



MANNA FOOD BANK, INC.

Asheville, North Carolina

Financial Statements

Years Ended June 30, 2023 and 2022

MANNA FOOD BANK, INC.

OFFICERS

Jim Mathews
LaVoy Spooner
Edward Zaidberg
Marcia Bromberg
Judy Butler

President
Vice-President
Treasurer
Secretary
Past President

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Marcia Bromberg
Judy Butler
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Claire Neal, Chief Executive Officer

EMERITUS

Melody Dunlop
Joel Gillespie
Jim Mathews
Brad Searson

Cissie Stevens
Marjorie Ulin
Sheryl Williams

MANNA FOOD BANK, INC.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
MANNA Food Bank, Inc.

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of MANNA Food Bank, Inc. (a nonprofit organization), which comprise the statements of financial position as of June 30, 2023 and 2022, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements present fairly, in all material respects, the financial position of MANNA Food Bank, Inc. as of June 30, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements 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 MANNA Food Bank, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MANNA Food Bank, 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 audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal and state awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal and state awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 25, 2023, on our consideration of MANNA Food Bank, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of MANNA Food Bank, 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 MANNA Food Bank, Inc.'s internal control over financial reporting and compliance.

CARTER, P.C.

Asheville, North Carolina
October 25, 2023

MANNA FOOD BANK, INC.

Statements of Financial Position
June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Assets		
Current assets:		
Cash and equivalents:		
Unrestricted	\$ 7,536,467	\$ 5,654,664
Restricted	41,417	59,240
Short-term investments	52,045	51,508
Accounts and grants receivable	526,733	2,755,417
Promises to give	167,632	152,449
Other receivables	34,155	34,317
Prepaid expenses	199,947	179,708
Other assets	47,662	149,087
Food inventories	<u>810,427</u>	<u>1,018,539</u>
Total current assets	9,416,485	10,054,929
Investments	11,563,414	11,107,540
Beneficial interest in endowment funds	3,106,432	2,639,483
Property and equipment	5,444,981	4,526,185
Intangible assets	<u>142,979</u>	<u>178,525</u>
Total assets	<u>\$ 29,674,291</u>	<u>\$ 28,506,662</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 532,034	\$ 346,855
Accrued liabilities	469,161	436,107
Grants payable	2,111	726,866
Deferred revenue	<u>276,487</u>	<u>368,464</u>
Total current liabilities	<u>1,279,793</u>	<u>1,878,292</u>
Net assets:		
Without donor restrictions	27,200,519	25,454,152
With donor restrictions	<u>1,193,979</u>	<u>1,174,218</u>
Total net assets	<u>28,394,498</u>	<u>26,628,370</u>
Total liabilities and net assets	<u>\$ 29,674,291</u>	<u>\$ 28,506,662</u>

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

MANNA FOOD BANK, INC.

Statement of Activities Year Ended June 30, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions and private grants	\$ 7,373,351	\$ 543,136	\$ 7,916,487
United Way		70,815	70,815
Government grants	3,679,421	2,432	3,681,853
In-kind contributions	393,817		393,817
USDA food receipts	2,185,508	43,811	2,229,319
Privately donated food	21,174,006	121,284	21,295,290
Service fees	951,098		951,098
Co-op food program	414,450		414,450
Reclaim scanning fees	232,296		232,296
Special events	420,214		420,214
Other income	21,391		21,391
Net assets released from restrictions	761,717	(761,717)	
Total revenues and other support	<u>37,607,269</u>	<u>19,761</u>	<u>37,627,030</u>
Expenses			
Program services	34,141,468		34,141,468
Supporting services	2,354,810		2,354,810
Total expenses	<u>36,496,278</u>		<u>36,496,278</u>
Increase in net assets before other income	<u>1,110,991</u>	<u>19,761</u>	<u>1,130,752</u>
Other income			
Gain on disposal of property and equipment	3,000		3,000
Investment income, net	299,847		299,847
Net gains on investments	162,324		162,324
Net gains on beneficial interest in endowment funds	170,205		170,205
Total other income	<u>635,376</u>		<u>635,376</u>
Increase in net assets	1,746,367	19,761	1,766,128
Net assets at beginning of year	<u>25,454,152</u>	<u>1,174,218</u>	<u>26,628,370</u>
Net assets at end of year	<u>\$ 27,200,519</u>	<u>\$ 1,193,979</u>	<u>\$ 28,394,498</u>

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

MANNA FOOD BANK, INC.

Statement of Activities Year Ended June 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Contributions and private grants	\$ 7,015,169	\$ 500,547	\$ 7,515,716
United Way	36,156	97,667	133,823
Government grants	4,007,004		4,007,004
In-kind contributions	381,055		381,055
USDA food receipts	3,088,869	146,136	3,235,005
Privately donated food	19,997,139	36,259	20,033,398
Service fees	799,441		799,441
Co-op food program	286,138		286,138
Reclaim scanning fees	183,875		183,875
Special events	190,048		190,048
Gain on valuation of donated food	57,996		57,996
Other income	21,218		21,218
Net assets released from restrictions	<u>1,121,610</u>	<u>(1,121,610)</u>	
Total revenues and other support	<u>37,185,718</u>	<u>(341,001)</u>	<u>36,844,717</u>
Expenses			
Program services	33,683,263		33,683,263
Supporting services	<u>2,175,387</u>		<u>2,175,387</u>
Total expenses	<u>35,858,650</u>		<u>35,858,650</u>
Increase (decrease) in net assets before other income (expenses)	<u>1,327,068</u>	<u>(341,001)</u>	<u>986,067</u>
Other income (expenses)			
Loss on disposal of asset available-for-sale	(219,681)		(219,681)
Loss on disposal of property and equipment	(6,869)		(6,869)
Loss on disposal of intangible assets	(27,742)		(27,742)
Investment income, net	90,526		90,526
Net losses on investments	(288,941)		(288,941)
Net losses on beneficial interest in endowment funds	<u>(334,958)</u>		<u>(334,958)</u>
Total other income (expenses)	<u>(787,665)</u>		<u>(787,665)</u>
Increase (decrease) in net assets	539,403	(341,001)	198,402
Net assets at beginning of year	<u>24,914,749</u>	<u>1,515,219</u>	<u>26,429,968</u>
Net assets at end of year	<u>\$ 25,454,152</u>	<u>\$ 1,174,218</u>	<u>\$ 26,628,370</u>

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

MANNA FOOD BANK, INC.

Statement of Functional Expenses Year Ended June 30, 2023

	Program Services				
	Food Collection & Distribution	Outreach & Advocacy	Nutrition Works	Youth Feeding Programs	Total Program Services
Salaries, contract labor, & payroll taxes	\$ 2,511,895	\$ 194,432	\$ 262,976	\$ 60,209	\$ 3,029,512
Employee benefits	482,719	41,248	40,317	4,540	568,824
Professional services	41,870	42,553	183		84,606
Supplies	187,107	26,243	2,476	15,292	231,118
Advertising	42,440	180	408	408	43,436
Equipment maintenance & leasing	58,798	3,843	2,116	100	64,857
Postage & printing	15,976	4,352	20,735	105	41,168
Professional fees & dues	18,007	7,333	95		25,435
Occupancy	175,286	22,385	14,610	102	212,383
Insurance	36,201		216	113	36,530
Communications	13,511	11,186	1,665	305	26,667
Travel	24,955	3,374	913	303	29,545
Conferences & continuing education	10,912		167		11,079
Project expenses	92,805	756			93,561
Contributions & agency subsidies	254,956				254,956
Promotions	3,682				3,682
Food purchases	3,896,294		140,514	720,206	4,757,014
Shipping & transportation	449,573		1,536	11,947	463,056
Donated product	21,435,417				21,435,417
USDA product distribution	2,331,644				2,331,644
Bad debt					
Miscellaneous		8	105		113
Total expenses before depreciation and amortization	32,084,048	357,893	489,032	813,630	33,744,603
Depreciation and amortization	386,742	9,142	634	347	396,865
Total expenses	<u>\$ 32,470,790</u>	<u>\$ 367,035</u>	<u>\$ 489,666</u>	<u>\$ 813,977</u>	<u>\$ 34,141,468</u>

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

MANNA FOOD BANK, INC.

Statement of Functional Expenses (continued) Year Ended June 30, 2023

	Supporting Services			
	Management & General	Fundraising Expenses	Total Supporting Services	Total
Salaries, contract labor, & payroll taxes	\$ 670,093	\$ 463,349	\$ 1,133,442	\$ 4,162,954
Employee benefits	174,758	77,155	251,913	820,737
Professional services	116,029	2,547	118,576	203,182
Supplies	52,579	19,013	71,592	302,710
Advertising	19	3,330	3,349	46,785
Equipment maintenance & leasing	16,607	3,981	20,588	85,445
Postage & printing	2,303	479,062	481,365	522,533
Professional fees & dues	3,306	1,231	4,537	29,972
Occupancy	5,794	1,056	6,850	219,233
Insurance	28,544	1,155	29,699	66,229
Communications	18,883	1,215	20,098	46,765
Travel	2,951	602	3,553	33,098
Conferences & continuing education	7,095	670	7,765	18,844
Project expenses	41	197	238	93,799
Contributions & agency subsidies				254,956
Promotions	12,593	66,068	78,661	82,343
Food purchases	431		431	4,757,445
Shipping & transportation	32	80	112	463,168
Donated product				21,435,417
USDA product distribution				2,331,644
Bad debt		8,212	8,212	8,212
Miscellaneous	<u>5,019</u>	<u>35,651</u>	<u>40,670</u>	<u>40,783</u>
Total expenses before depreciation and amortization	1,117,077	1,164,574	2,281,651	36,026,254
Depreciation and amortization	<u>73,055</u>	<u>104</u>	<u>73,159</u>	<u>470,024</u>
Total expenses	<u>\$ 1,190,132</u>	<u>\$ 1,164,678</u>	<u>\$ 2,354,810</u>	<u>\$ 36,496,278</u>

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

MANNA FOOD BANK, INC.

Statement of Functional Expenses Year Ended June 30, 2022

	Program Services				
	Food Collection & Distribution	Outreach & Advocacy	Nutrition Works	Youth Feeding Programs	Total Program Services
Salaries, contract labor, & payroll taxes	\$ 2,040,363	\$ 312,401	\$ 162,726	\$ 66,758	\$ 2,582,248
Employee benefits	419,800	60,373	21,232	6,403	507,808
Professional services	72,507	75,194	1,258	88	149,047
Supplies	218,386	65,765	11,430	11,576	307,157
Advertising	1,121	20,176	137		21,434
Equipment maintenance & leasing	40,266	3,338	1,433	135	45,172
Postage & printing	5,803	15,613	1,548	170	23,134
Professional fees & dues	13,219	12,720	818		26,757
Occupancy	193,958	28,208	3,935	71	226,172
Insurance	28,833	99	131	68	29,131
Communications	13,392	11,250	793	435	25,870
Travel	10,432	878	281	18	11,609
Conferences & continuing education	4,599	110	44		4,753
Project expenses	82,309	450	257	64	83,080
Contributions & agency subsidies	890,094	15,817			905,911
Promotions	9,555	1,000			10,555
Food purchases	3,865,750		19,558	524,783	4,410,091
Shipping & transportation	340,791	15	304	7,765	348,875
Donated product	20,326,490				20,326,490
USDA product distribution	3,222,986				3,222,986
Bad debt	5,925				5,925
Miscellaneous	<u>25,476</u>	<u>540</u>			<u>26,016</u>
Total expenses before depreciation and amortization	31,832,055	623,947	225,885	618,334	33,300,221
Depreciation and amortization	<u>371,098</u>	<u>11,344</u>	<u>340</u>	<u>260</u>	<u>383,042</u>
Total expenses	<u>\$ 32,203,153</u>	<u>\$ 635,291</u>	<u>\$ 226,225</u>	<u>\$ 618,594</u>	<u>\$ 33,683,263</u>

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

MANNA FOOD BANK, INC.

Statement of Functional Expenses (continued) Year Ended June 30, 2022

	Supporting Services			
	Management & General	Fundraising Expenses	Total Supporting Services	Total
Salaries, contract labor, & payroll taxes	\$ 614,467	\$ 431,562	\$ 1,046,029	\$ 3,628,277
Employee benefits	110,420	77,368	187,788	695,596
Professional services	204,507	7,879	212,386	361,433
Supplies	35,399	23,943	59,342	366,499
Advertising	306	3,158	3,464	24,898
Equipment maintenance & leasing	15,252	1,127	16,379	61,551
Postage & printing	2,270	387,043	389,313	412,447
Professional fees & dues	26,299	907	27,206	53,963
Occupancy	6,452	731	7,183	233,355
Insurance	12,363	1,136	13,499	42,630
Communications	19,248	1,607	20,855	46,725
Travel	1,705	542	2,247	13,856
Conferences & continuing education	2,106	379	2,485	7,238
Project expenses	360	287	647	83,727
Contributions & agency subsidies				905,911
Promotions	11,130	44,785	55,915	66,470
Food purchases	408		408	4,410,499
Shipping & transportation		43	43	348,918
Donated product				20,326,490
USDA product distribution				3,222,986
Bad debt		8,370	8,370	14,295
Miscellaneous	19,970	24,021	43,991	70,007
Total expenses before depreciation and amortization	1,082,662	1,014,888	2,097,550	35,397,771
Depreciation and amortization	76,587	1,250	77,837	460,879
Total expenses	<u>\$ 1,159,249</u>	<u>\$ 1,016,138</u>	<u>\$ 2,175,387</u>	<u>\$ 35,858,650</u>

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

MANNA FOOD BANK, INC.

Statements of Cash Flows Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from operating activities		
Increase in net assets	\$ 1,766,128	\$ 198,402
Adjustments to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation and amortization	470,024	460,879
Bad debt expense	8,212	14,295
Receipts of donated other assets	(182,627)	(139,197)
Distribution of donated other assets	283,024	126,590
Receipts of donated inventory	(21,295,290)	(20,033,398)
Disbursements of donated inventory	21,435,417	20,326,490
Receipts of USDA inventory	(2,229,319)	(3,235,005)
Disbursements of USDA inventory	2,331,644	3,222,986
Gain on valuation of donated food		(57,996)
Loss on disposal of asset available-for-sale		219,681
(Gain) loss on disposal of property and equipment	(3,000)	6,869
Loss on disposal of intangible assets		27,742
Receipt of donated property and equipment		(4,949)
Receipt of donated stock	(164,684)	(194,394)
Net (gains) losses on investments	(162,324)	288,941
Net (gains) losses on beneficial interest in endowment funds	(170,205)	334,958
Changes in working capital - sources (uses):		
Accounts and grants receivable	2,228,684	(2,510,579)
Promises to give	(23,395)	76,985
Other receivables	162	24,408
Prepaid expenses	(20,239)	(76,600)
Other assets	(23,972)	6,029
Food inventories	(34,340)	279,694
Accounts payable	185,179	74,599
Accrued liabilities	33,054	(173,649)
Grants payable	(724,755)	688,888
Deferred revenue	(91,977)	(296,811)
Net cash provided (used) by operating activities	<u>3,615,401</u>	<u>(344,142)</u>

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

MANNA FOOD BANK, INC.

Statements of Cash Flows (continued)
Years Ended June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Cash flows from investing activities		
Purchase of short-term investments	\$ (537)	\$ (273)
Purchase of investments	(294,681)	(2,359,360)
Proceeds from sale of investments	165,815	192,308
Contributions to beneficial interest in endowment funds	(292,572)	(276,811)
Change in beneficial interest in endowment funds	(4,172)	4,071
Proceeds from sale of asset available-for-sale		1,280,319
Proceeds from sale of property and equipment	3,000	
Purchase of property and equipment	(1,315,586)	(448,451)
Purchase of intangible assets	<u>(12,688)</u>	<u></u>
Net cash used by investing activities	<u>(1,751,421)</u>	<u>(1,608,197)</u>
 Increase (decrease) in cash and equivalents and restricted cash	 1,863,980	 (1,952,339)
Cash and equivalents and restricted cash at beginning of year	<u>5,713,904</u>	<u>7,666,243</u>
Cash and equivalents and restricted cash at end of year	<u>\$ 7,577,884</u>	<u>\$ 5,713,904</u>

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

MANNA FOOD BANK, INC.

Notes to Financial Statements
June 30, 2023 and 2022

Note 1 - Nature of Organization and Summary of Significant Accounting Policies

Organization

MANNA Food Bank, Inc. (Organization) is a nonprofit entity established for the purpose of collecting, warehousing, and distributing salvageable food and non-food products to area agencies and eligible recipients. The Organization was incorporated as a nonprofit organization under the laws of the State of North Carolina on August 19, 1982. During the year ended June 30, 2023, the Organization served over 200 agency sites in sixteen Western North Carolina counties.

Income Tax Status

The Organization 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 other than a private foundation under Section 509(a)(2). The Organization has also been classified as a publicly-supported charitable organization and is exempt from state taxes under North Carolina General Statute 105-130.11(a).

Basis of Presentation

The financial statements of the Organization have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP), which require the Organization to report information regarding its financial position and activities according to the following net asset classifications:

- *Net assets without donor restrictions:* Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of Organization's management and Board of Directors.
- *Net assets with donor restrictions:* Net assets subject to donor-imposed time or purpose restrictions. These restrictions limit the spending options when using these resources because the Organization has a fiduciary responsibility to follow the donors' instructions. Net assets with donor restrictions generally result from donor-restricted contributions, grants, and donated food inventory. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Organization, or the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

Support is recorded as increases in net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Expirations of donor restrictions on net assets (that is, the donor-stipulated purpose has been fulfilled and/or time period has elapsed) are reported as net assets released from restrictions. The Organization has adopted a policy to classify donor restricted support as without donor restrictions to the extent that restrictions were met in the reporting period the support was recognized.

Measure of Operations

The statements of activities report all changes in net assets, including changes in net assets from operating and non-operating activities. Operating activities consist of those items attributable to the Organization's ongoing program services. Non-operating activities are limited to resources that generate return from investments and beneficial interest in endowment funds, losses on disposal of various assets; impairment losses, and other activities considered to be more unusual or nonrecurring in nature.

Estimates

The preparation of financial statements in accordance with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities; disclosure of contingent assets and liabilities at the date of the financial statements; and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

The carrying value of substantially all reported assets and liabilities, other than short-term investments, food inventories, investments, and beneficial interest in endowment funds, approximates fair value due to the relatively short-term nature of the financial instruments.

The fair value of food inventories is discussed in Note 1, Food Inventories.

Fair value of short-term investments, investments, and beneficial interest in endowment funds is discussed in Note 7.

Cash and Equivalents

For purposes of the statements of cash flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents. Restricted cash consists primarily of cash held for employment tax claims and forfeited retirement contributions.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Short-term Investments

Short-term investments consist of certificates of deposit with maturities exceeding three months.

Accounts, Grants, and Other Receivables

Accounts receivable consist of uncollateralized customer obligations for administrative fees and food sales. The Organization provides credit to certain agency partners. Receipts of payments of accounts receivable are allocated to the specific invoices identified on the customer's remittance advice or, if unspecified, are applied to the earliest unpaid invoices. The Organization has not experienced significant difficulties in collecting accounts receivable and therefore does not assess finance charges.

Grants receivable are funds due from federal, state, or local governmental agencies and nonprofit organizations at fiscal year-end.

Other receivables consist primarily of sales tax receivables.

All accounts, grants, and other receivables are considered by management to be fully collectible and therefore no allowance for uncollectible accounts has been recorded. Receivables are considered impaired if full payment is not received in accordance with the contractual terms. It is the Organization's policy to charge off uncollectible receivables when management determines collection is unlikely.

Promises to Give

Conditional promises to give are not recognized in the financial statements until the conditions are substantially met. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Unconditional promises to give that are expected to be collected in more than one year are recorded at the present value of their future cash flows. The discounts on those amounts are computed using risk-adjusted interest rates applicable to the years in which the promises are expected to be received. Amortization of the discount is included in contributions and private grants. Promises to give are considered by management to be fully collectible and therefore no provision for uncollectible promises to give has been recorded. It is the Organization's policy to charge off uncollectible promises to give when management determines collection is unlikely.

Food Inventories

Food inventories represent donated and purchased food and other household products. Inventory items purchased are recorded at average cost (which approximates actual costs on the first-in, first-out method). Donated food inventory and the related donated food revenue and distributed are 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 (the Survey), prepared by Feeding America. The value per pound of inventory as determined by Feeding America for the years ended June 30, 2023, and 2022, was \$1.93 and \$1.92, respectively.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Food Inventories (continued)

Inventory items received from the U.S. Department of Agriculture (USDA) are recorded at the value assigned by USDA. If a value is not assigned, the inventory and related food revenue and amounts distributed are valued using the Survey. There were no unassigned inventory values for the years ended June 30, 2023, and 2022, respectively.

Other Assets

Other assets consist of donated freezers and coolers held for distribution to partner agencies and deposits on property and equipment purchases.

Investments

Investments are recorded at fair market value. Both unrealized gains and losses from the fluctuation of market value and realized gains and losses from the sale of investments are reflected in the statements of activities.

Investment Income and Gains

Investment income and gains are reported as increases in net assets without donor restrictions if the restrictions are met (either a stipulated time period ends or purpose restriction is accomplished) in the reporting period in which the income and gains are recognized.

Fair Value Measurements and Disclosures

The Organization applies U.S. GAAP authoritative guidance for fair value measurements and disclosures, which defines fair value, establishes a framework for measuring fair value, and requires certain disclosures about fair value measurements. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Organization has the ability to access.

Level 2 - Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets 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.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 - Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Fair Value Measurements and Disclosures (continued)

Assets and liabilities within the fair value hierarchy are based on the lowest (or least observable) input that is significant to the measurement. The Organization's assessment of the significance of an input requires judgment, which may affect the valuation and classification within the fair value hierarchy.

Property and Equipment

Additions to property and equipment, if purchased, are recorded at cost. Major renewals and replacements are capitalized. Expenditures for repairs and maintenance that do not improve or extend the life of the asset are expensed. The Organization has adopted an accounting policy to capitalize all property and equipment with a cost greater than \$1,500 and estimated useful life extending beyond one year. Depreciation is computed using the straight-line method over the estimated useful life of the asset, ranging from three to forty years.

Donated Property and Equipment

Donations of property and equipment are recorded as in-kind contributions at the estimated fair value at the date of the gift. The Organization reports gifts of property and equipment as in-kind contributions without donor restrictions unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash and other assets that must be used to acquire long-lived assets are recorded as net assets with donor restrictions until such assets are acquired or placed in service.

Intangible Assets

Intangible assets consist of software and related development costs and are carried at cost. The Organization determines the useful lives of identifiable assets after considering the specific facts and circumstances related to each intangible asset. Intangible assets are amortized using the straight-line method over their estimated useful life of three to five years.

Donated Assets

Donated marketable securities are recorded as contributions at their estimated fair value at the date of donation. Donated materials and equipment are reflected as in-kind contributions at their estimated fair value at the date of donation. Noncash donated assets are described in Note 11.

Donated Services

Donated services are recognized as in-kind contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. Donated services are described in Note 11.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Revenue Recognition

Contributions are recognized when cash, securities, other assets, or an unconditional promise to give is received. Conditional promises to give - that is, those with a measurable performance or other barrier and a right of return of the asset or right of release of the obligation - are not recognized until the conditions on which they depend have been met.

A portion of the Organization's revenue is derived from cost-reimbursable federal and state contracts and grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Organization has incurred expenditures in compliance with specific contract or grant provisions. Amounts received prior to incurring qualifying expenditures are reported as deferred revenue in the statements of financial position. The Organization received \$211,928 and \$297,048 in advance payments on cost-reimbursable grants that have not been recognized as of June 30, 2023 and 2022, respectively. These amounts will be included in deferred revenue until qualifying expenditures have been incurred or refunded to the grantor as unexpended grant funding. In April 2022, the Organization was awarded a conditional federal reimbursement based grant for approximately \$6,467,000 through the American Rescue Plan Act. As of June 30, 2023, the Organization has incurred qualifying expenditures related to this funding of \$2,598,324.

Certain contributions made to the Organization are designated by the donor to be paid out to other agencies. Agency grant funds received and distributed to other organizations are not reported as revenue, support, or expenses within the accompanying statements of activities as the Organization lacks variance power to direct the use of the funds. The balance of unpaid agency grant funds is included in deferred revenue until the funds are paid out.

Service fees consist of agency processing and delivery fees; mobile pantry fees; and Healthy Opportunity Pilot program service fees. Revenue from reclaim scanning represents per piece fees paid by a third party for scanning damaged or otherwise commercially unmarketable grocery items at the Organization's Reclaim Center. These fees predominately contain a single performance obligation and revenue is recognized at a single point in time when ownership, risks, and rewards transfer to the customers. Unearned fees are not recognized in the statements of activities and are included in deferred revenue in the statements of financial position. Freight costs associated with food distribution are recorded as shipping and transportation expenses in the accompanying statements of activities.

Revenue is also generated from the sale of food products to agencies through the co-op food program. These sales predominately contain a single performance obligation and revenue is recognized at a single point in time when ownership, risks, and rewards transfer to the customer.

Advertising

The Organization uses advertising to promote various programs. Advertising costs are not expected to extend beyond the current period and are expensed as incurred. Advertising expense for the years ended June 30, 2023 and 2022, was \$46,785 and \$24,898, respectively.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)

Functional Allocation of Expenses

The costs of providing program and supporting services activities have been summarized on a functional basis in the statements of activities and functional expenses. Expenses for contributions & agency subsidies, donated product, and USDA product distribution are directly attributable to program services. Expense for bad debt is directly attributable to support expenses. All other categories of expenses are attributable to programs and supporting services and are allocated on the basis of a combination of estimates of time and effort and the square footage of building space in which the programs are operated.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation of the current year financial statements.

Newly Adopted Accounting Pronouncements

During the year ended June 30, 2023, the Organization adopted the requirements of the following standards set by the Financial Accounting Standards Board (FASB). The implementation of these standards did not materially impact the Organization's financial statements.

In February 2016, the FASB issued Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*, (ASU 2016-02) which supersedes existing guidance for accounting for leases under *Topic 840, Leases*. The FASB also subsequently issued the following additional ASUs, which amend and clarify ASU 2018-10, *Codification Improvements to Topic 842, Leases*; ASU 2018-11, *Leases (Topic 842): Targeted Improvements*; and ASU 2019-01, *Leases (Topic 842): Codification Improvements*. The most significant change in the new leasing guidance is the requirement to recognize right-of-use (ROU) assets and lease liabilities for operating leases on the statement of financial position.

The Organization elected to adopt these ASUs effective July 1, 2022. The Organization did not adjust the prior period statement of financial position.

The Organization applied the package of practical expedients allowed by the standard, upon adoption of ASU 2016-02. The Organization did not reassess:

- Whether any expired or existing contracts are or contain leases under the new definition;
- The lease classification of any expired or existing leases; or
- Whether previously capitalized costs continue to qualify as initial direct costs.

An election has been made to apply the short-term lease exception to all leases with a term of 12 months or less. Short-term lease costs do not reflect ongoing short-term lease commitments which are described in Note 13.

Note 1 - Nature of Organization and Summary of Significant Accounting Policies (continued)**Recently Issued Accounting Pronouncement**

In June 2016, the FASB issued ASU No. 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*. ASU 2016-13 is intended to improve financial reporting about credit losses on certain receivable balances. The new standard will be effective beginning July 1, 2023. The Organization is in the process of evaluating the effect this guidance will have on its financial statements and related disclosures.

Note 2 - Net Assets

Net assets are described as follows:

<u>At June 30</u>	<u>2023</u>	<u>2022</u>
Net assets without donor restrictions:		
Undesignated	\$ 6,446,655	\$ 5,619,084
Investment in property and equipment	<u>5,444,981</u>	<u>4,526,185</u>
Board designated:		
Operating reserve	1,841,723	1,879,457
Capital reserve	903,025	610,453
Food purchases reserve		711,213
Future facilities reserve	<u>12,564,135</u>	<u>12,107,760</u>
Total board designated	<u>15,308,883</u>	<u>15,308,883</u>
Net assets without donor restrictions	<u>27,200,519</u>	<u>25,454,152</u>
Net assets with donor restrictions:		
Subject to expenditure for specified purpose or period:		
FNS outreach	104,527	131,542
Food distribution	179,910	61,000
Food purchases	95,751	172,723
Healthy opportunities pilot program		45,888
Mobile pantry		29,297
Passage of time	53,690	66,667
SAM food	2,432	
Service insights	132,024	115,241
USDA food programs	43,811	146,136
Youth programs	<u>219,767</u>	<u>43,657</u>
Total subject to expenditure for specified purpose or period	831,912	812,151
Not subject to spending policy or appropriation:		
Investments in perpetuity - endowment funds	<u>362,067</u>	<u>362,067</u>
Net assets with donor restrictions	<u>1,193,979</u>	<u>1,174,218</u>
Total net assets	<u>\$ 28,394,498</u>	<u>\$ 26,628,370</u>

Note 3 - Liquidity and Availability of Financial Assets

The Organization receives significant contributions, grants, and promises to give restricted by donors and consider those program contributions, which are ongoing, major, and central to its operations, to be available to meet cash needs for general expenditures.

The Organization manages liquidity and reserves utilizing three guiding principles:

- Operating within a prudent range of financial soundness and stability,
- Maintaining adequate liquid assets to fund near-term operating needs, and
- Dedicated reserves to provide reasonable assurance that obligations are met.

The Organization targets year-end reserve balances of undesignated net assets without donor restrictions to meet 180 days of expected expenditures. To achieve this target, the Organization forecasts future cash flows and monitors liquidity on a quarterly basis. Additionally, the Board resolved to maintain eight months of cash on hand.

Board designated operating and capital reserves are available for appropriation by the Board. However, the Organization does not intend to spend from these reserves, unless necessary.

The following reflects the liquidity and availability of the Organization's financial assets:

At June 30	2023	2022
Financial assets:		
Cash and equivalents	\$ 7,577,884	\$ 5,713,904
short-term investments	52,045	51,508
Accounts and grants receivable	526,733	2,755,417
Promises to give	167,632	152,449
Other receivables	34,155	34,317
Food inventories	810,427	1,018,539
Investments	11,563,414	11,107,540
Beneficial interest in endowment funds	3,106,432	2,639,483
Total financial assets	<u>23,838,722</u>	<u>23,473,157</u>
Amounts not available for general expenditure:		
Board designated operating reserve	(1,841,723)	(1,879,457)
Board designated capital reserve	(903,025)	(610,453)
Board designated food purchases reserve		(711,213)
Board designated future facilities reserve	(12,564,135)	(12,107,760)
Net assets with donor restrictions	(1,193,979)	(1,174,218)
Donated food inventories to be distributed	(423,332)	(563,459)
Add back: promises to give	167,632	152,449
Total amounts not available for general expenditure	<u>(16,758,562)</u>	<u>(16,894,111)</u>
Net financial assets available to meet cash needs for general expenditures within one year	<u>\$ 7,080,160</u>	<u>\$ 6,579,046</u>

Note 4 - Contract Assets and Liabilities

Accounts and grants receivable and promises to give represent the Organization's contract assets with an unconditional right to receive consideration from customers. Accounts and grants receivable and promises to give are recorded at invoiced amounts or amounts expected to be received based on contractual terms without conditions.

The following table provides information about contract assets:

At June 30	2023	2022	2021
Accounts and grants receivable:			
Grants receivable	\$ 243,975	\$ 2,558,146	\$ 137,838
Service fees receivable	<u>282,758</u>	<u>197,271</u>	<u>107,000</u>
Accounts and grants receivable	<u>526,733</u>	<u>2,755,417</u>	<u>244,838</u>
Promises to give:			
Due in less than one year	167,632	152,449	212,204
One to five years	<u> </u>	<u> </u>	<u>36,667</u>
Total promises to give	167,632	152,449	248,871
Less, allowance for uncollectible promises to give	<u> </u>	<u> </u>	<u>(5,142)</u>
Promises to give, net	<u>167,632</u>	<u>152,449</u>	<u>243,729</u>
Total contract assets	\$ 694,365	\$ 2,907,866	\$ 488,567

Contract liabilities are recorded when a customer pays consideration, or the Organization has a right to an amount of consideration that is unconditional, before the transfer of a good or performance of a service to the customer. Thus, the Organization has an obligation to transfer the good or service to the customer at a future date. Contract liabilities are reported as grants payable and deferred revenue in the accompanying statements of financial position and are comprised of the following:

- Grants payable, represent amounts awarded to agency members and amounts received from donors and designated for use by agency members.
- Conditional grants, representing advance payments received from grantors prior to incurring expenditures in compliance with specific contract or grant provisions.
- Agency credits, representing advance payments from customers for products or services.

Note 4 - Contract Assets and Liabilities (continued)

Significant changes in contract liabilities from contracts with customers are as follows:

Years ended June 30	2023	2022
Grants payable, beginning of year	\$ 726,866	\$ 37,978
Grants payable applied to agency balances	(61,145)	(34,819)
Grant funds paid to agencies	(724,755)	(67,050)
Cash received designated for agency grants	61,145	66,000
Grant funds awarded		<u>724,757</u>
Grants payable, end of year	<u>2,111</u>	<u>726,866</u>
Deferred revenue:		
Conditional grants, beginning of year	297,048	650,449
Revenue recognized during the fiscal year that was included in conditional grants	(297,048)	(650,449)
Increase in conditional grants due to cash received during fiscal year	<u>211,928</u>	<u>297,048</u>
Conditional grants, end of year	<u>211,928</u>	<u>297,048</u>
Agency credits, beginning of year	71,416	14,826
Credits applied to agency balances	(68,002)	(13,133)
Credit issued to agencies	<u>61,145</u>	<u>69,723</u>
Agency credits, end of year	<u>64,559</u>	<u>71,416</u>
Total deferred revenue	<u>276,487</u>	<u>368,464</u>
Total contract liabilities	\$ 278,598	\$ 1,095,330

Note 5 - Food Inventories

Food inventories have been recorded at net present value. The following presents a summary of food received and distributed:

Years ended June 30	2023		2022	
	lbs.	\$	lbs.	\$
Product received:				
Donated product	11,033,829	\$ 21,295,290	10,434,061	\$ 20,033,398
USDA product	1,898,220	2,229,319	3,229,392	3,235,005
Purchased product	<u>7,857,857</u>	<u>4,791,785</u>	<u>6,369,473</u>	<u>4,130,805</u>
Total product received	<u>20,789,906</u>	<u>\$ 28,316,394</u>	<u>20,032,926</u>	<u>\$ 27,399,208</u>
Product distribution:				
Donated product	11,107,954	\$ 21,435,417	10,585,180	\$ 20,326,490
USDA product	2,041,367	2,331,644	3,176,611	3,222,986
Purchased product	<u>7,845,265</u>	<u>4,757,445</u>	<u>6,846,696</u>	<u>4,410,499</u>
Total product distributed	<u>20,994,586</u>	<u>\$ 28,524,506</u>	<u>20,608,487</u>	<u>\$ 27,959,975</u>

Note 6 - Beneficial Interest in Endowment Funds

The beneficial interest in endowment funds is managed by the Community Foundation of Western North Carolina, Inc. (Foundation). The fund agreements grant variance power to the Foundation. This power allows the Board of Directors of the Foundation to modify any condition or restriction on the distribution of funds, if, in its sole judgment (without the approval of any trustee, custodian, or agent), such condition or restriction becomes in effect unnecessary, incapable of fulfillment, or inconsistent with the charitable needs served by the Foundation. Under the terms of the agreements, the Organization can withdraw all or a portion of the original principal provided that the governing board of the Organization and the Foundation approve the withdrawal. The Organization's beneficial interest in endowment funds is invested in an allocated investment pool at the Foundation and is presented in the financial statements in the aggregate at fair value.

Note 7 - Fair Value Measurements

Short-term investments, investments, and beneficial interest in endowment funds are reported in the accompanying financial statements at estimated fair value in accordance with the fair value hierarchy. The following is a description of the valuation methodologies used for assets measured at fair value:

Certificates of Deposit

Certificates of deposit are short-term time deposits with a local bank that are valued at fair market value and are categorized as Level 2.

Equity Investments

Equity investments consist of daily traded mutual funds. These investments are generally valued based on quoted market prices in active markets obtained from exchange or dealer markets for identical assets, and are accordingly categorized as Level 1, with no valuation adjustments applied.

Beneficial Interest in Endowment Funds

The fair value of the beneficial interest in endowment funds is provided by the Foundation. Due to inputs being unobservable, the instruments are categorized as Level 3.

The following tables sets forth estimated fair values of financial instruments:

At June 30, 2023	Level 1	Level 2	Level 3	Total
Short-term investments:				
Certificates of deposit	\$	\$ 52,045	\$	\$ 52,045
Investments:				
Equity investments	11,563,414			11,563,414
Beneficial interest in endowment funds			3,106,432	3,106,432
Total fair value measurements	\$ 11,563,414	\$ 52,045	\$ 3,106,432	\$ 14,721,891

Note 7 - Fair Value Measurements (continued)

At June 30, 2022	Level 1	Level 2	Level 3	Total
Short-term investments:				
Certificates of deposit	\$	\$ 51,508	\$	\$ 51,508
Investments:				
Equity investments	11,107,540			11,107,540
Beneficial interest in endowment funds			2,639,483	2,639,483
Total fair value measurements	\$ 11,107,540	\$ 51,508	\$ 2,639,483	\$ 13,798,531

A reconciliation of changes in Level 3 inputs is as follows:

Years Ended June 30	2023	2022
Level 3 inputs, beginning of the year	\$ 2,639,483	\$ 2,701,701
Contributions	292,572	276,811
Interest and dividends	25,816	18,324
Investment fees	(21,644)	(22,395)
Net gains (losses) on beneficial interest in endowment funds	170,205	(334,958)
Level 3 inputs, end of year	\$ 3,106,432	\$ 2,639,483

Note 8 - Property and Equipment

Property and equipment consist of the following:

At June 30	2023	2022
Land	\$ 249,466	\$ 249,466
Building and improvements	4,183,515	4,183,515
Furniture and fixtures	436,752	411,321
Vehicles	1,809,170	1,647,593
Warehouse equipment	1,209,882	1,197,727
Construction in progress	1,582,023	454,096
Leasehold improvements	4,769	4,769
	9,475,577	8,148,487
Less, accumulated depreciation	(4,030,596)	(3,622,302)
Property and equipment	\$ 5,444,981	\$ 4,526,185

Depreciation expense for the years ended June 30, 2023 and 2022, was \$421,790 and \$420,416, respectively.

Note 9 - Intangible Assets

A description of intangible assets is as follows:

<u>At June 30</u>	<u>2023</u>	<u>2022</u>
Software	\$ 231,676	\$ 218,988
Less, accumulated amortization	<u>(88,697)</u>	<u>(40,463)</u>
<u>Intangible assets</u>	<u>\$ 142,979</u>	<u>\$ 178,525</u>

Amortization expense for the years ended June 30, 2023 and 2022, was \$48,234 and \$40,463, respectively. The following is the estimated future amortization expense for intangible assets:

<u>Years Ending June 30</u>	
2024	\$ 48,026
2025	48,026
2026	44,150
2027	2,777
2028	
<u>Total</u>	<u>\$ 142,979</u>

Note 10 - Accrued Liabilities

Accrued liabilities are described as follows:

<u>At June 30</u>	<u>2023</u>	<u>2022</u>
Accrued payroll	\$ 111,140	\$ 91,098
Accrued compensated absences	287,002	250,538
Unemployment reserve	42,381	52,298
401(k) contributions and withholdings	<u>28,638</u>	<u>42,173</u>
<u>Accrued liabilities</u>	<u>\$ 469,161</u>	<u>\$ 436,107</u>

Note 11 - In-kind Contributions

In-kind gifts are acknowledged for the furtherance of the various programs and mission of the Organization.

During the year ended June 30, 2022, the Organization received proceeds of \$1,280,319, from the sale of property donated in a prior year. The contribution does not have donor restrictions. The Board has designated the proceeds to be used for the construction of future facilities.

Note 11 - In-kind Contributions (continued)

The Organization receives donated freezers and coolers that are held for distribution to partner agencies. The freezers and coolers totaled \$32,933 and \$101,303, at June 30, 2023 and 2022, respectively, and are included in other assets on the accompanying statements of financial position until distributed to partner agencies.

Volunteers also provided a variety of tasks that assist the Organization with specific objectives throughout the fiscal year that are not recognized as contributions in the financial statements since the recognition criteria were not met. The Organization received approximately 55,000 and 53,000 volunteer hours during the years ended June 30, 2023 and 2022, respectively.

In-kind contributions are summarized as follows:

<u>Year Ended June 30, 2023</u>			
	<u>Fair Value</u>	<u>Usage in Program</u>	<u>Donor Restriction</u>
In-kind contributions:			
Equipment	\$ 186,327	Food Collection & Distribution	None
Professional services	39,100	Allocated to programs & management and general	None
Gift cards	66,654	Food Collection & Distribution	None
Supplies for fundraisers	48,854	Fundraising	Fundraising Events
Advertising	42,400	Food Collection & Distribution	None
Software	4,356	Allocated to programs & management and general	None
Other	<u>6,126</u>	Food Collection & Distribution	None
Total in-kind contributions	393,817		
USDA food receipts	2,229,319	Food Collection & Distribution	Food dist. to eligible recipients
Privately donated food	<u>21,295,290</u>	Food Collection & Distribution	None
Total contributions of nonfinancial assets	<u>\$ 23,918,426</u>		

Note 11 - In-kind Contributions (continued)

Year Ended June 30, 2022			
	Fair Value	Usage in Program	Donor Restriction
In-kind contributions:			
Equipment	\$ 139,197	Food Collection & Distribution	None
Professional services	106,380	Allocated to programs & management and general	None
Gift cards	59,466	Food Collection & Distribution	None
Supplies for fundraisers	46,537	Fundraising	Fundraising Events
Software	17,424	Allocated to programs & management and general	None
Vehicle	4,949	Food Collection & Distribution	None
Other	7,102	Food Collection & Distribution	None
Total in-kind contributions	381,055		
USDA food receipts	3,235,005	Food Collection & Distribution	Food dist. to eligible recipients
Privately donated food	20,033,398	Food Collection & Distribution	None
Total contributions of nonfinancial assets	\$ 23,649,458		

Fair valuation techniques - Donated property is valued using an independent appraisal report. Vehicles are valued at the Kelly Blue Book value for autos of similar condition, or by independent appraisal provided by the donor. The valuation for USDA food receipts and privately donated food is discussed in Note 1, Food Inventories. Professional services, advertising, and other donated services are valued by the donor based on standard billing rates for the underlying services provided. All other in-kind contributions are valued at the donor provided amount, price that would be paid to purchase a comparable item, or current sales price of the item as sold by the donating vendor.

Note 12 - Defined Contribution Plan

The Organization participates in a 401(k) defined contribution retirement plan (the Plan). Employees are eligible for participation in the Plan after attaining age twenty-one and completing three months of service. The Organization will make matching contributions equal to fifty percent of the employees' elective deferral up to six percent. Employer contributions become vested after three years of continuous service. The Organization also has the option to make discretionary nonelective contributions to the Plan. The Organization made the following contributions to the Plan:

<u>Years Ended June 30</u>	<u>2023</u>	<u>2022</u>
Matching contributions	\$ 92,200	\$ 60,522
Discretionary contributions	<u>28,490</u>	<u>42,025</u>
<u>Total retirement expense</u>	<u>\$ 120,690</u>	<u>\$ 102,547</u>

Note 13 - Commitments and Contingencies

Lease Commitments

The Organization leases office space, warehouse space, and office equipment under operating lease agreements. The Organization assessed whether an arrangement qualifies as a lease (i.e., conveys the right to control the use of an identified asset for a period of time in exchange for consideration) during the year ended June 30, 2023, when FASB ASU 2016-02, *Leases* was adopted. The Organization has elected to apply the short-term lease exception to all leases with a term of 12 months or less. Leases with a remaining term of 12 months or less, or those that are considered immaterial, are not recorded in the statement of financial position. Management has determined all operating leases meet this criterion and has not recognized operating lease agreements as operating lease liabilities. Lease expense is recognized for these leases on a straight-line basis over the lease term. These leases require various monthly payments and expire through June 2026.

Short-term and immaterial operating leases expenses are included in occupancy and equipment maintenance and lease expenses in the accompanying statements of activities. Short-term and immaterial operating lease costs totaled \$91,713 and \$120,379 for the years ended June 30, 2023 and 2022, respectively. The following is a schedule of future minimum lease payments under short term and immaterial lease agreements:

<u>Years Ending June 30</u>	
2024	\$ 15,007
2025	2,964
2026	2,224
2027	
2028	<u> </u>
<u>Total minimum lease payments</u>	<u>\$ 20,195</u>

Note 13 - Commitments and Contingencies (continued)

Truck Purchase Agreement

In May 2023, the Organization entered into a contract to purchase a refrigerated truck from a third party for approximately \$210,000. As of June 30, 2023, the purchase is contingent on the delivery of the truck by the seller.

Risk Management

The Organization is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and volunteers; and natural disasters. The Organization carries commercial insurance coverage for risks of loss. Claims have not exceeded coverage in any year since inception.

Government Assisted Programs

The Organization has received proceeds from governmental agencies. Periodic audits of these grants and third-party reimbursements are required and certain costs may be questioned as not being appropriate expenditures under the agreements. Such audits could result in the refund or reimbursement to the grantor or third-party agencies. Management believes that refunds or reimbursements, should any be determined, would be immaterial. No provisions have been made in the accompanying financial statements for the repayment of any grant monies or third-party reimbursements.

Note 14 - Concentrations of Credit Risk

Uninsured Cash Balances

The Organization maintains its cash and equivalents at financial institutions that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 at each institution. Generally, cash balances will exceed the FDIC insurance limits or be partially uninsured.

Investment Risk

The Organization's short-term investments, investments, and beneficial interest in endowment funds are exposed to various risks such as interest rate, market, and credit. Due to the level of risk associated with these investments and the level of uncertainty related to changes in the fair value of investments, it is at least reasonably possible that changes in the various risk factors could occur in the near term and materially affect the Organization's financial position.

Concentrations of Revenue

Concentrations of revenue exist when revenue from a single source equals 10% or more of the Organization's total revenue. Government grants and USDA food receipts from one grantor for the years ended June 30, 2023 and 2022, were \$5,251,304 and \$6,601,306, respectively. Grants receivable from this grantor at June 30, 2023 and 2022, was \$183,289 and \$2,492,873, respectively.

Note 15 - Related Party Transactions

Contributions from board members totaled \$43,621 and \$35,468, during the years ended June 30, 2023 and 2022, respectively.

The Organization operates as a member of Feeding America. Contributions received from Feeding America were \$600,278 and \$423,976 for the years ended June 30, 2023 and 2022, respectively. Purchases made from Feeding America were \$607,091 and \$232,161 for the years ended June 30, 2023 and 2022, respectively. Accounts payable to Feeding America at June 30, 2023 and 2022, was \$54,014 and \$23,873, respectively.

Note 16 - Income Taxes

Uncertain Tax Positions

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Organization believes that it has appropriate support for any tax positions taken and, as such, does not have any uncertain tax positions material to the financial statements.

Open Tax Years

The Organization's Return of Organization Exempt From Income Tax (Form 990) for the years ended June 30, 2023, 2022, and 2021, are subject to examination by the IRS, generally for three years after they were file.

Note 17 - Subsequent Events

Management has evaluated subsequent events through October 25, 2023, which is the date the financial statements were available to be issued.

COMPLIANCE SECTION

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*

To the Board of Directors
MANNA Food Bank, 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 MANNA Food Bank, Inc. (a nonprofit organization), which comprise the statement of financial position as of June 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, and have issued our report thereon dated October 25, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered MANNA Food Bank, Inc.'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of MANNA Food Bank, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of MANNA Food Bank, Inc.'s internal control.

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

Our consideration of 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as Finding 2023-001 that we consider to be a significant deficiency.

To the Board of Directors
MANNA Food Bank, Inc.

Report on Compliance and Other Matters

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

MANNA Food Bank, Inc.'s Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on MANNA Food Bank, Inc.'s response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. MANNA Food Bank, Inc.'s response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.



Asheville, North Carolina
October 25, 2023

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

To the Board of Directors
MANNA Food Bank, Inc.

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited MANNA Food Bank, Inc.'s compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of MANNA Food Bank, Inc.'s major federal programs for the year ended June 30, 2023. MANNA Food Bank, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, MANNA Food Bank, Inc. complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

To the Board of Directors
MANNA Food Bank, Inc.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on MANNA Food Bank, Inc.'s compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than 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 judgement made by a reasonable user of the report on compliance about MANNA Food Bank, Inc.'s compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgement 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 MANNA Food Bank, Inc.'s compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of MANNA Food Bank, Inc.'s internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of MANNA Food Bank, Inc.'s internal control over compliance. Accordingly, no such opinion is expressed.

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

To the Board of Directors
MANNA Food Bank, Inc.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CARTER, P.C.

Asheville, North Carolina
October 25, 2023

MANNA FOOD BANK, INC.

Schedule of Expenditures of Federal and State Awards Year Ended June 30, 2023

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Pass- through to Subrecipients</u>
Federal Awards				
<u>U.S. Department of Agriculture</u>				
Food and Nutrition Service:				
Passed through N.C. Department of Agriculture and				
Consumer Services - Food Distribution Division:				
Food Distribution Cluster:				
Emergency Food Assistance Program (Food Commodities)	10.569	2000051181 & 2000064769	\$ 1,605,529	\$ 1,598,934
COVID-19 - Emergency Food Assistance Program		2000051181		
(Food Commodities)	10.569	& 2000064769	633,378	633,378
		2000051181		
Emergency Food Assistance Program (Administrative Costs)	10.568	& 2000064769	208,596	
COVID-19 - Emergency Food Assistance Program		2000051181		
(Administrative Costs)	10.568	& 2000064769	113,866	
		2000051182		
Commodity Supplemental Food Program	10.565	& 2000064719	<u>115,894</u>	<u>50,647</u>
Total Food Distribution Cluster			2,677,263	2,282,959
Passed through N.C. Department of Health and Human				
Services - Division of Social Services:				
SNAP Cluster:				
State Administrative Matching Grants for the Supplemental				
Nutrition Assistance Program	10.561	43154 & 43211	<u>127,532</u>	
Total U.S. Department of Agriculture			<u>2,804,795</u>	<u>2,282,959</u>

MANNA FOOD BANK, INC.

Schedule of Expenditures of Federal and State Awards (continued) Year Ended June 30, 2023

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/Pass-through Grantor's Number</u>	<u>Expenditures</u>	<u>Pass- through to Subrecipients</u>
Federal Awards (continued)				
<u>U.S. Department of the Treasury</u>				
Passed through N.C. Department of Agriculture and Consumer Services - Food Distribution Division:				
Coronavirus Relief Fund	21.019	47-03	\$ 78,042	\$
Coronavirus State and Local Fiscal Recovery Funds	21.027	2000057731	<u>2,598,324</u>	<u> </u>
Total U.S. Department of the Treasury			<u>2,676,366</u>	<u> </u>
Total expenditures of federal awards			<u>\$ 5,481,161</u>	<u>\$ 2,282,959</u>
State Awards				
<u>North Carolina Department of Health and Human Services</u>				
Division of Budget and Analysis:				
State-Wide Health and Human Services Initiative		44105	<u>\$ 526,043</u>	<u>\$</u>

MANNA FOOD BANK, INC.

Schedule of Expenditures of Federal and State Awards (continued) Year Ended June 30, 2023

Notes to the Schedule of Expenditures of Federal and State Awards

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal and state awards (SEFSA) includes the federal and state award activity of MANNA Food Bank, Inc. under programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA 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 SEFSA presents only a selected portion of the operations of MANNA Food Bank, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of MANNA Food Bank, Inc.

Note B - Summary of Significant Accounting Policies

Expenditures reported in the SEFSA 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.

Note C - Indirect Cost Rate

MANNA Food Bank, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

MANNA FOOD BANK, INC.

Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? X yes _____ none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

Internal control over compliance:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X none reported

Type of auditors' report issued on compliance
for major federal programs: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR section 200.516(a)? _____ yes X no

Identification of major federal programs:

AL# 21.027 - Coronavirus State and Local Fiscal Recovery Funds

Food Distribution Cluster:

AL# 10.565 - Commodity Supplemental Food Program

AL# 10.568 - Emergency Food Assistance Program (Administrative Costs)

AL# 10.569 - Emergency Food Assistance Program (Food Commodities)

The threshold for distinguishing Type A and Type B programs was \$750,000.

MANNA Food Bank, Inc. was determined to be a low-risk auditee.

MANNA FOOD BANK, INC.

Schedule of Findings and Questioned Costs (continued) Year Ended June 30, 2023

Section II - Financial Statement Findings

Finding 2023-001 - Inventory Tracking System

SIGNIFICANT DEFICIENCY

Criteria: Inventory software activity reports should be monitored to determine that inventory valuation, receipts, and distributions are appropriately being entered and assigned to the various inventory products and transactions.

Condition: Inventory software activity reports contained valuation errors related to purchased inventory products.

Effect: Inventory activity related to purchased products in the inventory system did not agree to the accounting records. Inventory products were undervalued due to costs being inaccurately transferred during the assembly process.

Cause: Inventory activity reports were not reviewed on a regular basis to identify and correct errors in a timely manner. Assembled inventory products are inconsistently valued by the inventory software.

Recommendation: We recommend that inventory activity reports be reviewed on a regular basis and reconciled to the accounting records to prevent misstatements from occurring and going undetected. Assembled inventory products should be valued based on actual costs incurred.

Views of Responsible Officials and Planned Corrective Actions: Management agrees with this finding and will adhere to the Corrective Action Plan.

Section III - Federal Award Findings and Questioned Costs

None reported.

MANNA FOOD BANK, INC.

Corrective Action Plan Year Ended June 30, 2023

Finding 2023-001 - Inventory Tracking System

SIGNIFICANT DEFICIENCY

Name of Contract Person: Claire Neal, Chief Executive Officer

In response to the significant deficiency identified in the Inventory Tracking System during the 2023 fiscal year audit, this Corrective Action Plan outlines the analysis and measures we will undertake to address and rectify the issues identified, enhance our internal controls, and prevent any recurrence. We take this matter seriously and are committed to ensuring the integrity and accuracy of our financial reporting.

Analysis:

MANNA Food Bank, Inc. implemented a new inventory software system in late 2021. Our new system is highly customizable and, therefore, has required significant adjustments after implementation to respond to actual usage and processes. We conducted a root cause analysis to determine the cause of the inventory tracking system errors and identified the following 4 controls are necessary to prevent and respond to any future issues:

1. Our month end close procedures need to be fully assessed and reviewed for opportunities for error. An additional cross-check and match is necessary to ensure close alignment between the accounting and inventory systems. Additionally, we will implement an Ending Inventory Check to ensure all month end inventory is balanced between beginning inventory, receipts, distributions, inventory adjustments, and trash.
2. Our Purchase Orders and Distributions require additional validations and visual alerts to identify mis-keys and errors and alert appropriate stakeholders.
3. Our process for converting bulk pallets to individual ingredients in a box for individual clients (such as in our youth program bags or Healthy Opportunities boxes) needs to be revisited to ensure smooth transitions and correct calculations as the inventory passes through these adaptations.
4. In recognition of the importance of strengthening our internal controls and ensuring redundancy, we will allocate resources to add an additional accounting person to the team. This individual will be responsible for supporting and verifying critical financial processes as well as ensuring connectivity between the accounting and inventory systems.

MANNA FOOD BANK, INC.

Corrective Action Plan (continued)
Year Ended June 30, 2023

Finding 2023-001 - Inventory Tracking System (continued)

Corrective Action:

- By November 30, 2023, we will revise our month end close procedure to include a dashboard to reconcile all ending inventory and an additional cross-check and match between the finance and inventory systems.
- By December 31, 2023, we will implement a validation check on the Expected Cost field, the PO Entry Grid, and the Fulfillment Grid, so that when there is a greater than expected variance from the expected cost, there will be a visual alert and/or email sent to key stakeholders.
- Rewriting the build process will require extensive research with Wisys, our system vendor, to determine the cause of the issue and the appropriate solution. We will have completed the assessment and put appropriate mitigations in place by December 31, 2023.
- By June 30, 2024, we will have hired an additional accounting team member which will allow us to ensure additional oversight and to maintain the highest standards of integrity and accuracy in our financial operations.

MANNA FOOD BANK, INC.

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2023

No findings were reported for the year ended June 30, 2022.

No findings were reported for the year ended June 30, 2021.