

Treasure Coast Food Bank, Inc.

ANNUAL FINANCIAL REPORTS

June 30, 2020 and 2019

Treasure Coast Food Bank, Inc.

ANNUAL FINANCIAL REPORTS

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Report of Independent Auditors

To the Board of Directors
Treasure Coast Food Bank, Inc.
Fort Pierce, Florida

Report on the Financial Statements

We have audited the accompanying statements of financial position of Treasure Coast Food Bank, Inc. (the "Organization"), a nonprofit organization, as of June 30, 2020 and the related statements of activities, cash flows and functional expenses for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial statement audits contained in *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Fort Pierce / Stuart

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To the Board of Directors
Treasure Coast Food Bank, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Treasure Coast Food Bank, Inc. as of June 30, 2020, and the activities, cash flows and functional expenses for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Organization's June 30, 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 11, 2019. In our opinion, the summarized comparative information presented herein, as of, and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying schedule of expenditures of federal awards for the year ended June 30, 2020 is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* ("Uniform Guidance") and is not a required part of the basic 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, in our opinion, is fairly stated in all material respects, in relation to the financial statements taken as a whole.



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

To the Board of Directors
Treasure Coast Food Bank, Inc.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 24, 2021 on our consideration of the Organization'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 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 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 the Organization's internal control over financial reporting and compliance.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

February 24, 2021

Treasure Coast Food Bank, Inc.
STATEMENTS OF FINANCIAL POSITION
June 30, 2020
(With Comparative Totals at June 30, 2019)

	<u>2020</u>	<u>2019</u>
Assets		
Current Assets		
Cash and cash equivalents	\$ 3,433,082	\$ 560,228
Accounts receivables	142,767	14,398
Grants receivables	1,131,481	582,874
Inventories	3,542,219	3,204,243
Other current assets	60,163	31,602
Total Current Assets	<u>8,309,712</u>	<u>4,393,345</u>
Capital Assets		
Land	380,213	380,213
Buildings	1,928,132	1,928,132
Equipment	1,720,084	1,660,820
Office equipment	38,247	38,247
Furniture and fixtures	20,271	17,153
Vehicles	937,018	905,486
Improvements	2,255,460	2,223,941
Software	24,421	19,001
Total Capital Assets	<u>7,303,846</u>	<u>7,172,993</u>
Less: accumulated depreciation	<u>(3,022,372)</u>	<u>(2,546,153)</u>
Net Capital Assets	<u>4,281,474</u>	<u>4,626,840</u>
Other Assets		
Deposits	11,018	4,584
Certificates of deposit	212,192	211,663
Investments	14,204	14,866
Total Other Assets	<u>237,414</u>	<u>231,113</u>
Total Assets	<u><u>\$ 12,828,600</u></u>	<u><u>\$ 9,251,298</u></u>
Liabilities		
Current Liabilities		
Accounts payable	\$ 106,470	\$ 203,171
Accrued payroll	56,953	34,278
Accrued compensated absences	31,820	29,599
Capital lease payable - current portion	4,683	4,683
Current portion of long-term debt	65,206	63,689
Deferred revenues	188,934	195,219
Total Current Liabilities	<u>454,066</u>	<u>530,639</u>
Non-current Liabilities		
Capital lease payable	9,756	14,439
Note payable	2,597,903	2,100,016
Total Non-current Liabilities	<u>2,607,659</u>	<u>2,114,455</u>
Total Liabilities	<u>3,061,725</u>	<u>2,645,094</u>
Net Assets		
With donor restrictions	1,591,870	2,390,919
Without donor restrictions	8,175,005	4,215,285
Total Net Assets	<u>9,766,875</u>	<u>6,606,204</u>
Total Liabilities and Net Assets	<u><u>\$ 12,828,600</u></u>	<u><u>\$ 9,251,298</u></u>

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

Treasure Coast Food Bank, Inc.
STATEMENTS OF ACTIVITIES
For the Year Ended June 30, 2020
(With Summarized Comparative Information for the Year Ended June 30, 2019)

	2020			2019
	Without Donor Restrictions	With Donor Restrictions	Total	Total
Support and Revenues				
Support				
Grants and contributions	\$ 7,149,832	\$ 380,159	\$ 7,529,991	\$ 2,653,518
Children's Services Council of Martin County	-	218,000	218,000	217,765
Children's Services Council of St. Lucie County	-	66,574	66,574	71,522
In-kind contributions	16,435,986	10,169,701	26,605,687	19,398,370
Special events and direct mail	646,383	-	646,383	544,143
Less: direct benefits to donors	(40,671)	-	(40,671)	(52,501)
Total Support	<u>24,191,530</u>	<u>10,834,434</u>	<u>35,025,964</u>	<u>22,832,817</u>
Revenues				
Handling fees - agency	77,092	-	77,092	222,245
Handling fees - purchased food	46,221	-	46,221	23,025
Miscellaneous	12,827	-	12,827	17,772
Investment income	2,753	-	2,753	2,532
Net assets released from restrictions	11,633,483	(11,633,483)	-	-
Total Revenues	<u>11,772,376</u>	<u>(11,633,483)</u>	<u>138,893</u>	<u>265,574</u>
Total Support and Revenues	<u>35,963,906</u>	<u>(799,049)</u>	<u>35,164,857</u>	<u>23,098,391</u>
Expenses				
Program Services				
General food and product distribution	17,666,723	-	17,666,723	14,722,005
Whole Child Connection	236,024	-	236,024	226,528
CSC of SLC Healthy Kids and Benefit Outreach	68,000	-	68,000	74,498
Food production plant	391,682	-	391,682	362,399
Benefits outreach and case management	12,967,169	-	12,967,169	6,212,329
Total Program Services	<u>31,329,598</u>	<u>-</u>	<u>31,329,598</u>	<u>21,597,759</u>
Supporting Services				
General administration	473,844	-	473,844	458,660
Fundraising	194,836	-	194,836	190,565
Total Supporting Services	<u>668,680</u>	<u>-</u>	<u>668,680</u>	<u>649,225</u>
Total Expenses	<u>31,998,278</u>	<u>-</u>	<u>31,998,278</u>	<u>22,246,984</u>
Loss on investments	<u>5,908</u>	<u>-</u>	<u>5,908</u>	<u>-</u>
Change in Net Assets	3,959,720	(799,049)	3,160,671	851,407
Net Assets - Beginning of Year	<u>4,215,285</u>	<u>2,390,919</u>	<u>6,606,204</u>	<u>5,754,797</u>
Net Assets - Ending of Year	<u>\$ 8,175,005</u>	<u>\$ 1,591,870</u>	<u>\$ 9,766,875</u>	<u>\$ 6,606,204</u>

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

Treasure Coast Food Bank, Inc.
STATEMENTS OF CASH FLOWS
For the Year Ended June 30, 2019
(With Comparative Totals for the Year Ended June 30, 2018)

	<u>2020</u>	<u>2019</u>
Cash Flows from Operating Activities		
Change in Net Assets	\$ 3,160,671	\$ 851,407
Adjustments used to reconcile change in net assets to net cash provided (used) by operating activities:		
Depreciation expense	476,219	464,896
Securities (gain)/loss	5,908	338
Donated securities	(5,246)	(5,028)
Decrease (Increase) in assets:		
Receivables	(676,976)	(439,741)
Inventories	(337,976)	(1,214,770)
Other assets	(35,524)	6,774
Increase (Decrease) in liabilities:		
Accounts payable	(96,701)	36,067
Accrued payroll	22,675	1,308
Accrued compensation	2,221	5,062
Deferred revenues	(6,285)	195,219
Net Cash Provided (Used) by Operating Activities	<u>2,508,986</u>	<u>(98,468)</u>
Cash Flows from Investing Activities		
Purchases of capital assets	<u>(130,853)</u>	<u>(38,844)</u>
Cash Flows from Financing Activities		
Proceeds from capital lease/note payable	564,944	23,805
Principal payments on notes payable and capital leases	(70,223)	(72,520)
Net Cash Provided (Used) by Financing Activities	<u>494,721</u>	<u>(48,715)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,872,854	(186,027)
Cash and Cash Equivalents - Beginning of Year	<u>560,228</u>	<u>746,255</u>
Cash and Cash Equivalents - End of Year	<u>\$ 3,433,082</u>	<u>\$ 560,228</u>
Supplemental disclosures of cash flow information		
Interest expense	\$ 98,793	\$ 99,607
Donated securities	\$ 5,246	\$ 5,028

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

Treasure Coast Food Bank, Inc.
STATEMENTS OF FUNCTIONAL EXPENSES

For the Year Ended June 30, 2020
(With Summarized Comparative Information For the Year Ended June 30, 2019)

	Program Services				Supporting Services			June 30, 2020		June 30, 2019	
	General Food and Product Distribution	Whole Child Connection	CSC of SLC Healthy Kids and Benefits Outreach	Food Production Plant	Outreach and Case Management	Total	General Administration	Fundraising	Total	Total	Total
Donated food	\$ 15,195,100	\$ -	\$ -	\$ -	\$ -	\$ 15,195,100	\$ -	\$ -	\$ -	\$ 15,195,100	\$ -
Salaries	732,025	152,299	60,872	182,851	205,922	1,333,969	216,770	116,723	333,493	1,667,462	1,672,475
Depreciation	380,975	-	-	-	-	380,975	80,958	14,286	95,244	476,219	484,896
Food purchases	159,703	-	-	286	28,233	188,222	-	-	-	188,222	367,903
Insurance	121,354	16,502	-	22,045	39,976	199,877	37,476	12,492	49,968	249,845	248,286
Professional fees	106,382	15,470	-	1,786	30,914	154,552	28,973	9,658	38,631	193,183	160,808
Postage and freight	139,843	156	-	-	35,001	175,000	-	-	-	175,000	151,572
Payroll taxes	53,420	11,187	4,643	13,273	14,827	97,350	15,819	8,518	24,337	121,687	120,628
Repairs and maintenance	87,612	-	-	3,020	22,658	113,290	-	-	-	113,290	107,976
Interest	15,766	-	-	63,264	-	79,030	14,816	4,947	19,763	98,793	99,607
Advertising/marketing	61,591	75	-	1,563	15,809	79,038	14,817	4,939	19,756	98,794	93,898
Utilities	27,662	1,221	-	25,885	13,693	68,461	12,836	4,279	17,115	85,576	85,883
Warehouse costs	134,802	-	-	4,179	34,745	173,726	-	-	-	173,726	63,048
Fuel	52,992	23	-	158	13,294	66,467	-	-	-	66,467	59,264
Occupancy	15,579	19,792	-	7,968	10,835	54,174	10,158	3,386	13,544	67,718	56,149
Travel	42,945	1,805	-	238	-	44,988	8,435	2,812	11,247	56,235	56,067
Workers compensation insurance	16,493	3,265	700	3,492	5,113	29,063	4,723	2,543	7,266	36,329	49,883
Transportation food costs	51,348	-	-	-	12,838	64,186	-	-	-	64,186	40,098
Retirement	12,677	832	1,785	2,337	2,177	19,808	3,219	1,733	4,952	24,760	24,298
Dues and subscriptions	14,151	508	-	-	3,667	18,326	3,438	1,147	4,585	22,911	21,226
Telephone	7,986	5,418	-	1,268	3,668	18,340	3,439	1,147	4,586	22,926	20,932
Equipment purchase/rental	72,500	1,264	-	51,049	31,206	156,019	-	-	-	156,019	17,829
Contract labor	93,160	1,820	-	4,657	-	99,637	-	-	-	99,637	17,471
Office supplies and expenses	15,535	2,509	-	701	4,686	23,431	4,393	1,465	5,858	29,289	16,956
Miscellaneous	20,606	805	-	470	5,470	27,351	5,129	1,710	6,839	34,190	12,800
Bank fees	18,055	-	-	-	4,514	22,569	4,232	1,411	5,643	28,212	11,719
Conferences and conventions	4,340	-	-	-	1,085	5,425	1,018	339	1,357	6,782	10,172
Payroll administration	4,585	-	-	1,081	1,416	7,082	1,151	620	1,771	8,853	10,164
Printing and binding	7,536	1,073	-	111	2,180	10,900	2,044	681	2,725	13,625	9,279
Total	\$ 17,666,723	\$ 236,024	\$ 68,000	\$ 391,662	\$ 12,967,169	\$ 31,329,598	\$ 473,844	\$ 194,836	\$ 668,680	\$ 31,998,276	\$ 22,246,984

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

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Treasure Coast Food Bank, Inc. (the "Organization") has been serving the Treasure Coast since 1988. The Organization is a nonprofit organization incorporated May 11, 1989, under the laws of the State of Florida. The Organization operated during 1988 as an unincorporated entity. The Organization is a private, non-profit organization that distributes surplus food and personal items to other non-profit agencies and recognized denominations in St. Lucie, Indian River, Martin and Okeechobee counties. The Organization is authorized through the State of Florida to receive commodities from the United States Department of Agriculture ("USDA") for distribution in the four-county region, providing food for frontline emergency food assistance. It is also responsible for assisting with procurement and distribution of donated emergency products during and after disasters. The Organization is fully committed to its mission of providing food and resources in our communities with the goal of alleviating hunger, educating others on the causes of hunger, and feeding hope for a brighter future through delivery of collaborative programs.

Donated food is received from the USDA, wholesalers, distributors, manufacturers, retailers, and individuals. The Organization also purchases food to supplement donations received.

Food is distributed to local 501(c)(3) charities, such as food pantries, soup kitchens, shelters, children's and senior meal programs, and other programs that offer assistance to low-income individuals and families in St. Lucie, Martin, Indian River, and Okeechobee counties.

In addition to collecting and distributing food, the Organization operates advocacy and public education programs. Advocacy efforts focus on outreach to underserved populations, research, and public policy issues that affect the root causes of hunger.

The Organization is a member of Feeding America (formerly known as America's Second Harvest - The Nation's Food Bank Network), a national hunger-relief organization of food banks and food rescue organizations.

U.S. Government Program

The Emergency Food Assistance Program ("TEFAP") supplements the diets of some low-income Americans by providing them with emergency food and nutrition assistance at no cost. The USDA allocates TEFAP commodities to each state.

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

U.S. Government Program (Continued)

States designate an agency to order, store, distribute, and track TEFAP commodities, as well as monitor distribution sites. These distribution sites provide the commodities for household consumption or use them to prepare and serve meals in a congregate setting. Recipients of food for home use must meet income eligibility criteria set by the states. Recipients of foods prepared from USDA commodities at congregate feeding sites are presumed to be low income and are therefore not subject to eligibility criteria.

Fiscal Year

The Organization's fiscal year ends on June 30th. References to 2020 and 2019 in the accompanying financial statements relate to the years ended June 30, 2020 and 2019, respectively.

Estimates

Management of the Organization has made a number of estimates and assumptions relating to the reporting of asset, liabilities, revenue and expenses, and the disclosure of contingent assets and liabilities. Actual results could differ from those results but, in the opinion of management, such differences would not be material.

Financial Statement Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) in its FASB Accounting Standards Codification (ASC) 958, *Financial Statements of Not-for-Profit Organizations*. Under ASC 958, the Organization is required to report information regarding its financial position and activities are required to be reported according to two classes of net assets (net assets with donor restrictions, and net assets without donor restrictions) based upon the existence or absence of donor-imposed restrictions.

Cash and Cash Equivalents

For purposes of the Statement of Cash Flows, cash and cash equivalents are defined as short-term, highly liquid investments that are both: (a) readily convertible to known amounts of cash, and (b) so near their maturity (three months or less) that they present insignificant risk of changes in value because of changes in interest rates. Cash and cash equivalents include savings and checking accounts, money market funds and certificate of deposits with a maturity of less than 90 days.

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments

Investments are initially recorded at their acquisition cost (including brokerage and other transaction fees) if they are purchased, and, at fair value if they are received as a contribution or through an agency transaction. Subsequent to acquisition, investments in equity securities, with readily determinable fair value, and all debt securities are recorded at fair value. All other securities are evaluated for impairment, if the impairment is considered other than temporary; the security is recorded at fair value.

The investment policy allows investments to be allocated in equities (20%-60%), fixed income (10%-40%), and cash and/or equivalents (0%-20%). Equities are ownership interest possessed by shareholders in a corporation. Fixed income investments are oriented to government, corporate, municipal bonds, and to preferred stock paying a fixed dividend. Cash equivalents are any highly liquid security with a known market value and maturity, when acquired, of less than one year, and may include money market funds and U.S. Treasury Bills.

The overall objectives require the portfolio to be of above average quality and holdings be diversified as to issuer, style, and sector. Equity securities are limited to those of high quality and actively traded on either the NYSE or NASDAQ exchanges. Short-term, fixed-income investments must be rated at least A-1 Standard and Poor's Corporation ("S&P") and P-1 by Moody's Investment Services, Inc. ("Moody's"). Long-term, fixed-income securities must be rated A or better by S&P and Moody's. Short-term investments eligible for purchase include certificates of deposit, money market funds, federally-sponsored agency obligations, and short term debt obligations of the U.S. Government, so long as they meet rating guidelines.

Inventory

Inventory, determined by the first-in, first-out method, consists of donated food and grocery products, U.S. Department of Agriculture commodities, and purchased product at the lower of cost or market. The donated goods inventory is stated at \$1.74 per pound at June 30, 2020 and \$1.62 per pound at June 30, 2019, which is the estimated wholesale fair market value at the time of donation. USDA commodities inventory is stated at \$1.74 per pound at June 30, 2020 and \$1.62 per pound at June 30, 2019. Purchased product inventory is stated at cost.

Capital Assets

It is the Organization's policy to capitalize property and equipment valued over \$1,000. All purchased items are stated at cost and donated items are stated at fair value at the date of donation. All expenditures for repairs, maintenance, and betterments that materially prolong the useful lives of assets are capitalized. Depreciation is computed on the straight-line method over the estimated lives of the assets ranging from three to thirty-nine years. Construction in progress relates building improvement and is capitalized when the asset is placed-in-service.

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date as required by the Fair Value measurements and Disclosures Topic of the Accounting Standards Codification (ASC) – ASC 820 of the Financial Standards Accounting Board (FASB). ASC 820 establishes a three-level hierarchy for fair value measurements based upon the observability of inputs to the valuation of the asset or liability as of the measurement date. ASC 820 expands disclosures about instruments measured at fair value and applies to other accounting pronouncements that require or permit fair value measurements and, accordingly, it does not require any new fair value measurements.

As noted above, ASC 820 establishes a three-level valuation hierarchy for the disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets to which the Organization has access at the measurement date.
- Level 2 – Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – Unobservable inputs for the asset or liability. Unobservable inputs should be used to measure the fair value to the extent that observable inputs are not available.

When available, the Organization measures fair value using level 1 inputs because they generally provide the most reliable evidence of fair value.

The primary uses of fair value measures in the Organization's financial statements are:

- Initial measurement of non-cash gifts, including gifts of investment assets and unconditional promises to give.
- Recurring measurement of short term investments.
- Recurring measurement of endowment investments.
- Cash and cash equivalents, accounts receivable, other assets, accounts payable, accrued liabilities, and promises to give receivable have a carrying amount that is a reasonable estimate of the fair value because of the short maturity of these instruments.

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Assets

The financial statements report net assets and changes in net assets in two classes that are based upon the existence or absence of restrictions on use that are placed by its donors, as follows:

Net Assets Without Donor Restrictions

Net assets without donor restrictions are resources available to support operations. The only limits on the use of these net assets are the broad limits resulting for the nature of the Organization, the environment in which it operates, the purposes specified in its corporate documents and its application for tax-exempt status, and any limits resulting from contractual agreements with creditors and others that are entered into in the course of its operations.

Net Assets With Donor Restrictions

Net assets with donor restrictions are resources that are restricted by a donor for use for a particular purpose or in a particular future period. Some donor-imposed restrictions are temporary in nature, and the restriction will expire when the resources are used in accordance with the donor's instructions or when the stipulated time has passed. Other donor-imposed restrictions are perpetual in nature; the Organization must continue to use the resources in accordance with the donor's instructions.

The Organization's unspent contributions are included in this class if the donor limited their use, as are its donor restricted endowment funds and its beneficial interest in a perpetual charitable trust held by a bank trustee.

When a donor's restriction is satisfied, either by using the resources in the manner specified by the donor or by the passage of time, the expiration of the restriction is reported in the financial statements by reclassifying the net assets from net assets with donor restrictions to net assets without donor restrictions. Net assets restricted for acquisition of buildings or equipment (or less commonly, the contribution of those assets directly) are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization, unless the donor provides more specific directions about the period of its use.

Classification of Transactions

All revenues and net gains are reported as increases in net assets without donor restrictions in the statement of activities unless the donor specified the use of the related resources for a particular purpose or in a future period. All expenses and net losses other than losses on endowment investments are reported as decreases in net assets without donor restrictions. Net gains on endowment investments increase net assets with donor restrictions, and net losses on endowment investments reduce that net asset class.

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue Recognition

The Organization follows the FASB ASC 958-605, *Revenue Recognition – Contributions Received*. In accordance with the above, contributions received are recorded as with donor restrictions or without donor restrictions support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions.

Compensated Absences

Employees are entitled to paid vacation and sick leave, depending on job classification and length of service. Sick time is forfeited upon separation; and, therefore is not included as a liability on the Statement of Financial Position. However, accrued vacation, a maximum of 48 hours, may be payable upon separation and therefore is accrued and reflected as a liability.

Contributions and Grants

Contributions received are measured at their fair values and are reported as an increase in net assets. Gifts, grants and other assets are reported as with donor restrictions support if they are received with donor stipulations that limit the use of the donated asset, or if they are designated as support for periods.

Unconditional promises to give are recognized as revenues or gains in the period received and as assets, decreases of liabilities, or expenses, depending on the form of benefits received. Conditional promises to give are recognized only when the conditions on which the promise is made are substantially met and the promises become unconditional.

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Donated Materials and Services

Donations of food and grocery products by the food industry, other businesses, community organizations and individuals are recorded as support at their estimate fair market value. The policy adopted by the Board of Directors is to value donated product at \$1.62 per pound through December 31, 2019 and \$1.74 per pound as of January 1, 2020 for the year ended June 30, 2020. This is the approximate average value for the past five years based on an independent accountants' report to Feeding America, located in Chicago, Illinois.

Donations without donor restrictions, memorials, and bequests in the accompanying Statements of Activities included \$16,435,986 and \$12,298,722 of in-kind food donations (approximately 9,262,430 pounds and 7,461,620 pounds of food) during the years ended June 30, 2020 and 2019 received from the above referenced sources.

Donated property, materials, and equipment are recorded as contributions at their estimated fair market value at the date of donation. Such donations are reported as increases in net assets without donor restrictions unless the donor has restricted the donated asset to a specific purpose.

Donated Professional Services

A substantial number of volunteers have donated their time in various Food Bank programs and special events. Donated professional services are recorded at the estimated fair market as both support and expense in the period that the services were performed if they meet the criteria of FASB ASC 958-605 and subsections. The Organization does not recognize any support, revenue, or expense contributed by volunteers, as management has determined there is no practical way to estimate their value. No amounts have been reflected in the financial statements for donated services which do not require specialized skills.

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statements of Activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Advertising

Advertising costs are charged to expense in the year incurred. Advertising expense was \$98,794 and \$93,898, respectively, for the years ended June 30, 2020 and June 30, 2019.

Tax Exempt Status

The Organization is exempt from Federal income taxes under the provisions of the Internal Revenue Code 501(c)(3) and is not considered a private foundation. The tax periods open to examination in which the Organization is subject include the fiscal years ended June 30, 2017, 2018 and 2019. No uncertain tax positions within the scope of ASC 740, *Accounting for Uncertainty in Income Taxes*, existed as of June 30, 2020.

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 2 – CASH AND CASH EQUIVALENTS

Cash balances are maintained with several institutions. At June 30, 2020 the Organization had \$3,432,732 on deposit in banks, \$2,250,000 of which was fully insured by the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). At June 30, 2019, the Organization had \$559,928 on deposit in banks, all of which was insured by the Federal Deposit Insurance Corporation (FDIC) and Securities Investor Protection Corporation (SIPC). Cash and cash equivalents consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Cash and Cash Equivalents		
Checking accounts	\$ 1,902,586	\$ 240,874
Savings accounts	440,183	90,032
Money market	1,089,963	229,022
Petty cash on hand	350	300
Total Cash and Cash Equivalents	<u>\$ 3,433,082</u>	<u>\$ 560,228</u>

Additionally, the Organization holds certificates of deposit in the amount of \$212,192 at June 30, 2020, all of which were insured by the Federal Deposit Insurance Corporation (FDIC).

NOTE 3 – INVENTORY

Certain inventory amounts are restricted to distribution programs serving the needy. Therefore, the value of ending inventory, which has been donated, is reflected as a contribution with donor restriction. Distribution of donated inventory on hand at the beginning of the year is reflected in the Statements of Activities as assets released from restrictions during the year.

NOTE 4 – LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of June 30, 2020 are:

Cash	\$ 3,433,082
Accounts receivable	142,767
Grants receivable	1,131,481
Other current assets	60,163
Certificates of deposit	212,192
Investments	14,204
Less financial assets not available within one year:	
Certificates of deposit	(212,192)
Less amounts with donor restrictions	<u>(1,591,870)</u>
Total financial assets available for general expenditure	<u>\$ 3,189,827</u>

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 5 – CAPITAL ASSETS

Capital Assets, stated at cost:

	Balance July 1, 2019	Additions	Balance June 30, 2020
Land	\$ 380,213	\$ -	\$ 380,213
Buildings	1,928,132	-	1,928,132
Equipment	1,383,380	43,289	1,426,669
Warehouse equipment	277,440	15,975	293,415
Office equipment	38,247	-	38,247
Furniture and fixtures	17,153	3,118	20,271
Vehicles	905,486	31,532	937,018
Improvements	2,223,941	31,519	2,255,460
Software	19,001	5,420	24,421
Total Capital Assets	<u>7,172,993</u>	<u>130,853</u>	<u>7,303,846</u>
Less: Accumulated Depreciation	<u>(2,546,153)</u>	<u>(476,219)</u>	<u>(3,022,372)</u>
Net Capital Assets	<u>\$ 4,626,840</u>	<u>\$ (345,366)</u>	<u>\$ 4,281,474</u>

Depreciation expense was \$476,219 and \$464,896 for the years ended June 30, 2020 and 2019, respectively.

NOTE 6 – GRANTS RECEIVABLES

Grants receivables at June 30, consists of:

	2020	2019
State of Florida - TEFAP	\$ 930,536	\$ 361,777
State of Florida - Summer Feeding Program	28,737	82,695
United Way- Indian River	20,000	-
United Way - St. Lucie County	-	15,000
United Way - Martin County	-	30,000
United Way - Okeechobee County	4,750	4,750
Other grants	147,458	88,652
Total Grants Receivables	<u>\$ 1,131,481</u>	<u>\$ 582,874</u>

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 7 – NOTES PAYABLE

In May 2013, the Organization obtained a \$742,500 note payable from a bank to finance the purchase of land and a building. Interest is payable monthly at a fixed rate of 4% with interest-only payments due for the first 12 months. After the interest-only period, monthly principal and interest payments are based upon a twenty-four year amortization with a balloon payment due May 2, 2024. The note is secured by land and building. In the event the Organization loses its 501c (3) tax exempt status during the term of the loan, the interest rate will increase to 6.45%.

During fiscal year 2018, the \$1.3 million line of credit was converted to a loan at a fixed interest rate of 5.5%. Installment payments of principal and interest are due monthly, beginning July 31, 2017 in the amount of \$8,943, with a final balloon payment due July 31, 2023. The loan is secured by land, improvements and equipment.

During fiscal year 2018, the \$300,000 line of credit was converted to a loan at a fixed interest rate of 1.5%. Interest is due monthly, beginning August 31, 2017, with a final balloon payment due June 30, 2023.

On April 20, 2020, the Organization was granted a loan (the "PPP Loan") in the aggregate amount of \$414,944, pursuant to the Paycheck Protection Program (the "PPP") under Division A, Title I of the CARES Act, which was enacted March 27, 2020.

The PPP Loan, which was in the form of a Note matures on May 1, 2022 and bears interest at a rate of 1.00% per annum. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Funds from the PPP Loan may only be used for payroll costs, mortgage payments, rent, utilities, and interest on other debt obligations incurred before February 15, 2020. The Organization intends to use the entire PPP Loan amount for qualifying expenses. Under the terms of the PPP, certain amounts of the PPP Loan may be forgiven if they are used for qualifying expenses as described in the CARES Act.

On May 26, 2020, the Organization was granted a loan (the "EIDL Loan") in the aggregate amount of \$150,000, pursuant to the Small Business Administration's (SBA) Economic Injury Disaster Loan Program.

The EIDL Loan, which was in the form of a Note matures on May 26, 2050 and bears interest at a rate of 2.75% per annum. The Note may be prepaid by the Borrower at any time prior to maturity with no prepayment penalties. Monthly installment payments of \$641, including principal and interest, begin twelve months from the date of the promissory Note. Funds from the EIDL Loan may only be used for working capital to alleviate economic injury caused by disaster occurring in the month of January 31, 2020 and continuing thereafter. The Organization intends to use the entire EIDL Loan amount as qualifying working capital.

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 7 – NOTES PAYABLE (CONTINUED)

Maturities of long-term debt obligations are as follows:

Year Ending June 30,	Building	Production Kitchen	EIDL Loan	Total
2021	\$ 21,924	\$ 43,282	\$ -	\$ 65,206
2022	24,896	45,723	-	70,619
2023	25,925	1,395,110	3,612	1,424,647
2024	541,305	-	3,712	545,017
2025	-	-	3,816	3,816
Thereafter	-	-	138,860	138,860
Total Principal Pmts	<u>\$ 614,050</u>	<u>\$ 1,484,115</u>	<u>\$ 150,000</u>	<u>\$ 2,248,165</u>

In addition, the Organization also had a \$250,000 unused line of credit, at June 30, 2020, with a bank, to be drawn upon as needed, at an interest rate of 5.75%.

The PPP loan is not included in the amortization schedule above in that the Organization anticipates the loan will be forgiven.

NOTE 8 – CAPITAL LEASES

The Organization entered into a lease agreement for a forklift during the year ended June 30, 2019. The lease agreement qualifies as a capital lease for accounting purposes, and therefore, has been recorded at the present value of future minimum lease payments as of the lease inception date.

The equipment being leased has a cost to the Organization of \$23,805 and a carrying value of \$14,283. The future minimum lease obligation and the net present value of these minimum lease payments as of June 30, 2020 were as follows:

Fiscal Year Ended June 30,	Amount
2021	\$ 4,683
2022	4,683
2023	4,683
2024	390
Total minimum lease payments	<u>\$ 14,439</u>

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 9 – OPERATING LEASES

During fiscal year 2015, Treasure Coast Food Bank, Inc. has entered into an 84-month agreement to rent a tractor semi, with a monthly payment of \$1,932 and trailer, with a monthly payment of \$1,327.

In October 2017, the Organization entered into a 63-month operating lease for 7 copiers, with a monthly payment of \$776.42.

In July 2019, the Organization entered into a 36-month operating lease to rent commercial property, with monthly payments of \$1,511.67, \$1,557.02, and \$1,603.88 covering the years ended June 30, 2020, 2021 and 2022, respectively.

In May 2020, the Organization entered into a 2-month operating lease to rent commercial property with the option to extend the agreement for addition 30-day periods. The monthly payments are \$4,835. In October 2020, the agreement was extended through April 30, 2021.

Future minimum payments are as follows:

Fiscal Year Ended	
June 30,	Amount
2021	\$ 115,459
2022	62,783
2023	5,435
Total	<u>\$ 183,677</u>

Rent expense of \$76,505 on these operating leases was included in repairs and maintenance on the Statement of Functional Expenses.

NOTE 10 – EMPLOYEE RETIREMENT PLANS

The Organization offers Simple and Roth IRA's to eligible employees, matching contributions up to three percent.

No unfunded liability existed at June 30, 2020 and 2019. The Organization made contributions of \$24,760 during the year ended June 30, 2020 and \$24,298 in the previous fiscal year for the Simple IRA.

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 11 – RESTRICTED NET ASSETS AND RELEASE OF RESTRICTED NET ASSETS

Net assets with donor restrictions at June 30, 2020 and 2019 are available for the following purposes:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Purpose restrictions:		
Program	\$ 24,750	\$ 49,750
Inventory	1,182,458	2,102,854
Building	82,106	85,759
Capital improvements	302,556	152,556
Total Net Assets With Donor Restrictions	<u>\$ 1,591,870</u>	<u>\$ 2,390,919</u>

Net assets were released from donor/grantor restrictions by incurring expenses satisfying the purpose or time restrictions specified as follows:

	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Purpose restriction accomplished:		
General food and product distribution	\$ 11,237,827	\$ 5,970,285
Healthy Kids & Benefit Outreach	66,574	-
Whole child connection	218,000	217,765
Benefits outreach and case management	105,595	177,447
Management and general	5,487	10,888
Total Net Assets Released From Restrictions	<u>\$ 11,633,483</u>	<u>\$ 6,376,385</u>

NOTE 12 – COMMITMENTS AND CONTINGENCIES

Reimbursement claims under Federal and state program grants are subject to audit and adjustment by grantor agencies. Any disallowed claims might become a liability of the Organization. The Organization is aware of no communications from granting agencies regarding the lack of compliance with grant conditions that could result in a liability. There are no asserted or known unasserted claims against the Organization that require disclosure or a loss accrual under Financial Accounting Standards Board Statement No.5.

The Organization is exposed to various risks of loss related to operations, theft of, damage to and destruction of assets, errors, omission, and natural disasters for which commercial insurance is carried. There has been no significant reduction in insurance coverage from the prior year and the Organization has not been required to pay any settlements in excess of insurance coverage during the last three fiscal years.

Treasure Coast Food Bank, Inc.
NOTES TO FINANCIAL STATEMENTS
June 30, 2020 and 2019

NOTE 13 – FAIR VALUES OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of financial instruments:

Cash and Cash Equivalents – The carrying amount reported in the balance sheet for cash and cash equivalents approximates its fair value.

Accounts Receivable, Other Current Assets and Accounts Payable – The carrying amount of accounts receivable, other current assets, and accounts payable in the balance sheet approximates fair value.

Long Term Debt – The carrying amount of notes payable approximates fair value.

The carrying amounts of the Organization's financial instruments at June 30, 2020, approximate fair value.

NOTE 14 – COMPARATIVE AMOUNTS

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE 15 – SUBSEQUENT EVENTS

Subsequent to year end the Organization entered into a lease agreement for additional office and warehouse space in October 2020.

The Organization has assessed subsequent events from June 30, 2020 through February 24, 2021, which is the date the financial statements were released.

NOTE 16 – COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures of certain types of public places and businesses. The coronavirus and actions taken to mitigate it are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the organization operates. It is unknown how long these conditions will last and what the complete financial effect will be to the organization.



**Berger, Toombs, Elam,
Gaines & Frank**

Certified Public Accountants PL

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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**

The Board of Directors
Treasure Coast Food Bank, Inc.
Fort Pierce, Florida

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States of America, the financial statements of Treasure Coast Food Bank, Inc., which comprise the statement of financial position as of June 30, 2020 and the related statements of activities, cash flows, and functional expenses for the year then ended, and the related notes to financial statements and have issued our report thereon dated February 24, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Treasure Coast 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 Treasure Coast Food Bank, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Treasure Coast 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 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 over financial reporting that might be significant deficiencies or material weaknesses. Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

Board of Directors
Treasure Coast Food Bank, Inc.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Treasure Coast Food Bank, 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

February 24, 2021



Berger, Toombs, Elam, Gaines & Frank

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

The Board of Directors
Treasure Coast Food Bank, Inc.
Fort Pierce, Florida

Report on Compliance for Each Major Federal Program

We have audited Treasure Coast Food Bank, Inc.'s (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Treasure Coast Food Bank, Inc.'s major federal programs for the year ended June 30, 2020. Treasure Coast Food Bank, Inc.'s major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization'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, the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above, that could have a direct and material effect on a major federal program, occurred. An audit includes examining, on a test basis, evidence about the Organization'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 the Organization's compliance.



The Board of Directors
Treasure Coast Food Bank, Inc.

Opinion on Each Major Federal Program

In our opinion, the Organization 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, 2020.

Report on Internal Control Over Compliance

Management of the Treasure Coast Food Bank, 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 the Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Treasure Coast Food Bank, Inc.'s internal control over compliance.

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

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



Berger, Toombs, Elam,
Gaines & Frank
Certified Public Accountants PL

The Board of Directors
Treasure Coast Food Bank, Inc.

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.

*Berger Toombs Elam
Gaines & Frank*

Berger, Toombs, Elam, Gaines & Frank
Certified Public Accountants PL
Fort Pierce, Florida

February 24, 2021

Treasure Coast Food Bank, Inc.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2020

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL CFDA #	Contract/Grant Number	PROGRAM YEAR	Pass Through Entity ID	TOTAL EXPENDED
UNITED STATES DEPARTMENT OF AGRICULTURE					
Indirect Programs:					
Passed Through the Florida Department of Agriculture and Consumer Services					
Emergency Food Assistance Program (Trade Mitigation)	10.178	026190	2019/2020		\$ 254,765
CHILD NUTRITION CLUSTER					
Summer Food Service Program for Children	10.559	018733	2019/2020	000001138	205,408
FOOD DISTRIBUTION CLUSTER					
Commodity Supplemental Food Program	10.565	024326	2019/2020		11,237
Commodity Supplemental Food Program	10.565	024403	2019/2020		16,461
Emergency Food Assistance Program (Administrative Costs)	10.568	022747	2019/2020		351,611
DISASTER - Emergency Food Assistance Program (Administrative Costs)	10.568	025543	2019/2020		45,857
COVID-19 - Emergency Food Assistance Program (Administrative Costs)	10.568	026933	2019/2020		556,418
Emergency Food Assistance Program (Food Commodities)	10.569		2019/2020		11,104,289
COVID-19 - Emergency Food Assistance Program (Food Commodities)	10.569		2019/2020		1,318,953
Total Food Distribution Cluster					<u>13,404,826</u>
Passed Through the Florida Department of Health					
Child and Adult Care Food Program	10.558	A-5679	2019/2020		178,547
Total US Department of Agriculture					<u>\$ 14,043,546</u>

See accompanying notes to Schedule of Expenditures of Federal Awards.

Treasure Coast Food Bank, Inc.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Treasure Coast Food Bank, Inc. (the "Organization") under programs of the federal government for the year ended June 30, 2020. 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 Treasure Coast Food Bank, Inc., it is not intended to and does not present the financial position, changes in net assets, or cash flows of Treasure Coast Food Bank, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

NOTE 3 – PROGRAM CLUSTERS

The Uniform Guidance defines a cluster of programs as a grouping of closely related programs that share common compliance requirements. According to this definition, similar programs deemed to be a cluster of programs are considered to be one program and are tested accordingly.

NOTE 4 – SUB-RECIPIENT MONITORING

The Organization has provided no federal awards to subrecipients.

NOTE 5 – CONTINGENCIES

Amounts received, or receivable, from grantor agencies are subject to audit and adjustment by grantor agencies. If any expenditure is disallowed as a result of these audits the claims for reimbursement to the grantor agency would become a liability of the Organization. In the opinion of Management, all grant expenditures are in compliance with the terms of the grant agreements and applicable federal laws and regulations.

Treasure Coast Food Bank, Inc.
Schedule of Findings and Questioned Costs – Federal Programs
For the Year Ended June 30, 2020

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified

Internal control over financial reporting

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None Reported

Noncompliance material to financial statements noted?

___ Yes X No

Federal Awards

Internal Control over major programs:

Material weakness(es) identified?

___ Yes X No

Significant deficiency(ies) identified?

___ Yes X None Reported

Type of auditor's report issued on compliance
for major federal programs:

Unmodified

Any audit findings disclosed that are required
to be reported in accordance with Section 2
CFR 200.516(a)?

___ Yes X No

Identification of major programs

CFDA Number(s)

Name of Federal Program(s) or Cluster(s)

10.565/10.568/10.569

Food Distribution Cluster (Emergency Food Assistance
Program for Children and Commodity Supplemental Food
Program)

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee, pursuant to Uniform Guidance? ___ Yes X No

FINDINGS – FINANCIAL STATEMENTS

There are no findings related to the financial statements which are required to be reported in
accordance with *Government Auditing Standards*

FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

There were no audit findings related to federal programs required to be reported by Section 2
CFR 200.516(a), *Uniform Guidance*.

Treasure Coast Food Bank, Inc.
Schedule of Findings and Questioned Costs – Federal Programs
For the Year Ended June 30, 2020

OTHER ISSUES – SUMMARY OF PRIOR AUDIT FINDINGS

There is no Summary of Prior Audit Findings or Corrective Action Plan required to be reported under the Federal Single Audit Act, as there were no prior year audit findings related to Federal programs.