENDED SEPTEMBER 30, 2023

OPERATING ACTIVITIES

Cash Inflows		
From Donations	174,947	
From Food & Basket Distributions	112,406	
From Interest Income	22,581	
Received from Other Revenue	62,289	
From Grants	<u>1,414,427</u>	
Total Cash Inflows	1,786,272	
Cash Outflows		
Paid for Inventory	450,815	
Paid Wages	623,262	
Paid Interest	409	
Paid Program Services	<u>485,427</u>	
Total Cash Outflows	<u>1,559,913</u>	
TOTAL CASH FLOWS FROM OPERATING ACTIVITIES		226,359

INVESTING ACTIVITIES

Cash Inflows		
NONE		
Cash Outflows		
Asset Acquisition	501,036	
Investment Purchases	<u>0</u>	
Total Cash Outflows	501,036	
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES		(501,036)

FINANCING ACTIVITIES

Cash Outflows		
Capital Lease Payments	4,913	
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES		<u>4,913</u>
NET CASH FLOWS FROM ALL ACTIVITIES		(269,764)

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
STATEMENT OF CHANGES IN CASH FLOW (cont'd)
FOR YEAR ENDED SEPTEMBER 30, 2021

NET CASH FLOWS FROM ALL ACTIVITIES	(269,764)
BEGINNING CASH OCTOBER 1, 2022	<u>2,154,763</u>
ENDING CASH SEPTEMBER 30, 2023	\$ <u>1,884,999</u>

NON-CASH TRANSACTIONS

Donated Inventory	2,541,076
Donated Supplies	0
Donated Wages (Note 2)	<u>132,091</u>
TOTAL NON-CASH TRANSACTIONS	<u>\$ 2,673,767</u>

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TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
STATEMENT OF FUNCTIONAL EXPENDITURES - PROGRAM SERVICES
FOR YEAR ENDED SEPTEMBER 30, 2023
SCHEDULE 1

FUNCTIONAL EXPENDITURES	PROGRAM SERVICES	ADMIN.	FUND- RAISING	TOTALS (Memo)
Wages	725,022	16,254	14,742	756,019
Payroll Taxes	57,579	1,291	1,171	60,041
Supplies	13,398	300	272	13,971
Staff Training	6,176	138	126	6,440
Utilities	92,766	2,080	1,886	96,732
Telephone	24,424	548	497	25,468
Alarm Services	1,111	25	23	1,160
Real Estate Taxes	14,658	329	298	15,285
Advertising (Note 4)	38,858	1,950	49,875	90,682
Printing	10,357	232	211	10,800
Sub-Recipients	125	0	0	125
Dues & Publications	2,523	57	51	2,631
Professional Fees	30,529	684	621	31,834
Licenses & Fees	30	1	1	31
Bank Charges	5,319	119	108	5,546
Laundry & Uniforms	0	0	0	0
Refuse Disposal	9,671	217	197	10,084
Insurance	45,512	1,020	925	47,458
Maintenance	72,967	1,636	1,484	76,087
Program Expenses	47,831	0	0	47,831
Office Supplies	5,918	133	120	6,171
Postage	6,958	156	141	7,255
Employee Benefits	97,731	2,191	1,987	101,909
Equipment Rental	13,812	310	281	14,403
Information Technologies	17,915	11,944	0	29,859
Vehicle Expenses	<u>54,613</u>	<u>1,224</u>	<u>1,110</u>	<u>56,947</u>
TOTAL FUNCTIONAL EXP.	1,395,804	42,838	76,127	1,514,770

Program Services is further delineated in Note 18.

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THESE FINANCIAL STATEMENTS

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TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO 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 and other products to those who are in need of food in Northwest Ohio. The Organization also provides outreach services, nutrition education and assistance to those in need.

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.

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

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.

ACCOUNTS RECEIVABLE - The Organization carries its accounts receivable at cost, uncollectible amounts are directly written off. The Organization's decision is based upon historical collections experience and management's evaluation of the collectibility of the accounts receivable at the end of the year. Accounts are written off when they are ultimately deemed uncollectible. The Organization does not accrue interest on past due balances. Management considers all balances collectible at September 30, 2023. Accounts receivable for basket purchases \$25,158.

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 2

Note 2: SIGNIFICANT ACCOUNTING POLICIES (cont'd)

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). Management of the Organization is required to determine whether a tax position of the Organization is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Management of the organization is not aware of any tax positions for which it is reasonably possible that the total amounts of the unrecognized tax benefits will significantly change in the next twelve months. However, management's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to , new tax laws, regulations, and administrative interpretations (including relevant court decisions). Toledo Seagate Foodbank's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

CONTRIBUTIONS - Gifts of cash and other assets received without donor stipulations are reported as support and net assets without donor restrictions. Gifts received with a donor stipulation that limits their use are reported as support and net assets with donor restrictions. When a donor-stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Gifts having donor stipulations that are satisfied in the period the gift is received are reported as support and net assets without donor restrictions.

Donations of property and equipment are recorded as support at their estimated fair value at the date of donation. Gifts of land, buildings, equipment, and other long-lived assets are reported as support and net assets without donor restrictions unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as support and net assets with donor restrictions. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions to net assets without donor restrictions are reported when the long-lived assets are placed in service.

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 3

Note 2: SIGNIFICANT ACCOUNTING POLICIES(cont'd)

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are initially reported at fair value determined using the discounted present value of estimated future cash flows technique. The resulting discount is amortized using the level-yield method and is reported as contribution revenue.

Conditional gifts depend on the occurrence of a specified future and uncertain event to bind the potential donor and are recognized as assets and revenue when the conditions are substantially met, and the gift becomes unconditional

DONATED GOODS - A number of Companies, Individuals and Organizations have contributed significant goods to the Organization. The value of these goods are determined at a weighted average price per pound of goods donated. (\$2,541,076). 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.

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 (\$132,691 or 5,161 hours), since their services are integral to the Organization fulfilling it's mission statement. The value is based upon the "National Value of Volunteer Time" for the State of Ohio at the rate of \$26.40.

DONATED 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.

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 4

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 48 & 49) - Operating Grant used for the acquisition of food for the distribution for indigent households.

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

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.

UNCONDITIONAL PROMISES TO GIVE - The unconditional promises to give outstanding are to be received within one year period. The following are the unconditional promises to give as of September 30, 2023 and are treated as Grants awarded and deferred revenue on the financial statements. Department of Agriculture \$-0-; and Community Development Block Grant (CDBG) \$45,000; totaling \$45,000.

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 Net Assets with Donor Restrictions column. When a restriction expires, Net Assets with Donor Restrictions are reclassified to Net Assets without Donor Restrictions and is reported in the Statement of Activities as net assets released from restrictions.

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 5

Note 2: SIGNIFICANT ACCOUNTING POLICIES(cont'd)

CONDITIONAL PROMISES TO GIVE - Conditional Promises to give, which depend on the occurrence of a specified future and certain event to bind the promisor, shall be recognized when the conditions on which they depend are substantially met, that is, when the conditional promise becomes unconditional.

Note 3: LIQUIDITY AND AVAILABILITY

The Organization has a goal to maintain financial assets, which consist of cash and short-term investments, on hand to meet 90 days of normal operating expenses, which are, on average, approximately \$383,720. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

SHORT TERM ASSETS - The Organization has \$1,911,065 of short term financial assets available within one year of the financial position date to meet cash needs for general expenditure consisting of cash of \$1,883,989, contribution pledge receivable of \$0, and accounts receivable of \$27,076. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the financial position date. The contribution receivables are subject to implied time restrictions but are expected to be collected within one year.

Financial assets, at year end	\$ 1,883,999
Less those unavailable for general expenditures within one year, due to:	
Restricted by donor with time or purpose restrictions	0
Board designations:	
Capital Improvements	(<u>2,762</u>)
Financial assets available to meet cash needs for general expenditures within one year	\$ <u><u>1,881,237</u></u>

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 6

Note 3: LIQUIDITY AND AVAILABILITY (cont'd)

LONG TERM ASSETS - The Organization owns real property consisting primarily warehouse space in one building and a mixture of warehouse and office space in the other. Three modulars are utilized for the various programs of the Organization.

LINE OF CREDIT - As part of its liquidity management, the Organization has no plans to secure a line of credit at this time. These additional funds could be available in the event of an any unanticipated liquidity needs. The Organization could also invest any cash in excess of daily requirements into interest bearing bank accounts or investments, in which it does. The Organization also plans to invest cash in excess of daily requirements in other short-term investments including certificates of deposit and short-term treasury instruments.

ENDOWMENTS - The Organization does not have an endowment funds at this time. No appropriations for the endowment will be available during the next 12 months

Note 4: ADVERTISING

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

Note 5: INVENTORY

Substantially all of the Organization's inventory is either distributed or donated. Distributions from the Department of Agriculture amounted to \$6,306,558. An additional \$2,541,076 was donated through various food drives, area merchants and distributors. In relationship to the acquisition of inventory distributed, \$51,598 was purchased, totaling \$8,899,231.

Inventories are stated at the lower of cost or net realizable value. These values were determined by both the retail cost method and the first-in, first-out method. The inventories value that was distributed by the department of Agriculture (\$1,187,503) are computed on the first-in, first-out method. The inventories donated (\$192,866) were computed by the gross profit method.

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 7

Note 6: 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 \$5,000 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 OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 8

Note 6: PROPERTY AND EQUIPMENT (cont'd)

	BASIS	ACC DEP'N	NET
Land	52,942	0	52,942
Building	769,864	144,400	625,464
Building Improvements	1,170,399	344,891	825,508
Modular	115,786	65,275	50,511
Furniture & Fixtures	21,408	16,141	5,267
Equipment	92,678	53,379	39,299
Warehouse Equipment	738,985	195,629	543,356
Software	52,507	34,043	18,464
Vehicles	546,986	388,840	158,146
Construction in Progress	<u>0</u>	<u>0</u>	<u>0</u>
TOTALS	<u>3,561,555</u>	<u>1,242,598</u>	<u>2,318,957</u>

Depreciation for the period was \$147,202.

Note 7: 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 per account (\$952,246) totaled \$932,205.

The Organization has cash reserves in Investments that are subject to the FDIC limits (\$250,000). The amount that exceeds these limits are \$97,129.

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 9

Note 8: BOARD IMPOSED RESTRICTIONS

The Capital Projects Fund is properly classified as a Restriction on Net Assets in the amount of \$2,762. There were no outstanding debts on this restriction. These funds were utilized for the completion of any current and/or future Capital Projects for the Organization.

Note 9: 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 2023, less than 0.449% of the total Organization's funding was through this program. This grant is awarded on an annual basis and not automatically renewed each year.

Note 10: 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.
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TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 10

Note 10: INVESTMENT SECURITIES (cont'd)

- | | |
|---------|---|
| 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, 2023

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.

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 11

Note 10: INVESTMENT SECURITIES (cont'd)

The following table sets forth by level within the fair value hierarchy, the Organization's assets at fair value as of September 30, 2023:

	Level 1	Level 2	Level 3	Total
Mutual Funds Core Accts	352,572	0	0	352,572
Common Stocks	0	0	0	0
Corporate Bonds	<u>501,435</u>	<u>0</u>	<u>0</u>	<u>501,435</u>
	<u>854,007</u>	<u>0</u>	<u>0</u>	<u>854,007</u>

	COST	FAIR VALUE	UNREALIZED GAIN/LOSS
Mutual Funds - Cash	352,572	303,567	(49,005)
Common Stocks	0	0	0
Bonds - Long Term	<u>501,435</u>	<u>520,721</u>	<u>19,287</u>
TOTALS	<u>854,007</u>	<u>824,288</u>	<u>(29,718)</u>

Management has elected to determine these investments as "Hold till Maturity" and therefore the maturities of the various bonds range from 2022 through 2025. 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:

	COST	FINANCIAL STATEMENTS	UNREALIZED GAIN/LOSS
Mutual Funds - Cash	352,572	303,567	(49,005)
Common Stocks	0	0	0
Bonds - Long Term	<u>501,435</u>	<u>520,721</u>	<u>19,287</u>
TOTALS	<u>854,007</u>	<u>824,288</u>	<u>29,718</u>

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TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 12

Note 10: INVESTMENT SECURITIES (cont'd)

Net Unrealized Gain/Losses consist of the following:

Net Unrealized Loss from other Investments	(29,718)
	(29,718)

Investment return is summarized as follows:

Dividend Income	0
Interest Income	21,969
Net Realized Gains/Losses	0
Net Unrealized Gains/Losses	(29,718)
NET INVESTMENT INCOME	\$ (7,749)

Note 11: 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 12: FUND-RAISING EXPENSES

The Organization allocates 1.95% of the overall expenses to fund-raising with the exception of Advertising, which is allocated at 66%. The Organization determined that 62% of the total fund-raising expenditures (\$50,452) would be for retention of funding. The balance (\$25,675) would be for true recruitment of additional funding.

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Note 13: SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 27, 2024, 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.

Note 14: RETIREMENT PLANS

The Organization participates in a retirement plan under section 403(b) of the Internal Revenue Code. The plan covers substantially all employees who may make voluntary contributions in amounts not to exceed limitations imposed by the Internal Revenue Code. The Organization currently does contribute to the plan for each participant matching their individual contributions up to 4% of wages. The total contributions for the year is \$12,296.

Note 16: THIRD PARTY FUND-RAISING EVENTS

Certain area businesses, schools and Organizations 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	5,315	0
Milk Money	0	0
Giving Tuesday	0	0
No Show	9,229	0
Scamble for Food	39,668	0
Pack the Pick-up	<u>1,565</u>	<u>16,257</u>
Totals	<u>55,777</u>	<u>16,257</u>

The Organization treats these third party events as donations and the previous mentioned amounts were included in the Cash Donations and In-Kind Donations respectively.

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 14

Note 17: LEASES

The Organization leases certain equipment and vehicles (very short term on a weekly basis). The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination of the terms and conditions of the contract are changed.

The Organization has elected to apply the short-term lease exception to all leases with a term of one year or less. Our short-term lease costs do not reflect our ongoing short-term lease commitments as the Organization entered into several short-term lease commitments in September 30, 2023, which will have a nominal effect on the short term lease costs for the fiscal year then ended.

As of September 30, 2023, the right-of-use (ROU) asset had a balance of \$7,547, as shown in Property and Equipment section on the statement of financial position; the lease liability is included in other current liabilities (\$1,742) and other long-term liabilities (\$5,805). The lease asset and liability were calculated utilizing an effective rate (5.91%), according to the Organization's elected policy.

Additional information about the Organization's leases is as follows:

Future Maturities of financing lease obligations as of September 30:

2024	1,742
2025	1,742
2026	1,742
2027	1,742
2028	579
Total lease payments	\$ 7,547
Less: Interest	916
Present Value of Lease Liabilities	\$ 6,631

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 15

Note 19: PROGRAM AND RELATED COSTS

	TEFAP et al	CSFP	CDBG	Support	TOTALS
Wages	193,553	188,199	0	400,849	782,601
Fringes	24,544	24,543	0	48,644	97,731
Office Supplies	19,569	18,553	0	0	38,122
Program Supplies	0	0	56,625	11,316	67,941
Postage	0	0	0	6,958	6,958
Utilities	32,327	35,080	0	25,359	92,766
Bank Fees	1,547	2,414	0	1,358	5,319
Professional Fees	12,500	12,500	0	5,529	30,529
Marketing	2,863	11,451	0	24,544	38,858
Business Expense				81,676	81,676
Fuel & Transportation	23,925	20,296	0	10,392	54,613
Insurance	20,015	25,497	0	0	45,512
Services	1,584	39,532	0	14,257	55,373
Other Expenditures	7,758	6,114	0	4,043	17,915
Depreciation	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<u>340,185</u>	<u>384,179</u>	<u>56,625</u>	<u>634,925</u>	<u>1,415,914</u>

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FINANCIAL STATEMENTS

Page 16

Note 20: GRANT CONTINGENCIES

The center receives financial assistance from governmental agencies in the form of grants. Grants are awarded on an annual basis, and there are no assurances as to future continuance or the amounts to be awarded. The disbursement of funds received under these programs, generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed amounts resulting from such audits could become a liability of the center. However in opinion of management, disallowed amounts, if any, would not have a material adverse effect on the financial position of the Organization at September 30, 2023.

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Schedule of Expenditures of Federal Awards
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TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ending SEPTEMBER 30, 2023

Federal Financial Assistance

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

Program Title	CFDA #	Grant Amount	Current Year's Expenditures
CDBG 48 th & 49 th Year 2022-2023; 2023-2024 CFDA # 14.228	14.228	56,625	56,625

DEPARTMENT OF VETERANS AFFAIRS

Program Title	CFDA #	Grant Amount	Current Year's Expenditures
Veterans Assistance	64.110	75,462	73,848

DEPARTMENT OF AGRICULTURE

Program Title	CFDA #	Grant Amount	Current Year's Expenditures
<i>Passed through Ohio State Department of Job and Family Services (ODJFS)</i>			
TFAP	10.568	340,185	340,185
CSFP	10.565	384,179	384,179
TEFAP Other	10.565	0	0
Food Distributions:			
TFAP	10.569	2,772,505	2,761,491
BBB	10.569	1,283,140	1,283,140
COSUP	10.569	0	0
CSFP	10.565	<u>2,250,913</u>	<u>1,842,046</u>
TOTAL CLUSTER		<u>6,306,558</u>	<u>5,886,677</u>
TOTAL DEPT OF AGRICULTURE		<u>7,030,922</u>	<u>6,611,041</u>
FEDERAL PROGRAM TOTALS		\$ <u>7,163,009</u>	\$ <u>6,741,514</u>

TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
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.

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited in reimbursement. The Organization has elected not to use the 10 percent de-minimus indirect cost rate as allowed under the Uniform Guidance.

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

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.

**TOLEDO SEAGATE FOODBANK OF NORTHWEST OHIO
NOTES TO FEDERAL FINANCIAL ASSISTANCE**

Page 2

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 Uniform Guidance. In the Financial Statements, these are treated as Support for Basket Distributions and the respective costs are included in the Cost of Goods Sold.

NOTE 5: RECONCILIATION

Amounts Released from Restrictions	\$ 6,661,973
Department of Veterans Affairs	\$ 73,848
Restricted fund from Capital Projects	<u>5,693</u>
Total Adjustments	<u>79,541</u>
Total Federal Program Expenditures (rounding)	\$ <u><u>6,741,514</u></u>

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 of Northwest Ohio
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, Inc. (a nonprofit organization), which comprise the statement of financial position as of September 30, 2023, 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 March 27, 2024.

Internal Control over Financial Reporting

In planning and performing my audit of the financial statements, I considered Toledo Seagate Foodbank of Northwest Ohio, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Toledo Seagate Foodbank of Northwest Ohio's internal control. Accordingly, I do not express an opinion on the effectiveness of Toledo Seagate Foodbank of Northwest Ohio'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.

Toledo Seagate Foodbank of Northwest Ohio
REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during 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 of Northwest Ohio's financial statements are free from 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.

Ronald W. Coon, Sr., M.P.A.

Certified Public Accountant

Diplomate, American Board of Forensic Accounting

Certified Fraud Examiner

Fellow, American College of Forensic Examiners Institute

March 27, 2024

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

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

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM

Opinion on Each Major Program

I have audited Toledo Seagate Foodbank of Northwest Ohio, Inc'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, Inc's major federal programs for the fiscal year ended September 30, 2023. Toledo Seagate Foodbank of Northwest Ohio's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In my opinion Toledo Seagate Foodbank of Northwest Ohio, complied, in all material respects, with the compliance requirements referred to above that could have a direct material effect on each of its major federal programs for the year ended September 30, 2023.

Basis for Opinion on Each Major Federal Program

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

I am required to be independent of Toledo Seagate Foodbank of Northwest Ohio and to meet my other ethical responsibilities, in accordance with relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion on compliance for each major

Toledo Seagate Foodbank of Northwest Ohio
REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING

federal program. My audit does not provide a legal determination of Toledo Seagate Foodbank of Northwest Ohio'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 Toledo Seagate Foodbank of Northwest Ohio's federal programs.

Auditor's Responsibilities for the Audit of Compliance

My 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 Toledo Seagate Foodbank of Northwest Ohio's compliance based on my 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 Toledo Seagate Foodbank of Northwest Ohio'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 Toledo Seagate Foodbank of Northwest Ohio's compliance with the compliance requirements referred to above and performing such other procedures as I considered necessary in the circumstances.

Toledo Seagate Foodbank of Northwest Ohio
REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING

- ◆ Obtain an understanding of Toledo Seagate Foodbank of Northwest Ohio'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 Toledo Seagate Foodbank of Northwest Ohio's internal control over compliance. Accordingly, no such opinion is expressed.

I am 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 I identified during the audit.

Other Matters

The results of my auditing procedures disclosed no instances of noncompliance which are required to be reported in accordance with the Uniform Guidance. My opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Toledo Seagate Foodbank of Northwest Ohio's response to the noncompliance findings identified in my compliance audit described in the accompanying schedule of findings and questioned costs. Toledo Seagate Foodbank of Northwest Ohio's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

Report on Internal Control over Compliance

My 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. I did not identify any deficiencies in internal control over compliance that I consider to be material weaknesses. However, as discussed below, I did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

Toledo Seagate Foodbank of Northwest Ohio
REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING

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.

My 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.

Government Auditing Standards requires the auditor to perform limited procedures on Toledo Seagate Foodbank of Northwest Ohio's response to the internal control over compliance findings identified in my compliance audit described in the accompanying schedule of findings and questioned costs. Toledo Seagate Foodbank of Northwest Ohio's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, I express no opinion on the response.

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.

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

March 27, 2024

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FOODBANK
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TOLEDO SEAGATE FOODBANK
Schedule of Findings and Questioned Costs
For the Fiscal Year Ending September 30, 2023

I. 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 § 2 CFR 200.516 (a)?	No
(d)(1)(vii)	Major Programs (list): Commodity Supplemental Food Program The Emergency Food Assistance Program Trade Mitigation	Ohio Department of Agriculture-CFDA# 10-565, CFDA# 10.568(2) & CFDA# 10.569(2)
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low risk Auditee?	Yes

TOLEDO SEAGATE FOODBANK
Schedule of Findings and Questioned Costs
For the Fiscal Year Ending September 30, 2023

II. FINDINGS RELATED TO THE FINANCIAL STATEMENTS

NONE

III. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE

TOLEDO
SEAGATE
FOODBANK
OF NORTHWEST
OHIO