

*Financial Statements*

***SECOND HARVEST FOOD BANK OF  
CENTRAL FLORIDA, INC.***

*June 30, 2022 and 2021*

**SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.**

**Financial Statements**

**June 30, 2022 and 2021**

**(With Independent Auditor's Report Thereon)**

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Table of Contents**

Independent Auditor’s Report.....	1
Financial Statements:	
Statements of Financial Position .....	4
Statement of Activities – Year ended June 30, 2022 .....	5
Statement of Activities – Year ended June 30, 2021 .....	6
Statements of Changes in Net Assets .....	7
Statement of Functional Expenses – Year ended June 30, 2022.....	8
Statement of Functional Expenses – Year ended June 30, 2021 .....	9
Statements of Cash Flows .....	10
Notes to Financial Statements .....	11
Supplementary information:	
Schedule of Expenditures of Federal Awards .....	24
Notes to Schedule of Expenditures of Federal Awards.....	25
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 <i>Government Auditing Standards</i> .....	28
Independent Auditor’s Report on Compliance for each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance .....	30
Schedule of Findings and Questioned Costs .....	33

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## **Independent Auditor's Report**

The Board of Directors  
Second Harvest Food Bank of Central Florida, Inc.:

### **Opinion**

We have audited the accompanying financial statements of Second Harvest Food Bank of Central Florida, Inc., which comprise the statement of financial position as of June 30, 2022 and 2021, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Second Harvest Food Bank of Central Florida, Inc. as of June 30, 2022 and 2021, and the related statements of activities, changes in net assets, functional expenses and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Second Harvest Food Bank of Central Florida, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **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 Second Harvest Food Bank of Central Florida, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Second Harvest Food Bank of Central Florida, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Second Harvest Food Bank of Central Florida, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

## Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Second Harvest Food Bank of Central Florida, Inc. taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis 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*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 a report dated October 14, 2022 on our consideration of Second Harvest Food Bank of Central Florida, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Second Harvest Food Bank of Central Florida, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Second Harvest Food Bank of Central Florida, Inc.'s internal control over financial reporting and compliance.

*Schatz, Tschagg, Whittemut, Mitchell & Shuilen, LLP*

October 14, 2022  
Maitland, Florida

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Statements of Financial Position**

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b><u>Assets</u></b>		
Cash and equivalents	\$ 2,096,302	6,539,080
Investments (note 3)	14,194,805	10,016,396
Accounts receivable	9,487,578	3,676,305
Inventories (note 4)	4,332,559	5,484,026
Prepaid expenses and other assets	246,518	331,035
Assets held by Central Florida Foundation, Inc. (note 9)	292,168	325,153
Property and equipment, net (note 5)	<u>14,379,947</u>	<u>15,003,130</u>
Total assets	<u>\$ 45,029,877</u>	<u>41,375,125</u>
<b><u>Liabilities and Net Assets</u></b>		
Liabilities		
Accounts payable and accrued expenses	<u>\$ 2,221,860</u>	<u>1,779,973</u>
Total liabilities	<u>2,221,860</u>	<u>1,779,973</u>
Commitments and contingencies (notes 6, 8, and 10)		
Net assets		
Without donor restrictions:		
Designated by the board (note 6)	6,000,481	3,956,958
Undesignated, available for general activities	11,775,294	26,079,172
Donated inventories	2,334,310	3,605,232
Property and equipment	<u>14,379,947</u>	<u>3,088,023</u>
Total net assets without donor restrictions	34,490,032	36,729,385
With donor restrictions (note 7)	<u>8,317,985</u>	<u>2,865,767</u>
Total net assets	<u>42,808,017</u>	<u>39,595,152</u>
Total liabilities and net assets	<u>\$ 45,029,877</u>	<u>41,375,125</u>

See accompanying notes to financial statements.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Statement of Activities**

Year ended June 30, 2022

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenues, gain or losses, and other support:			
Contributions and grants	\$ 15,913,308	16,893,346	32,806,654
Value of contributed inventory, equipment, facilities and services	154,516,515	-	154,516,515
Fees from providing services paid by agencies	787,899	-	787,899
Purchased food sales	5,285,874	-	5,285,874
Investment loss and interest income , net	(1,944,462)	(32,985)	(1,977,447)
Other, net	28,107	-	28,107
Net assets released from restrictions:			
Satisfaction of program and time restrictions	11,408,143	(11,408,143)	-
Total revenues, gain or losses, and other support	<u>185,995,384</u>	<u>5,452,218</u>	<u>191,447,602</u>
Expenses			
Program services (includes value of food distributed and spoilage of \$155,773,992)	182,984,694	-	182,984,694
Supporting activities:			
Management and general	1,835,326	-	1,835,326
Fund-raising and development	3,414,717	-	3,414,717
Total supporting activities	<u>5,250,043</u>	<u>-</u>	<u>5,250,043</u>
Total expenses	<u>188,234,737</u>	<u>-</u>	<u>188,234,737</u>
Change in net assets	<u>\$ (2,239,353)</u>	<u>5,452,218</u>	<u>3,212,865</u>

See accompanying notes to financial statements.



SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Statement of Activities**

Year ended June 30, 2021

	<b>Without Donor Restrictions</b>	<b>With Donor Restrictions</b>	<b>Total</b>
Revenues, gain or losses, and other support:			
Contributions and grants	\$ 14,413,476	21,941,287	36,354,763
Value of contributed inventory, equipment, facilities and services	172,161,984	-	172,161,984
Fees from providing services paid by agencies	1,754,364	-	1,754,364
Purchased food sales	2,178,389	-	2,178,389
Paycheck Protection Program grant	143,649	-	143,649
Investment and interest income	959,626	69,171	1,028,797
Other, net	(2,654)	-	(2,654)
Net assets released from restrictions:			
Satisfaction of program and time restrictions	26,018,088	(26,018,088)	-
Total revenues, gain or losses, and other support	<u>217,626,922</u>	<u>(4,007,630)</u>	<u>213,619,292</u>
Expenses			
Program services (includes value of food distributed and spoilage of \$172,736,997)	208,078,703	-	208,078,703
Supporting activities:			
Management and general	1,602,448	-	1,602,448
Fund-raising and development	2,493,102	-	2,493,102
Total supporting activities	<u>4,095,550</u>	<u>-</u>	<u>4,095,550</u>
Total expenses	<u>212,174,253</u>	<u>-</u>	<u>212,174,253</u>
Change in net assets	<u>\$ 5,452,669</u>	<u>(4,007,630)</u>	<u>1,445,039</u>

See accompanying notes to financial statements.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Statement of Changes in Net Assets**

Years ended June 30, 2022 and 2021

	<b><u>Without Donor Restrictions</u></b>	<b><u>With Donor Restrictions</u></b>	<b><u>Total</u></b>
Net assets at June 30, 2020	\$ 31,276,716	6,873,397	38,150,113
Change in net assets	<u>5,452,669</u>	<u>(4,007,630)</u>	<u>1,445,039</u>
Net assets at June 30, 2021	36,729,385	2,865,767	39,595,152
Change in net assets	<u>(2,239,353)</u>	<u>5,452,218</u>	<u>3,212,865</u>
Net assets at June 30, 2022	<u><u>\$ 34,490,032</u></u>	<u><u>8,317,985</u></u>	<u><u>42,808,017</u></u>

See accompanying notes to financial statements.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Statement of Functional Expenses**

Year ended June 30, 2022

	<u>Programs</u>	<u>Management and General</u>	<u>Fund-raising and Development</u>	<u>Total</u>
Salaries and wages	\$ 5,539,252	1,079,891	1,246,427	7,865,570
Employee benefits and payroll taxes	1,412,359	208,934	267,976	1,889,269
Total salaries and benefits	<u>6,951,611</u>	<u>1,288,825</u>	<u>1,514,403</u>	<u>9,754,839</u>
Value of gifts in-kind	155,787,436	-	-	155,787,436
Contract labor	427,644	54,030	10,245	491,919
Direct mail, marketing and special events	13,780	-	1,585,969	1,599,749
Purchased food distributed and direct program supplies	14,790,566	245	-	14,790,811
Insurance	163,746	33,018	6,646	203,410
Licenses and fees	16,270	275	410	16,955
Maintenance and rental of equipment	296,982	-	-	296,982
Meetings, conferences and transportation	118,515	44,999	57,267	220,781
Miscellaneous	20,635	102,195	124,225	247,055
Dues and subscriptions	82,478	15,740	14,920	113,138
Occupancy	426,502	11	8,950	435,463
Office expenses and supplies	39,489	29,919	11,469	80,877
Postage and shipping	6,616	7,335	26,645	40,596
Printing and publications	2,391	14,062	10,938	27,391
Professional and contractual fees	1,016,842	212,146	30,707	1,259,695
Telephone	45,504	21,255	3,793	70,552
Trucking, freight, and fuel costs	1,518,882	-	-	1,518,882
Utility costs	262,996	11,271	8,130	282,397
Total expenses before depreciation	<u>181,988,885</u>	<u>1,835,326</u>	<u>3,414,717</u>	<u>187,238,928</u>
Depreciation of property and equipment	995,809	-	-	995,809
Total expenses	<u>\$ 182,984,694</u>	<u>1,835,326</u>	<u>3,414,717</u>	<u>188,234,737</u>

See accompanying notes to financial statements.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Statement of Functional Expenses**

Year ended June 30, 2021

	<u>Programs</u>	<u>Management and General</u>	<u>Fund-raising and Development</u>	<u>Total</u>
Salaries and wages	\$ 5,664,116	931,361	716,493	7,311,970
Employee benefits and payroll taxes	1,530,304	237,232	177,147	1,944,683
Total salaries and benefits	<u>7,194,420</u>	<u>1,168,593</u>	<u>893,640</u>	<u>9,256,653</u>
Value of gifts in-kind	172,775,074	-	-	172,775,074
Contract labor	730,199	6,221	13,927	750,347
Direct mail, marketing and special events	-	545	1,260,377	1,260,922
Purchased food distributed and direct program supplies	22,283,297	-	-	22,283,297
Insurance	89,877	68,239	3,785	161,901
Licenses and fees	13,913	-	-	13,913
Maintenance and rental of equipment	458,330	15,831	1,616	475,777
Meetings, conferences and transportation	58,705	31,771	13,837	104,313
Miscellaneous	77,919	-	184,464	262,383
Dues and subscriptions	61,898	17,086	8,258	87,242
Occupancy	452,916	44	-	452,960
Office expenses and supplies	15,707	5,995	1,580	23,282
Postage and shipping	6,343	5,759	27,430	39,532
Printing and publications	9,946	18,513	-	28,459
Professional and contractual fees	1,424,636	234,630	74,091	1,733,357
Telephone	35,670	21,145	4,338	61,153
Trucking, freight, and fuel costs	1,311,583	-	-	1,311,583
Utility costs	235,660	8,076	5,759	249,495
Total expenses before depreciation	<u>207,236,093</u>	<u>1,602,448</u>	<u>2,493,102</u>	<u>211,331,643</u>
Depreciation of property and equipment	842,610	-	-	842,610
Total expenses	<u>\$ 208,078,703</u>	<u>1,602,448</u>	<u>2,493,102</u>	<u>212,174,253</u>

See accompanying notes to financial statements.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Statement of Cash Flows**

Years ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Cash flows from operating activities:		
Increase in net assets	\$ 3,212,865	1,445,039
Adjustments to reconcile decrease in net assets to net cash provided by operating activities:		
Depreciation and amortization	995,809	842,610
In-kind contributions of food	(154,516,515)	(172,126,970)
Distribution and spoilage of donated food	155,773,992	172,736,997
PPP grant (loan forgiveness)	-	(143,649)
Net unrealized (gain) loss on investments	1,579,245	(695,121)
Net increase (decrease) in cash flow from changes in:		
Accounts receivable	(5,811,273)	1,833,802
Note receivable	-	-
Purchased/production inventories	(106,010)	(647,383)
Prepaid expenses and other assets	84,517	(74,658)
Contributions receivable	-	35,000
Assets held by Central Florida Foundation, Inc.	32,985	(69,171)
Accounts payable and accrued expenses	441,887	12,265
Net cash provided by operating activities	<u>1,687,502</u>	<u>3,148,761</u>
Cash flows from investing activities:		
Disposition (purchase) of investments, net	(5,757,654)	(7,432,379)
Purchases of property and equipment	(372,626)	(1,745,528)
Net cash used in investing activities	<u>(6,130,280)</u>	<u>(9,177,907)</u>
Net decrease in cash and cash equivalents	(4,442,778)	(6,029,146)
Cash and cash equivalents at beginning of year	<u>6,539,080</u>	<u>12,568,226</u>
Cash and cash equivalents at end of year	<u>\$ 2,096,302</u>	<u>6,539,080</u>
Supplemental information:		
Cash paid for interest	<u>\$ -</u>	<u>-</u>

See accompanying notes to financial statements.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Notes to Financial statements**

June 30, 2022 and 2021

**(1) Summary of Significant Accounting Policies**

**(a) Organization**

Second Harvest Food Bank of Central Florida, Inc. (Organization or Food Bank), is a Florida not-for-profit corporation organized to serve as a clearing house to collect, store, and redistribute surplus food to charitable 501(c)(3) organizations that operate on-site or emergency food distribution services.

Donors, such as processors, wholesalers, distributors, restaurants and resorts, provide THE ORGANIZATION with usable food that is not saleable because the food has been overproduced, discontinued, or will soon be out-of-date.

Second Harvest Food Bank is a member of Feeding America, a network of food banks and food rescue organizations nationwide that collect food from throughout the food industry for distribution to non-profit feeding programs.

**(b) Basis of Presentation**

The accompanying financial statements are presented on the accrual basis and represent the financial position and results of operations of the Organization.

The Organization prepares its financial statements on an entity wide basis, focusing on the organization as a whole. Net assets and revenue, expenses, gains and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets of the Organization and changes therein are classified and reported as follows:

- Net assets without donor restrictions---Net assets that are not subject to donor-imposed stipulations and, therefore, available for use in general operations.
- Net assets with donor restrictions---Some donors impose restrictions that are temporary in nature, for example, stipulating that resources be used after a specified date, for particular programs or services, or to acquire buildings or equipment. Other donor-imposed restrictions that are perpetual in nature, for example, stipulating that resources be maintained in perpetuity. Laws may extend those limits to investment returns from those resources and to other enhancements (diminishments) of those resources. Thus, those laws extend donor-imposed restrictions.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Notes to Financial statements**

June 30, 2022 and 2021

**(1) Summary of Significant Accounting Policies (Continued)**

**(b) Basis of Presentation (Continued)**

The Food Bank's resources as presented on the statements of activities and changes in net assets include revenue, gains or loss, and other support. Revenue consists of fees earned for the performance of Organization services, public support such as contributions and grants, investment income which consists of dividends, interest, rents and similar payments on assets held as investments, and other revenue or support. Rents are presented separately from investment income on the statements of activities and changes in net assets. Public support such as contributions and grants are unconditional gifts to the Organization of cash or other assets in a voluntary nonreciprocal transfer by another entity. Gains or losses result from activities that are peripheral or incidental to the Organization and are reported net.

Revenue, gains, and other support are reported as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses and losses are reported as decreases in net assets without donor restrictions unless their use is limited by donor-imposed restrictions. Expirations of restrictions on net assets (i.e., the Donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Donor restricted contributions, whose restrictions are met in the same reporting period, are reported as unrestricted support.

Contributions, including unconditional promises to give, less an allowance for uncollectible accounts, are recognized as revenue in the period made or received. United Way and other pledges are recorded as unconditional promises to give and net assets with donor restrictions in the period that notification is received. Conditional promises to give are not recognized until they become unconditional, that is, when the conditions on which they depend are substantially met. The Organization also receives indications of intent to support, which are commitments that are open-ended and subject to unilateral change by the donor. The amounts are not measurable since the commitments do not express a term or period. Thus, they are not considered to be unconditional promises to give and are not recognized prior to the receipt of the contribution.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Notes to Financial statements**

June 30, 2022 and 2021

**(1) Summary of Significant Accounting Policies (Continued)**

**(b) Basis of Presentation (Continued)**

Contributions of assets, materials, and facilities are recorded at their estimated fair value at the date of gift. Such values are recorded in the financial statements as an asset or expense and revenue. For the year ended June 30, 2022, in-kind contributions consisted of USDA food inventory and donated food inventory valued at approximately \$154,503,000. Contributed food inventory was redistributed to charitable organizations at a value of approximately \$155,774,000 for the year ended June 30, 2022. In addition, the Organization receives contributed time related to various program services and construction projects. These contributed services are recorded at their estimated fair value at the date of service if they meet the following criteria: (a) the services would have otherwise been purchased by the Organization, and (b) the services required specialized skills. Donated use of facilities is recognized as expense and revenue. For the years ended June 30, 2022 and 2021, there were donated equipment/supplies and marketing services amounting to approximately \$13,000 and \$35,000, respectively.

A substantial number of unpaid volunteers have made significant contributions of their time to provide assistance to the Food Bank in its program and support activities (approximately 90,000 hours). The value of contributed time of part-time volunteers has not been recorded in the accompanying financial statements since specialized skills were not required.

**(c) Liquidity**

Assets are presented in the accompanying statement of financial position according to their nearness of conversion to cash and liabilities according to their nearness of maturity and resulting use of cash.

**(d) Accounts Receivable**

Accounts receivable are carried at their estimated collectible amounts and are recorded net of contractual adjustments and an allowance for doubtful accounts. The allowance for doubtful accounts is estimated by management based on the Organization's prior years' experience and a review of the current status of the existing receivables. Adjustments to the allowance for doubtful accounts are recorded to an expense account. When management determines that a receivable is uncollectible, it is removed from accounts receivable and is charged to the allowance for doubtful accounts. No allowance is established at June 30, 2022 as management believes all amounts are collectible.



SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Notes to Financial statements**

**(1) Summary of Significant Accounting Policies (Continued)**

**(e) Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**(f) Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Food Bank considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

**(g) Restricted Cash**

As applicable, cash which is externally restricted by agreements is classified as restricted cash and is not available for general operating purposes.

**(h) Investments**

Investments are generally recorded at fair value based upon quoted market prices, when available, or estimates of fair value. Donated assets are recorded at fair value at the date of donation, or, if sold immediately after receipt, at the amount of sales proceeds received (which is considered a fair measure of the value at the date of donation).

**(i) Inventories**

Purchased food inventory is stated at the lower of cost (determined on first-in, first-out basis) or market.

USDA food inventory and donated food inventory is valued at the approximate average wholesale value of one pound of donated product at the national level as outlined in the Product Valuation Survey Methodology prepared by Feeding America, at each calendar year end. This value for donated food inventory was \$1.92 and \$1.79 per pound in 2022 and 2021, respectively. The value for USDA food inventory was \$1.53 and \$1.70 per pound in 2022 and 2021, respectively.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Notes to Financial statements**

**(1) Summary of Significant Accounting Policies (Continued)**

**(j) Property and Equipment**

Purchased property and equipment are stated at cost. Donated property and equipment are stated at estimated fair market value at the date of donation. Depreciation is computed on a straight-line method over the estimated useful lives of the related assets which range from 5 to 30 years. All property expenditures in excess of \$1,000 are capitalized; maintenance and renewals are charged to expense as incurred.

**(k) Income Taxes**

The Food Bank is exempt from federal income tax under provision of Section 501(c)(3) of the Internal Revenue Code. In addition, the Food Bank has been determined by the Internal Revenue Service not to be a private foundation within the meaning of Section 509(a) of the Code. Consequently, no provision for income taxes has been included in the accompanying financial statements.

In accordance with “Income Taxes” FASB Accounting Standards Codification Topic 740 (Topic 740), all entities are required to evaluate and disclose income tax risks. Topic 740 clarifies the accounting for uncertainty in tax positions and prescribes guidance related to the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The tax benefit from an uncertain tax position is only recognized in the statement of financial position if the tax position is more likely than not to be sustained upon an examination, based on the technical merits of the position. Interest and penalties, if any, are included in expenses in the statement of activities. As of June 30, 2022, the Food Bank had no uncertain tax positions that qualify for recognition or disclosure in the financial statements.

The Food Bank’s income tax returns are subject to review and examination by federal authorities. The Food Bank is not aware of any activities that would jeopardize its tax-exempt status. The Food Bank is not aware of any activities that are subject to tax on unrelated business income, excise or other taxes. The tax returns for the fiscal years ended from 2019 to 2021 are open to examination by federal authorities.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Notes to Financial statements**

**(1) Summary of Significant Accounting Policies (Continued)**

**(l) Functional Allocation of Expenses**

The costs of providing Organization programs and administration of the Organization have been summarized on a functional basis as indicated in the accompanying statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation of expenses according to function, including payroll and occupancy costs which cannot be directly attributed to specific functions, is based on estimates by the Organization's management, of the time of employees involved and of percentages of assets utilized.

**(m) Concentration of Credit Risk**

The Food Bank solicits food on behalf of participating local social service agencies, all of which are 501(c)(3) organizations. These agencies contribute to the costs of food collection and storage by paying the Food Bank a "handling fee" for food received. The Food Bank grants credit to these agencies, all of which are located in Central Florida.

The Food Bank maintains its cash and cash equivalents in deposit and money market accounts which may not be federally insured, may exceed federally insured limits, or may be insured by an entity other than an agency of the federal government. The Organization has not experienced any losses in such accounts and believes it is not exposed to any significant risk related to cash and cash equivalents.

**(n) Fair Value of Financial Instruments**

The Food Bank's financial instruments are cash and cash equivalents, investments, prepaid expenses and deposits, short-term receivables, long-term receivables, accounts payable and accrued expenses.

The recorded values of cash and cash equivalents, prepaid expenses and deposits, short-term receivables, accounts payable and accrued expenses approximate their fair value based on their short-term nature.

The recorded net present value of long-term receivables approximates fair value, as the discount rate approximates market rates.

The recorded value of investments approximates fair value based on quoted market prices (Level 1 inputs) in active markets for identical assets or liabilities (see note 3).

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Notes to Financial statements**

**(1) Summary of Significant Accounting Policies (Continued)**

**(o) Long-Lived Assets**

The Food Bank follows the policy of lifting restrictions on contributions of cash and other assets received for the acquisition of long-lived assets when the long-lived assets are acquired. In accordance with generally accepted accounting principles, long-lived assets, such as property and equipment, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If circumstances require a long-lived asset be tested for possible impairment, the Food Bank first compares undiscounted cash flows expected to be generated by an asset to the carrying value of the asset. If the carrying value of the long-lived asset is not recoverable on an undiscounted cash flow basis, an impairment is recognized to the extent that the carrying value exceeds its fair value. Fair value is determined through various valuation techniques including discounted cash flow models, quoted market value and third-party independent appraisals, as considered necessary. No impairment charges have been recorded in the accompanying financial statements related to long-lived assets.

**(q) Subsequent Events**

In preparing these financial statements, the Food Bank has evaluated subsequent events and transactions for potential recognition and disclosure through October 14, 2022, which is the date the financial statements were available to be issued.

**(2) Liquidity and Availability**

As of June 30, 2022, the Organization has approximately \$25,700,000 of financial assets available within one year of the balance sheet date to meet cash needs for general expenditure. The Organization has a policy to structure its financial assets to be available as its general expenditures, liabilities, and other obligations come due.

The following table reflects the Organization's financial assets as of June 30, 2022 reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Notes to Financial statements**

**(2) Liquidity and Availability (Continued)**

Cash and cash equivalents	\$ 2,096,302
Accounts receivable	9,487,578
Investments/Central Florida Foundation, Inc.	<u>14,486,973</u>
Subtotal of financial assets	26,070,853
Amounts not available for general expenditure within one year:	
Restricted - Central Florida Foundation, Inc.	<u>(292,168)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 25,778,685</u>

**(3) Investments**

The Food Bank has adopted accounting standards for fair value measurements, which defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements of assets and liabilities to include disclosure about inputs used in the determination of fair value using the three categories listed below.

These accounting standards apply under other accounting pronouncements previously issued by the Financial Accounting Standards Board, or FASB, which require or permit fair measurements. The adoption of the new accounting standards did not impact the Organization's financial position or results of operations.

Fair value is defined under "Fair Value Measurements and Disclosures," FASB Accounting Standards Codification Topic 820 (Topic 820) as the price that would be received to sell an asset or paid to transfer a liability in the principal or most advantageous market in an orderly transaction between market participants on the measurement date. Topic 820 also establishes a three-level hierarchy, which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value.

The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability on the measurement date. The three levels of inputs to the valuation methodology are:

- Level 1 quoted prices (unadjusted) for an identical asset or liability in an active market.
- Level 2 quoted prices for a similar asset or liability in an active market or model-derived valuations in which all significant inputs are observable for substantially the full term of the asset or liability.
- Level 3 unobservable and significant to the fair value measurement of the asset or liability.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Notes to Financial statements**

**(3) Investments (Continued)**

At June 30, 2022 and 2021, the Food Bank's investment portfolio consisted of mutual funds and marketable equity securities carried at fair value.

The following table summarizes the valuation of the Food Bank's financial assets measured at fair value on a recurring basis as of June 30, 2022, based on level 1 inputs utilized to measure fair value:

	<u>Cost</u>	<u>Fair Value</u>
Mutual funds/equities	\$ 15,555,091	13,975,746
Cash	219,059	219,059
	<u>\$ 15,774,150</u>	<u>14,194,805</u>

Investment and interest income as reported in the accompanying statement of activities includes net unrealized losses of approximately \$1,580,000 and unrealized gains of \$695,000 in 2022 and 2021, respectively, associated with the investments reflected herein.

**(4) Inventories**

Inventories at June 30 consisted of the following:

	<u>2022</u>	<u>2021</u>
Donated food	\$ 2,038,677	2,231,230
USDA food	295,633	1,374,002
Purchased food	1,690,480	1,437,267
Production inventory	307,769	441,527
	<u>\$ 4,332,559</u>	<u>5,484,026</u>

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

Notes to Financial statements

(5) **Property and Equipment**

The following is a summary of the components of property and equipment at June 30, 2022 and 2021 and their estimated useful lives:

	<b>Estimated Useful Lives</b>	<b>2022</b>	<b>2021</b>
Land	-	\$ 1,918,867	1,918,867
Building and improvements	30 years	14,384,533	14,366,419
Office furniture and equipment	5 - 7 years	1,740,371	1,677,252
Warehouse equipment	5 - 7 years	2,353,759	2,223,813
Trucks	5 years	1,945,280	1,784,174
		22,342,810	21,970,525
Less accumulated depreciation		(7,962,863)	(6,967,395)
		<u>\$ 14,379,947</u>	<u>15,003,130</u>

(6) **Designated Net Assets**

At June 30, 2022 and 2021, the Board of Directors had designated funds for the following purposes:

	<b>2022</b>	<b>2021</b>
Capital replacements	\$ 740,493	740,493
Program services	5,249,720	3,206,197
Disaster relief	10,268	10,268
	<u>\$ 6,000,481</u>	<u>3,956,958</u>

The amount of these reserves was determined based on management's estimates of the remaining useful lives of capital equipment and estimated replacement cost for capital replacement reserves, and management's and the Board's efforts to achieve reserves equal to three months of operations available for program service reserves. The program service reserves at June 30, 2022 represent approximately three months of operations.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

Notes to Financial statements

(7) **Net Assets With Donor Restrictions**

Net assets with donor restrictions at June 30, 2022 and 2021 are summarized as follows:

	<u>2022</u>	<u>2021</u>
Purpose and time restricted:		
Universal Orlando Foundation	\$ 142,415	\$ 105,660
TEFAP - Covid	-	685,907
Orlando Magic/Grace Medical	23,032	60,085
United Way – for future periods	530,857	2,000
Darden	20,000	20,000
Aetna Foundation	-	20,000
West Orange Health	20,172	30,400
Orange County CRP	13,265	13,265
Advent Health (CHIC Grant)	41,309	332,763
Florida Blue Foundation	263,364	-
Universal	17,814	17,814
Culinary Training	50,000	36,136
Orlando Regional Health	14,540	29,618
Humana Event Sponsorship	21,000	21,000
City of Orlando	58,130	-
Orange County – Merly Kitchen	1,692,750	-
Nemours	36,500	-
Osceola Cares Food Initiative	240,213	649,150
Costco	25,175	22,340
Volusia County Community	-	20,550
FA Morgan Stanley/Walmart/Chick-Fil-A	-	219,143
Cigna Foundation	60,500	44,528
Orange County ARPA	4,553,231	-
Other	201,550	210,255
	<u>8,025,817</u>	<u>2,540,614</u>
Restricted in perpetuity (note 9):		
Central Florida Foundation, Inc.	292,168	325,153
	<u>\$ 8,317,985</u>	<u>\$ 2,865,767</u>

(8) **Retirement Benefit Plans**

The Food Bank has a 403(b) Plan in which employees who normally work at least twenty hours per week and are at least 21 years of age are eligible to participate. Eligible employees may elect to contribute up to twenty percent of their compensation to the Plan. The Food Bank, at its discretion, may match participant contributions in an amount to be determined from year to year. The Food Bank may also make discretionary employer contributions based on qualifying participant compensation in an amount to be determined from year to year. Total contributions made by the Food Bank during fiscal 2022 and 2021 amounted to approximately \$231,000 and \$195,000, respectively.



SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Notes to Financial statements**

**(9) Assets Held by Central Florida Foundation, Inc.**

The Food Bank has established an endowment with the Central Florida Foundation, Inc. (CFF). This endowment will provide a source of income for the Food Bank. Future income may be withdrawn or added to the principal balance of the endowment at the Food Bank's discretion. The Food Bank's endowment is carried as an asset and included in net assets with donor restrictions on its balance sheet as required by current financial accounting standards. (Note 7)

CFF has legal ownership of the contributed funds. As such, CFF's Board of Directors (Board) has fiduciary responsibility over the endowment. The Board shall have the power to modify or eliminate any restriction, limitation, or condition on the distribution of funds, including their use for any specified purposes or their distribution to specific organizations, if determined that such restriction, limitation or condition becomes unnecessary, incapable of fulfillment, or inconsistent with the proper charitable, religious, scientific, literary, cultural or educational uses and purposes associated with the Central Florida area.

**(10) Lease Commitments**

The Organization leases certain warehouse facilities and equipment under month-to-month and long-term non-cancelable operating leases. Rental expense for all month-to-month and long-term operating leases was approximately \$264,000 and \$238,000 in the two years ended June 30, 2022 and 2021, respectively. Future minimum payments applicable to long-term non-cancelable operating leases for the years subsequent to June 30, 2022 are as follows:

<u>Year ended June 30,</u>	
2023	\$365,983
2024	326,170
2025	268,470
2026	101,631
2027	68,586

## **SUPPLEMENTARY INFORMATION**

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Grantor/Pass-Through Agency/Program Title	Period of Award	Contract Number	Federal CFDA No.	Amount of Award	Federal Expenditures
United States Department of Agriculture					
Passed through from the Florida Department of Agriculture and Consumer Services					
The Emergency Food Assistance Program (TEFAP) - Food Commodities	10/1/2021 - 9/30/2022	27876	10.569	4,391,767	\$ 4,391,767 *
The Emergency Food Assistance Program (TEFAP) - COVID-19	10/1/2021 - 9/30/2022	28199	10.569	533,724	533,724 *
The Emergency Food Assistance Program (TEFAP) - Food Commodities	10/1/2021 - 9/30/2022	27879	10.569	8,375,309	8,375,309 *
The Emergency Food Assistance Program (TEFAP) - COVID-19	10/1/2021 - 9/30/2022	28200	10.569	820,019	820,019 *
The Emergency Food Assistance Program (TEFAP) - Food Commodities	10/1/15 - 9/30/21	22749	10.569	6,313,932	6,313,932 *
The Emergency Food Assistance Program (TEFAP) - Covid-19	5/6/20 - 9/30/21	26932	10.569	1,496,646	1,496,646 *
					21,931,397 *
Passed through from the Florida Department of Health					
The Child and Adult Care Food Program	10/1/19 - 9/30/21	A-1548	10.558	463,124	149,892
The Child and Adult Care Food Program	10/1/21 - 9/30/22	A-1548	10.558	449,675	449,675
					599,567
Passed through from the Florida Department of Agriculture and Consumer Services					
The Emergency Food Assistance Program (TEFAP) - Administrative Costs	10/1/2021 - 9/30/2022	27876	10.568	214,393	214,393
The Emergency Food Assistance Program (TEFAP) - COVID-19	10/1/2021 - 9/30/2022	28199	10.568	268,099	268,099
The Emergency Food Assistance Program (TEFAP) - Administrative Costs	10/1/2021 - 9/30/2022	27879	10.568	518,324	518,324
The Emergency Food Assistance Program (TEFAP) - COVID-19	10/1/2021 - 9/30/2022	28200	10.568	648,165	648,165
The Emergency Food Assistance Program (TEFAP) - Administrative Costs	10/1/15 - 9/30/21	22749	10.568	7,069,569	660,929
The Emergency Food Assistance Program (TEFAP) - COVID-19	5/6/20 - 9/30/21	26932	10.568	3,644,151	5,413
					2,315,323
Passed through from the Florida Department of Agriculture and Consumer Services					
The Summer Food Service Program for Children	3/1/20 - 9/30/21	22106	10.559	557,687	319,573
The Summer Food Service Program for Children	5/1/22 - 9/30/22	22106	10.559	213,048	213,048
					532,621
Passed through from the Florida Department of Children and Families					
Supplemental Nutrition Assistance Program	1/1/19 - 9/30/22	LF-926	10.561	592,577	140,140
					140,140
Subtotal - United States Department of Agriculture					
					\$ 25,519,048
United States Department of the Treasury					
Passed through from Orange County, FL					
Provision of Food Delivery, Mobile Food Drops, and Expansion of the Storage Capacity	1/1/22 - 9/30/24	Y22-2411	97.024	9,000,000	\$ 4,446,796
Subtotal - United States Department of the Treasury					
					\$ 4,446,796

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

Schedule of Expenditures of Federal Awards

Year ended June 30, 2022

Grantor/Pass-Through Agency/Program Title	Period of Award	Contract Number	Federal CFDA No.	Amount of Award	Federal Expenditures	
United States Department of Homeland Security Federal Emergency Management Agency						
Passed through from the Orange County Emergency Food and Shelter Program						
Board - Heart of Florida United Way						
The Emergency Food and Shelter National Board Program - Phase 39	11/1/2021 - 4/30/23	168000	97.024	32,410	-	
The Emergency Food and Shelter National Board Program - ARPA-R	11/1/2021 - 4/30/23	168000	97.024	313,334	-	
Passed through from the Seminole County Emergency Flood and Shelter Program						
Board - Heart of Florida United Way						
The Emergency Food and Shelter National Board Program - Phase 39	11/1/2021 - 4/30/23	171800	97.024	6,953	-	
The Emergency Food and Shelter National Board Program - ARPA-R	11/1/2021 - 4/30/23	171800	97.024	49,160	-	
Passed through from Osceola County Emergency Food and Shelter Program						
Board - Heart of Florida United Way						
The Emergency Food and Shelter National Board Program - Phase 39	11/1/2021 - 4/30/23	168400	97.024	8,811	-	
The Emergency Food and Shelter National Board Program - ARPA-R	11/1/2021 - 4/30/23	168400	97.024	46,389	-	
Subtotal - U. S. Department of Homeland Security, Federal Emergency Management Agency					\$	-
Total Federal Assistance					\$	<u>29,965,844</u>

\* In-kind value of donated food distributed

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Notes to the Schedule of Expenditures of Federal Awards**

Year ended June 30, 2022

**(1) Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all financial assistance and cost reimbursement contracts of Second Harvest Food Bank of Central Florida, Inc.. Second Harvest Food Bank of Central Florida, Inc. receives federal and state awards indirectly through pass-through entities. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Food Bank, it is not intended to and does not present the financial position changes in net assets or cash flows of the Food Bank.

**(2) Summary of Significant Accounting Policies**

Federal expenditures included in the accompanying schedule are presented on the accrual basis of accounting.

Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Food Bank has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**(3) Major Programs**

Major programs are identified in the Summary of Audit Results section of the Schedule of Findings and Questioned Costs.

**(4) Food Distribution**

Included in the Schedule of Expenditures of Federal Awards is in-kind food items received through The Emergency Food Assistance Program. For the year ended June 30, 2022, Second Harvest Food Bank of Central Florida, Inc. distributed approximately 14,334,246 pounds of food valued at \$1.53 per pound.

SECOND HARVEST FOOD BANK OF CENTRAL FLORIDA, INC.

**Notes to the Schedule of Expenditures of Federal Awards (Continued)**

Year ended June 30, 2022

**(5) Sub-recipients**

Second Harvest Food Bank of Central Florida, Inc. passes through certain Federal assistance to other governments or not-for-profit agencies (sub-recipients). As described in note 1, Second Harvest Food Bank of Central Florida, Inc. records expenditures of Federal awards to sub-recipients on an accrual basis of accounting.

The sub-recipient agencies have certain compliance responsibilities related to administering these Federal programs. Under the Uniform Guidance, Second Harvest Food Bank of Central Florida, Inc. is responsible for monitoring sub-recipients to help assure that Federal awards are used for authorized purposes in compliance with laws, regulations, and the provisions of contracts or grant agreements, and that performance goals are achieved.

Second Harvest Food Bank of Central Florida, Inc., provided federal awards to sub-recipients as follows:

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Amounts Provided To Sub-recipients</u>
The Emergency Food Assistance Program (TEFAP) – Food Commodities	10.569	\$ 21,931,397
The Child and Adult Care Food Program	10.558	599,567
The Summer Food Service Program for Children	10.559	<u>532,621</u>
		<u>\$ 23,063,585</u>

**(6) Matching Requirements**

Certain Federal programs require that Second Harvest Food Bank of Central Florida, Inc. contribute non-Federal funds (matching funds) to support the Federally funded programs. Second Harvest Food Bank of Central Florida, Inc. has complied with matching requirements. The expenditure of non-Federal matching funds is not included in the Schedule of Expenditures of Federal Awards.

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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***

To the Board of Directors  
Second Harvest Food Bank of Central Florida, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Second Harvest Food Bank of Central Florida, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 14, 2022.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Second Harvest Food Bank of Central Florida, 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 our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Second Harvest Food Bank of Central Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Second Harvest Food Bank of Central Florida, Inc.'s internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## **Compliance and Other Matters**

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

## **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Schaefer, Tschoy, Whitcomb, Mitchell & Shuilen, LLP*

Maitland, Florida  
October 14, 2022



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

To the Board of Directors  
Second Harvest Food Bank of Central Florida, Inc.

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

We have audited Second Harvest Food Bank of Central Florida, 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 Second Harvest Food Bank of Central Florida, Inc.'s major federal programs for the year ended June 30, 2022. Second Harvest Food Bank of Central Florida, Inc.'s major federal programs are identified in the summary of the auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with Federal statutes, regulations, and the terms and conditions applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of Second Harvest Food Bank of Central Florida, Inc.'s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

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 test basis, evidence about Second Harvest Food Bank of Central Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Second Harvest Food Bank of Central Florida, Inc.'s compliance.

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

In our opinion, Second Harvest Food Bank of Central Florida, Inc. complied, in all material respects, with the types of requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

### **Report on Internal Control Over Compliance**

Management of Second Harvest Food Bank of Central Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Second Harvest Food Bank of Central Florida, Inc.'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 our 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, we do not express an opinion on the effectiveness of Second Harvest Food Bank of Central Florida, Inc.'s internal control over compliance.

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

Our consideration of the 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 that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness. 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 our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Schaefer, Tschoff, Whitcomb, Mitchell & Shuidan, LLP*

Maitland, Florida  
October 14, 2022

**Second Harvest Food Bank of Central Florida, Inc.**  
**Schedule of Findings and Questioned Costs**  
**Year ended June 30, 2022**

**A. Summary of the Audit Results**

1. The Auditor's report expresses an unqualified opinion on the financial statements of Second Harvest Food Bank of Central Florida, Inc..
2. No significant deficiencies or material weaknesses were disclosed during the audit of the financial statements and as reported in the Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Second Harvest Food Bank of Central Florida, Inc. were disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major federal award programs were disclosed during the audit in the Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditors' report on compliance for the major federal award programs for Second Harvest Food Bank of Central Florida, Inc. expresses an unqualified opinion.
6. There are no audit findings relative to the major federal award programs for Second Harvest Food Bank of Central Florida, Inc. that are required to be reported in accordance with the Uniform Guidance.
7. The following were tested as major programs:

The program cluster U.S. Department of Agriculture's CFDA Number 10.569 - Emergency Food Assistance Program (Food Commodities) and federal CFDA Number 10.568 – Emergency Food Assistance Program (Administrative Costs). The U.S. Department of Homeland Security CFDA number 97.024 – Emergency Food and Shelter Program.
8. The threshold for distinguishing Type A and B programs was approximately \$900,547.
9. Second Harvest Food Bank of Central Florida, Inc. was determined to be a low-risk auditee.

**Second Harvest Food Bank of Central Florida, Inc.**  
**Schedule of Findings and Questioned Costs (Continued)**  
**Year ended June 30, 2022**

**B. Financial Statement Findings Section**

None

**C. Federal and State Award Findings and Questioned Costs Section**

None

**D. Summary Schedule of Prior Audit Findings**

No summary schedule of prior audit findings is required because there are no prior audit findings related to federal programs or state projects.