

**HARRY CHAPIN FOOD BANK
OF SOUTHWEST FLORIDA, INC.
FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION TOGETHER WITH
REPORTS OF INDEPENDENT AUDITOR
YEARS ENDED
JUNE 30, 2022 AND 2021**

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-4
 <u>Financial Statements</u>	
Statements of Financial Position.....	5
Statements of Activities.....	6
Statements of Functional Expenses.....	7-8
Statements of Cash Flows.....	9
Notes to the Financial Statements.....	10-30
 <u>Supplementary Information</u>	
Schedule of Expenditures of Federal Awards - Year Ended June 30, 2022.....	31
Notes to the Schedule of Expenditures of Federal Awards.....	32
 <u>Additional Reports of Independent Auditor</u>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>	33-34
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Federal Program and on Internal Control Over Compliance in Accordance with the Uniform Guidance.....	35-37
Schedule of Findings and Questioned Costs - Federal Awards.....	38-40
Independent Auditor's Report to Management.....	41-43
Management's Response to Independent Auditor's Report to Management.....	Exhibit



TUSCAN
 & Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Directors
 Harry Chapin Food Bank of Southwest Florida, Inc.
 3760 Fowler Street
 Fort Myers, Florida 33901

Opinion

We have audited the accompanying financial statements of Harry Chapin Food Bank of Southwest Florida, Inc. (a Florida not-for-profit corporation), which comprise the statements of financial position as of June 30, 2022 and 2021, 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, based on our audit, the financial statements referred to above present fairly, in all material respects, the financial position of Harry Chapin Food Bank of Southwest Florida, Inc. as of June 30, 2022 and 2021, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standard applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Harry Chapin Food Bank of Southwest Florida, 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 opinion.

Management's Responsibilities 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 the financial statements that are free from

INTEGRITY SERVICE EXPERIENCE

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 Harry Chapin Food Bank of Southwest Florida, Inc.'s ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Harry Chapin Food Bank of Southwest Florida, Inc.'s internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

Board of Directors

Harry Chapin Food Bank of Southwest Florida, Inc.

Page 3

- Conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harry Chapin Food Bank of Southwest Florida, Inc.'s ability to continue as a going concern for a reasonable period of time.

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

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements of Harry Chapin Food Bank of Southwest Florida, Inc. taken as a whole. The accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2022 and the Notes thereto are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" and are 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 accompanying Schedule of Expenditures of Federal Awards for the year ended June 30, 2022 and the Notes thereto are fairly stated in all material respects in relation to the financial statements taken as a whole.

Other Information

The Exhibit - Management's Response to Independent Auditor's Report to Management, is not a required part of the financial statements but is required by Government Auditing Standards. Such information has not been subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated September 2, 2022, on our consideration of Harry Chapin Food Bank of Southwest Florida, 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 Harry Chapin Food Bank of Southwest Florida, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering Harry Chapin Food Bank of Southwest Florida, Inc.'s internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "TUSCAN & COMPANY, P.A." in a cursive, slightly slanted script.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
September 2, 2022

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF FINANCIAL POSITION
June 30, 2022 and 2021

ASSETS	2022	2021
CURRENT ASSETS		
Cash and cash equivalents (including restricted cash of \$60,050 and \$71,455 at June 30, 2022 and 2021, respectively)	\$ 1,163,743	\$ 341,682
Certificates of deposit & other investments	7,152,454	10,454,139
Accounts receivable	693,384	586,617
Prepaid expenses	153,041	51,500
Inventory	1,809,880	2,789,031
TOTAL CURRENT ASSETS	10,972,502	14,222,969
PROPERTY AND EQUIPMENT, NET	4,560,042	4,655,005
OTHER ASSETS		
Investments - Board designated endowment	3,002,681	1,011,228
Investments - beneficial interest - restricted	310,497	350,132
Deposits	38,512	38,512
Land held for sale	100,000	952,422
TOTAL OTHER ASSETS	3,451,690	2,352,294
TOTAL ASSETS	\$ 18,984,234	\$ 21,230,268
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable	\$ 225,293	\$ 171,322
Accrued expenses	243,481	586,376
Compensated absences	239,440	225,782
Long-term debt, current portion	-	104,155
TOTAL CURRENT LIABILITIES	708,214	1,087,635
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	-	426,026
TOTAL LONG-TERM LIABILITIES	-	426,026
COMMITMENTS AND CONTINGENCIES		
	-	-
TOTAL LIABILITIES	708,214	1,513,661
NET ASSETS		
Without donor restrictions		
Operating	13,345,431	15,170,196
Investment in property and equipment, net	4,560,042	4,124,824
TOTAL WITHOUT DONOR RESTRICTIONS	17,905,473	19,295,020
With donor restrictions		
Temporarily restricted	333,088	377,383
Permanently restricted	37,459	44,204
TOTAL WITH DONOR RESTRICTIONS	370,547	421,587
TOTAL NET ASSETS	18,276,020	19,716,607
TOTAL LIABILITIES AND NET ASSETS	\$ 18,984,234	\$ 21,230,268

The accompanying notes are an integral part of this statement.

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF ACTIVITIES
Years Ended June 30, 2022 and 2021

	2022		
	Without Donor Restrictions	With Donor Restrictions	
		Temporarily Restricted	Permanently Restricted
CHANGES IN NET ASSETS			
REVENUES AND SUPPORT			
Gross proceeds from special events and fundraising	\$ 1,003,547	\$ -	\$ -
Less direct costs	(302,812)	-	-
Net proceeds from special events and fundraising	700,735	-	-
Food contributions - USDA in-kind food	10,787,700	-	-
Food contributions - USDA CFAP in-kind food	-	-	-
Food contributions - USDA CSFP in-kind food	770,300	-	-
Food contributions - in-kind food	39,192,173	-	-
Federal Government programs	1,917,221	-	-
State Government programs	-	-	-
United Way	203,066	-	-
Grants and donations	14,490,723	930,373	-
Donations - in-kind - land	100,000	-	-
Programs	137,919	-	-
Other	(47,805)	-	(6,745)
TOTAL	68,252,032	930,373	(6,745)
Net assets released from restrictions	974,668	(974,668)	-
TOTAL REVENUES AND SUPPORT	69,226,700	(44,295)	(6,745)
EXPENSES			
Program services	69,152,965	-	-
General and administrative	598,498	-	-
Fundraising	864,784	-	-
TOTAL EXPENSES	70,616,247	-	-
INCREASE (DECREASE) IN NET ASSETS	(1,389,547)	(44,295)	(6,745)
NET ASSETS, BEGINNING OF YEAR	19,295,020	377,383	44,204
NET ASSETS, END OF YEAR	\$ 17,905,473	\$ 333,088	\$ 37,459

The accompanying notes are an integral part of this statement.

2021				
Total	With Donor Restrictions			Total
	Without Donor Restrictions	Temporarily Restricted	Permanently Restricted	
\$ 1,003,547 <u>(302,812)</u>	\$ 1,353,644 <u>(343,752)</u>	\$ - <u>-</u>	\$ - <u>-</u>	\$ 1,353,644 <u>(343,752)</u>
700,735	1,009,892	-	-	1,009,892
10,787,700	19,417,164	-	-	19,417,164
-	9,569,163	-	-	9,569,163
770,300	617,153	-	-	617,153
39,192,173	37,348,593	-	-	37,348,593
1,917,221	5,605,161	25	2,530	5,607,716
-	-	-	-	-
203,066	210,098	-	-	210,098
15,421,096	18,238,796	856,049	-	19,094,845
100,000	-	-	-	-
137,919	105,074	-	-	105,074
<u>(54,550)</u>	<u>1,027,370</u>	<u>-</u>	<u>9,597</u>	<u>1,036,967</u>
69,175,660	93,148,464	856,074	12,127	94,016,665
<u>-</u>	<u>830,798</u>	<u>(830,798)</u>	<u>-</u>	<u>-</u>
<u>69,175,660</u>	<u>93,979,262</u>	<u>25,276</u>	<u>12,127</u>	<u>94,016,665</u>
69,152,965	89,010,805	-	-	89,010,805
598,498	477,167	-	-	477,167
<u>864,784</u>	<u>824,481</u>	<u>-</u>	<u>-</u>	<u>824,481</u>
<u>70,616,247</u>	<u>90,312,453</u>	<u>-</u>	<u>-</u>	<u>90,312,453</u>
(1,440,587)	3,666,809	25,276	12,127	3,704,212
<u>19,716,607</u>	<u>15,628,211</u>	<u>352,107</u>	<u>32,077</u>	<u>16,012,395</u>
<u>\$ 18,276,020</u>	<u>\$ 19,295,020</u>	<u>\$ 377,383</u>	<u>\$ 44,204</u>	<u>\$19,716,607</u>

The accompanying notes are an integral part of this statement.

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2022

FUNCTIONAL EXPENSES	Program Services	SUPPORTING SERVICES			2022 Total Expenses
		Admin.	Fund Raising	Total Supporting Services	
Payroll and related expenses	\$ 2,940,344	\$ 347,836	\$ 682,253	\$ 1,030,089	\$ 3,970,433
Business travel	36,826	2,201	5,366	7,567	44,393
Cost of food	9,627,869	-	-	-	9,627,869
Finance	334	85,326	492	85,818	86,152
Food distribution - in-kind	51,862,581	-	-	-	51,862,581
Insurance	574,616	53,477	99,280	152,757	727,373
Maintenance	95,390	-	2,011	2,011	97,401
Other	827,749	94,100	57,999	152,099	979,848
Pick and pack out	1,641,915	-	-	-	1,641,915
Technology	190,882	7,753	14,661	22,414	213,296
Transportation	97,268	-	-	-	97,268
Utilities	147,736	7,805	2,722	10,527	158,263
Vehicle	536,414	-	-	-	536,414
Total expenses before depreciation	68,579,924	598,498	864,784	1,463,282	70,043,206
Depreciation	573,041	-	-	-	573,041
TOTAL EXPENSES	\$ 69,152,965	\$ 598,498	\$ 864,784	\$ 1,463,282	\$ 70,616,247

The accompanying notes are an integral part of this statement.

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2021

FUNCTIONAL EXPENSES	Program Services	SUPPORTING SERVICES			2021 Total Expenses
		Admin.	Fund Raising	Total Supporting Services	
Payroll and related expenses	\$ 3,007,175	\$ 292,096	\$ 636,746	\$ 928,842	\$ 3,936,017
Business travel	20,082	1,185	2,615	3,800	23,882
Cost of food	15,396,441	-	-	-	15,396,441
Finance	132,725	48,876	-	48,876	181,601
Food distribution - in-kind	66,166,685	-	-	-	66,166,685
Insurance	550,099	44,550	96,518	141,068	691,167
Maintenance	157,776	6,256	-	6,256	164,032
Other	689,131	69,678	75,778	145,456	834,587
Pick and pack out	1,274,106	-	-	-	1,274,106
Technology	79,408	7,136	10,378	17,514	96,922
Transportation	175,405	-	-	-	175,405
Utilities	143,126	7,390	2,446	9,836	152,962
Vehicle	628,551	-	-	-	628,551
Total expenses before depreciation	88,420,710	477,167	824,481	1,301,648	89,722,358
Depreciation	590,095	-	-	-	590,095
TOTAL EXPENSES	\$ 89,010,805	\$ 477,167	\$ 824,481	\$ 1,301,648	\$ 90,312,453

The accompanying notes are an integral part of this statement.

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
STATEMENTS OF CASH FLOWS
Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from donations, grants, contracts & programs	\$ 17,644,082	\$ 26,550,016
Cash received from fundraising and events	1,003,547	1,353,644
Interest and other income received	(14,915)	343,336
Cash payments to suppliers and personnel	(19,007,350)	(24,168,650)
Interest paid	<u>(86,151)</u>	<u>(181,601)</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>(460,787)</u>	<u>3,896,745</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of board designated endowment	-	(1,011,228)
Purchases of investments	-	(2,502,363)
Proceeds from sales of investments	1,310,232	-
Proceeds from sales of land held for sale	980,875	-
Purchases of property & equipment	(478,078)	(614,540)
Proceeds from sales of property and equipment	<u>-</u>	<u>600</u>
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	<u>1,813,029</u>	<u>(4,127,531)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from loan and note payable	-	-
Principal payments on mortgage	<u>(530,181)</u>	<u>(828,625)</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES	<u>(530,181)</u>	<u>(828,625)</u>
Net increase (decrease) in cash and cash equivalents	822,061	(1,059,411)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>341,682</u>	<u>1,401,093</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 1,163,743</u>	<u>\$ 341,682</u>

NON-CASH TRANSACTIONS

Non-cash operating activities have been eliminated and include the following for the year ended June 30:

	<u>2022</u>	<u>2021</u>
Non-cash revenues - food	<u>\$ 50,750,173</u>	<u>\$ 66,952,073</u>
Non-cash expenses	<u>\$ 51,862,581</u>	<u>\$ 66,166,685</u>
Non-cash - land	<u>\$ 100,000</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF INCREASE (DECREASE) IN NET ASSETS
TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES**

	<u>2022</u>	<u>2021</u>
Increase (Decrease) in Net Assets	\$ (1,440,587)	\$ 3,704,212
Adjustments to Reconcile Increase (Decrease) in Net Assets to Net Cash Provided by (Used In) Operating Activities		
Depreciation	573,041	590,095
Donated land	(100,000)	-
(Gain) Loss on disposal of property and equipment	(28,453)	23,510
Forgiveness of the PPP loans	-	(617,565)
(Increase) decrease in accounts receivable	(106,767)	1,550,095
(Increase) decrease in prepaid expenses	(101,541)	(26,829)
(Increase) decrease in inventory, noncash	979,151	(1,053,169)
(Increase) decrease in beneficial interest	39,635	(76,066)
(Increase) decrease in deposits	-	(15,900)
Increase (decrease) in accounts payable	53,971	(146,840)
Increase (decrease) in accrued expenses	(342,895)	(38,804)
Increase (decrease) in grants held for agencies	-	(17,812)
Increase (decrease) in compensated absences	<u>13,658</u>	<u>21,818</u>
TOTAL ADJUSTMENTS	<u>979,800</u>	<u>192,533</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ (460,787)</u>	<u>\$ 3,896,745</u>

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Activities

Harry Chapin Food Bank of Southwest Florida, Inc. (the "Organization") is a nonprofit organization serving the hungry in Southwest Florida. Its mission is to lead our community in the fight to end hunger. It was incorporated on January 21, 1983 as a nonprofit organization under the laws of Florida and is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The Organization has grown from its inception in Lee County to serve the hungry across Southwest Florida. Its primary service territory consists of Charlotte, Collier, Glades, Hendry and Lee Counties. Additionally, the Organization is the prime contractor for Region 5 of the TEFAP program in Florida, which includes the previously noted counties as well as DeSoto, Hardee, Highlands, Manatee, and Sarasota Counties.

The Organization provides programs and services directly to hungry families and partners with approximately 150 agencies including pantries, soup kitchens, emergency shelters, and residential programs. The Organization is also a key provider of food and relief supplies in the event of local disasters. As such, the Organization is the largest hunger relief organization in Southwest Florida. It distributed 34.7 million pounds of food in the fiscal year ended June 30, 2022.

The Organization rescues food from a variety of sources to support its programs and operations. Food sources include retail stores, wholesalers, distributors, farms, packing houses, government sources and private donations. The Organization's funding comes primarily from private sources, including private donors, foundations, corporate giving, and the general public, as well as from government programs.

Program Summary

Volunteer Services: Volunteers are a vital part of the success of the programs at Harry Chapin Food Bank of Southwest Florida, Inc. For the year ended June 30, 2022, more than 4,363 volunteers collectively provided 67,226 hours, which equate to more than \$2,013,419 in in-kind services. These in-kind services have not been recorded in these financial statements.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Basis of Accounting

The accounting and reporting policies of the Organization conform to accounting principles generally accepted in the United States of America and are in accordance with the audit guide issued by the American Institute of Certified Public Accountants, "Not-for-Profit Organizations" and the Accounting Standards issued by the Financial Accounting Standards Board (FASB) in the Accounting Standards Codification (ASC).

The Organization prepares its financial statements on the accrual basis of accounting. Grant revenues are recorded as support when performance occurs under the terms of the grant agreement. Grant revenue includes all resources received from another entity in accordance with an entitlement or grant document.

Financial Statement Presentation

The financial statement presentation follows the recommendations of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205-55-21 (formerly Statement of Financial Accounting Standards (SFAS) No. 117), "Financial Statements of Not-for-Profit Organizations". Under FASB ASC 958-205-55-21, the Organization is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions (unrestricted) and net assets with donor restrictions (temporarily restricted and permanently restricted).

The Organization reports its contributions in accordance with FASB ASC 958-605-50-2. In accordance with FASB ASC 958-605-50-2, contributions received are recorded as with donor restrictions or without donor restrictions depending on the existence and/or nature of any donor restrictions. Under FASB ASC 958-605-50-1, such contributions are required to be reported as contributions with donor restrictions and are then reclassified to net assets without donor restrictions upon expiration of the time restriction or compliance with the purpose restriction.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Investments

Investments are reported at their fair value in the statements of financial position. Fair value of investments is determined by significant unobservable inputs. Realized and unrealized gains and losses are included in the change in net assets in the statements of activities.

Accounts Receivable and Unconditional Promises to Give

Accounts receivable primarily consist of amounts due from agencies and grantors. It is the Organization's policy to establish an allowance for doubtful accounts based on known circumstances and historical collection history. Bad debt expense was \$0 for each of the years ended June 30, 2022 and 2021, respectively.

Unconditional promises to give, if any, are, generally, considered fully collectible; therefore, no allowance for uncollectible accounts has been recorded. In addition, the Organization discounts its promises to give to present value based on its estimated time of collectability. Such discount is subsequently amortized to revenue.

Inventory

Inventories of donated products (food) are recorded at the approximate average wholesale value as outlined in the Product Valuation Survey Methodology, December 2020 and 2019 prepared by Feeding America, a national, nonprofit distributor of donated product in the food bank network. During the year ended June 30, 2020, Feeding America established a separate Product Valuation Survey Methodology to be applied to USDA inventory. The Organization's subsidiary records are maintained for federal surplus commodities as to quantities received and quantity on hand for control purposes and for revenue recognition in the financial statements. Federal surplus commodities are recorded in inventory as of the date they are physically received in the Organization's warehouse.

Inventories of purchased commodities are stated at the lower of cost or net realizable value.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Property and Equipment

The Organization's policy is to capitalize assets with a cost of \$1,000 or more and a useful life greater than one (1) year. Property and equipment are recorded at cost if purchased or estimated current values on the date of receipt if donated. Maintenance and repairs are charged to operations when incurred and major replacements in excess of \$1,000 are capitalized. Depreciation is recognized using the straight-line method over the estimated useful lives of the respective assets, as follows:

<u>Fixed Asset Category</u>	<u>Useful Lives</u>
Building and improvements	5-40 years
Furniture and equipment	3-7 years
Vehicles	3-10 years

No debt related interest costs were capitalized for the years ended June 30, 2022 or 2021.

Advertising costs

The Organization's policy is to expense advertising costs as such costs are incurred.

Impairment of fixed assets

The Organization adheres to FASB ASC 360-10-50-2 (formerly SFAS No. 144), "Accounting for the Impairment or Disposal of Long-Lived Assets." FASB ASC 360-10-50-2 requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from FASB ASC 360-10-50-2 for the years ended June 30, 2022 or 2021.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Compensated Absences

The Organization accumulates and records a contingent liability for compensated absences accrued by employees. Upon termination of employment, employees can receive payment for vacation leave if they meet certain criteria. Vacation is based on a fiscal year. Unused vacation leave and related employer costs as of June 30, 2022 and 2021 have been accrued as a liability.

Income Taxes

Management has analyzed its various Federal filing positions and believes that the Organization's income tax filing positions and deductions are well documented, supported, and contain no uncertain tax positions. Management believes the Organization met the requirements to maintain its tax-exempt status and has no income subject to unrelated business income tax. Additionally, management believes that no accruals for tax liabilities, interest or penalties are required. Therefore, no reserves for uncertain income tax positions have been recorded. Further, no interest or penalties have been included since no reserves were recorded. When applicable, such interest and penalties will be reported as income tax expense. The prior three years remain open to examination under Federal statute limitations. The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. The Organization reports no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

The Organization has been granted a ruling that it is exempt from Federal income tax under Section 501(c)(3) of the Internal Revenue Code (the "Code"). The Organization is a non-profit Florida corporation and, therefore, is not subject to state income taxes. Accordingly, no provision for Federal or State income taxes has been made. The Organization is not considered a private foundation within the meaning of Section 509(a) of the Code.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Accounting for uncertainty in income tax items

The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Organization has adopted this guidance. The Organization has evaluated its tax positions and any estimates utilized in its tax returns, and concluded that it has taken no uncertain tax positions that require adjustment to the financial statements to comply with the provisions of this guidance. Interest and penalties associated with uncertain tax positions will be recognized in income tax expense, if required.

Fair Value of Financial Instruments

In accordance with FASB ASC 820, the Organization uses fair value measurements to value certain types of assets. At June 30, 2022 and 2021, the carrying value of balances such as cash, receivables, inventory, prepaids, accounts payable, accrued liabilities and deposits approximate fair value due to the short term maturity of these financial instruments.

Revenues and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted 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 (unrestricted) if the restriction expires in the reporting period in which the support is recognized. All other grant revenue and donor-restricted support is reported as an increase in net assets with donor restrictions (temporarily or permanently restricted), depending on the nature of the restrictions. When a restriction expires (that is, when a stipulated time restriction ends or a purpose restriction is accomplished), net assets with donor restrictions (temporarily restricted) are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES, CONTINUED**

Revenues and Support, continued

Support from federal and state grants is recorded based upon the terms of the grantor allotment, which generally provide that revenues are earned when the allowable costs of the specific grant provisions have been incurred.

In-kind Contributions/Donated Services

In-kind contributions generally consist of food products and are recorded as contributions and inventory in the accompanying financial statements at their estimated current value on the date of the receipt by the Organization. In-kind expenses are recognized when the related food is distributed to the participating food pantries. Contributions of services are recognized only if services received (a) create or enhance nonfinancial assets or (b) require specialized skills, are provided by the individuals possessing those skills, and would typically be purchased if not provided by donation. For the years ended June 30, 2022 and 2021, the value of contributed services has not been recorded in the financial statements. However, a number of volunteers, including the Board of Directors, have donated significant amounts of their time and expertise to the Organization's programs and supporting services.

Functional Expenses

The costs of providing various programs and other activities have been summarized on a functional basis in the statements of activities and in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Expenses that can be identified with a specific cost center or program service are allocated according to their natural expense classification. Other expenses that are common to several functions are allocated by using various statistical bases.

Cash Flows

For the purpose of the Statements of Cash Flows, Harry Chapin Food Bank of Southwest Florida, Inc. considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Cash Flows, continued

The Organization made no cash payments for income taxes during the years ended June 30, 2022 or 2021.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

Subsequent events have been evaluated through September 2, 2022, which is the date the financial statements were available to be issued.

NOTE B - CASH AND CASH EQUIVALENTS

The carrying value of cash and cash equivalents consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Cash on hand	\$ 3,000	\$ 3,000
Depository accounts	<u>1,160,743</u>	<u>338,682</u>
	<u>\$ 1,163,743</u>	<u>\$ 341,682</u>

The nature of cash and cash equivalents (carrying value) is as follows at June 30:

	<u>2022</u>	<u>2021</u>
Unrestricted cash	\$ 1,103,693	\$ 270,227
Restricted cash	<u>60,050</u>	<u>71,455</u>
	<u>\$ 1,163,743</u>	<u>\$ 341,682</u>

NOTE B - CASH AND CASH EQUIVALENTS, CONTINUED

Restricted cash consists of funded grants held for other agencies and/or net assets with temporary donor restrictions at year end.

The Organization maintains cash balances at several financial institutions. Accounts at each institution are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a total of \$250,000 per institution. Cash bank balances may exceed the FDIC limit at times during the fiscal year. The uninsured balances as of June 30, 2022 and 2021 were \$1,056,447 and \$1,218,528, respectively, based on the bank balances, less the FDIC insurance. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE C - CERTIFICATES OF DEPOSIT

At June 30, 2022 and 2021, certificates of deposit held were \$2,982,147 and \$1,742,913, respectively.

Concentration of credit risk

The Organization maintains its excess cash in certificates of deposit (CD's) of under \$250,000 each at various financial institutions. These assets are federally insured up to \$250,000 per financial institution. The Organization's certificates of deposit are categorized as follows at June 30:

	<u>Bank Balance</u>	
	<u>2022</u>	<u>2021</u>
Amount covered by FDIC	\$ 2,982,147	\$ 1,742,913
Amount uninsured	-	-
	<u>\$ 2,982,147</u>	<u>\$ 1,742,913</u>

NOTE D - INVESTMENTS

Beneficial Interest in Assets Held consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Community Foundation of Collier County	\$ 273,038	\$ 305,928
Temporarily Restricted	<u>273,038</u>	<u>305,928</u>
Collaboratory (SWFCF)	14,849	17,827
Community Foundation of Collier County	14,592	17,138
Charlotte Community Foundation	<u>8,018</u>	<u>9,239</u>
Permanently Restricted	<u>37,459</u>	<u>44,204</u>
	<u>\$ 310,497</u>	<u>\$ 350,132</u>

Investments consist of the following at June 30:

	<u>2022</u>	<u>2021</u>
Mutual funds	\$ 2,986,896	\$ 1,009,766
CD's	2,982,147	1,742,913
Money market accounts	<u>4,186,092</u>	<u>8,712,688</u>
	<u>\$ 10,155,135</u>	<u>\$ 11,465,367</u>

Investments are Board designated and include Certificates of deposits & other investments. The Board designated endowments of \$3,002,681 and \$1,011,228 are included in the mutual funds and money market accounts as of June 30, 2022 and 2021, respectively. Certain investments are held by a financial institution in a money market fund and mutual funds. These funds are, generally, not subject to FDIC coverage.

Concentration of credit risk

The Organization maintains cash investment balances with an investment company. These cash investment accounts are insured by the Federal Deposit Insurance Corporation ("FDIC") up to a total of \$250,000 per institution. Cash bank balances may exceed the FDIC limit at times during the fiscal year. The uninsured cash investment balances as of June 30, 2022 and 2021 were \$264,867 and \$2,888,183, respectively, based on the bank balances, less the FDIC insurance. The investment company (invests) ladders the CD's and money market accounts to various institutions in amounts of less than \$250,000 to minimize credit risk and maximize FDIC insurance. The mutual funds are not subject to FDIC and are uninsured at June 30, 2022 and 2021. The Organization has not experienced any losses on such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents.

NOTE E - FAIR VALUE MEASUREMENT

The Organization's investment strategy allows management to invest in available investment vehicles to maximize income. Management has also attempted to minimize risk while working to achieve maximum investment return.

In accordance with FASB ASC 820 (the "Codification"), the Organization uses fair value measurements to record adjustments to certain assets. FASB ASC 820 defines fair value 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." The Codification also sets out a fair value hierarchy ranking the levels of the inputs used as assumptions in the valuation techniques used to value an asset or liability. The fair value hierarchy gives the highest priority to quoted prices in an active market for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). The three levels of hierarchy are described as follows:

Level 1 - inputs are quoted market prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions of the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. The Organization considers the money market accounts and mutual funds Level 1 inputs.

Level 2 - inputs are from other than quoted market prices included in Level 1 that are observable for the asset or liability, either directly or indirectly. These inputs include quoted market prices of similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in markets that are not active, and pricing models developed principally from inputs from or corroborated by observable market data by correlation or other means. The Organization considered the certificate of deposits held to be Level 2 inputs.

Level 3 - inputs are unobservable and allowed in situations where there is little, if any, market activity for the asset or liability at measurement date. These inputs reflect the reporting entity's own assumptions about assumptions that would be used by market participants.

The Organization uses fair value measurements to record adjustments to its investments and to determine fair value disclosures.

NOTE E - FAIR VALUE MEASUREMENT, CONTINUED

The following table presents the fair value hierarchy for the Organization's assets measured at fair value as of June 30:

2022		Fair Value Measurements at Reporting Date Using:		
Description	Carrying Value	Quoted Prices in Active Markets for Identical Assets Level (1)	Quoted Prices in Active Markets for Similar Assets Level (2)	Significant Unobservable Inputs Level (3)
Money Market Accounts	\$ 4,186,092	\$ 4,186,092	\$ -	\$ -
Mutual Funds	2,986,896	2,986,896	-	-
Certificates of deposit (CD)	<u>2,982,147</u>	-	<u>2,982,147</u>	-
Investments	10,155,135	7,172,988	2,982,147	-
Beneficial Interest in Assets Held at Community Foundations	<u>310,497</u>	-	-	<u>310,497</u>
	<u>\$ 10,465,632</u>	<u>\$ 7,172,988</u>	<u>\$ 2,982,147</u>	<u>\$ 310,497</u>
2021		Fair Value Measurements at Reporting Date Using:		
Description	Carrying Value	Quoted Prices in Active Markets for Identical Assets Level (1)	Quoted Prices in Active Markets for Similar Assets Level (2)	Significant Unobservable Inputs Level (3)
Money Market Accounts	\$ 8,712,688	\$ 8,712,688	\$ -	\$ -
Mutual Funds	1,009,766	1,009,766	-	-
Certificates of deposit (CD)	<u>1,742,913</u>	-	<u>1,742,913</u>	-
Investments	11,465,367	9,722,454	1,742,913	-
Beneficial interest in Assets Held at Community Foundations	<u>350,132</u>	-	-	<u>350,132</u>
	<u>\$ 11,815,499</u>	<u>\$ 9,722,454</u>	<u>\$ 1,742,913</u>	<u>\$ 350,132</u>

NOTE E - FAIR VALUE MEASUREMENT, CONTINUED

The beneficial interest in assets held at various community foundations (the "foundations") has been valued, as a practical expedient, at the fair value of the Organization's share of the foundations' investment pool as of the measurement date and includes, in some instances, a match provided by the foundations. The foundations value securities and other financial instruments on a fair value basis of accounting. The estimated fair value of certain investments of the foundations, which includes private placement and other securities for which prices are not readily available, are determined by the management of the foundations and may not reflect amounts that could be realized upon immediate sale, nor amounts that ultimately may be realized. Accordingly, the estimated fair values may differ significantly from the values that would have been used had a ready market existed for these investments. The beneficial interest in assets held at the foundations are not redeemable by the Organization as described in Note M.

Financial instruments classified as level 3 in the fair value hierarchy represent the Organization's investments in financial instruments in which management has used at least one significant unobservable input in the valuation model. The following table represents a reconciliation of the activities for level 3 financial instruments:

<u>Beneficial Interest</u>	<u>2022</u>	<u>2021</u>
Beginning balance	\$ 350,132	\$ 274,066
Additional amounts invested	-	3,030
Foundations match of amounts invested	-	-
Distributions/grants	-	-
Net appreciation/depreciation and earnings	(35,751)	76,358
Administrative fees	<u>(3,884)</u>	<u>(3,322)</u>
Ending balance	<u>\$ 310,497</u>	<u>\$ 350,132</u>

The components of the net appreciation on investments, including Level 3 investments, may include dividend and interest income, realized gains and losses, gain or loss on sale of contributed shares and market fluctuations associated with the underlying investments. Investment manager's fees and foundations' fees are netted against these amounts.

Land held for sale is valued at the lower of cost or market and therefore, not subject to leveling.

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE F - ACCOUNTS RECEIVABLE

Accounts receivable consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Accounts receivable - purchased food, net	\$ 16,102	\$ 39,541
Grants receivable - Federal	676,913	546,572
Other receivables	<u>369</u>	<u>504</u>
	<u>\$ 693,384</u>	<u>\$ 586,617</u>

Accounts receivable - purchased food is net of the allowance for doubtful accounts in the amount of \$0 and \$0 for the years ended June 30, 2022 and 2021, respectively.

Management believes these receivables are fully collectible.

NOTE G - PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 518,304	\$ 518,304
Building and improvements	4,333,467	4,272,887
Furniture and equipment	800,200	771,294
Vehicles	<u>2,872,534</u>	<u>2,752,907</u>
	8,524,505	8,315,392
Less: accumulated depreciation	<u>(3,964,463)</u>	<u>(3,660,387)</u>
	<u>\$ 4,560,042</u>	<u>\$ 4,655,005</u>

For the years ended June 30, 2022 and 2021, depreciation expense was \$573,041 and \$590,095, respectively.

NOTE H - LAND HELD FOR SALE

The Organization purchased land with the intent to build a new warehouse for operations in 2007. Subsequently, the Organization purchased a warehouse to meet its current needs. Therefore, the project to build a new warehouse was abandoned and the Organization made the determination to sell the land. The land was being carried at cost in the amount of \$952,422 as of June 30, 2021 as it was lower than the estimated market value. The Organization entered into a contract to sell the land at a price of \$1,300,000 in September 2020 and amended the contract in February 2021. The sale was completed in December

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE H - LAND HELD FOR SALE, CONTINUED

2021. The amendment required the buyer to pay the Organization \$50,000 per month beginning March 1, 2021 through December 1, 2021. The Organization recognized \$235,000 during the year ended June 30, 2021 as those payments were nonrefundable but did apply to the purchase price if the buyer closed the purchase in accordance with the amended purchase agreement. The balance of the sales price of \$28,453 was recognized as a gain for the year ended June 30, 2022.

The Organization received a donation of land during the year ended June 30, 2022 which it intends to resell. Such land is held for sale in the amount of \$100,000 at June 30, 2022.

NOTE I - LONG TERM DEBT

Total long term debt consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Note payable - on April 15, 2020 the Organization received a loan in the amount of \$617,565 through the Small Business Administration (SBA) Paycheck Protection Program (PPP). The loan has a maturity date of two (2) years with an annual interest rate of 1.00%. The Organization did apply for full forgiveness of the loan in accordance with the requirements of the PPP and provisions of Section 1106 of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act). The Organization was granted full forgiveness of the loan on January 16, 2021.	\$ -	\$ -
Mortgage note payable - Financial Institution, in the original amount of \$2,220,000 dated December 8, 2014. On November 19, 2019 the mortgage was refinanced with another financial institution. New loan amount was \$1,400,000 with monthly payments of \$10,148 including principal and interest at a fixed interest rate of 3.65%, maturing on November 19, 2034. The Organization has intentionally paid additional principal payments with the intent to pay the loan off early and reduce future interest expense. The loan and the LOC are cross collateralized and collateralized by all non real property assets and a pledge not to sell or encumber real property. The loan was paid in full in December 2021.	-	530,181

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE I - LONG TERM DEBT, CONTINUED

	<u>2022</u>	<u>2021</u>
Line of credit - In addition to refinancing the Mortgage Payable on November 19, 2019, the Organization obtained a revolving Line of Credit (LOC) in the amount of \$250,000. Interest rate is Prime plus 10 basis points. Interest rate at June 30, 2022 was 4.85%. The LOC renews annually on November 19. The loan and the LOC are cross collateralized and collateralized by all non- real property assets and a pledge not to sell or encumber real property. No amounts were borrowed during the years ended June 30, 2022 or 2021.	-	-
Less: current maturities	-	530,181
Long-term debt, net of current portion	<u>\$ -</u>	<u>\$ (104,155)</u>
	<u>\$ -</u>	<u>\$ 426,026</u>

Future maturities of debt are as follows:

<u>Years Ending June 30</u>	<u>Amount</u>
2023	\$ -
2024	-
2025	-
2026	-
2027	-
	<u>\$ -</u>

Interest expense was \$8,194 and \$48,876, for the years ended June 30, 2022 and 2021, respectively.

NOTE J - NET ASSETS

Net assets without donor restriction - Board designated consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Investments		
Operating fund	\$ 8,316,197	\$ 10,795,821
Capital fund	2,039,304	-
Endowment fund	1,273,874	1,361,360
	<u>\$ 11,629,375</u>	<u>\$ 12,157,181</u>

NOTE J - NET ASSETS, CONTINUED

Temporarily restricted net assets consisted of the following as of June 30:

	<u>2022</u>	<u>2021</u>
Capital campaign - building fund	\$ 273,038	\$ 305,928
Harry's Helping program	-	46,405
Mobile & in-school pantries	35,000	25,000
Partner Agency	25,000	-
Other	50	50
	<u>\$ 333,088</u>	<u>\$ 377,383</u>

Permanently restricted net assets are held in the beneficial interest investment in the amount of \$37,459 and \$44,204 at June 30, 2022 and 2021, respectively.

The net assets with donor restrictions are held as follows at June 30:

	<u>2022</u>	<u>2021</u>
Cash - restricted	\$ 60,050	\$ 71,455
Beneficial interest	310,497	350,132
Grants held for other agencies	-	-
	<u>\$ 370,547</u>	<u>\$ 421,587</u>

NOTE K - EMPLOYEE BENEFIT PLAN

The Organization offers a single employer defined contribution plan to its employees and contributes 4% of eligible compensation to a 401(k) retirement plan (the "Plan") on behalf of all eligible employees whether or not the employee contributes. The Organization also matches employee contributions up to another 4% of the employee's compensation. An employee is eligible to participate in the Plan immediately upon hire if employed at least 30 hours per week. The Employer does not contribute to the Plan until the month after the employee completes one year of service. The employee is immediately 100% vested in their own contributions. The employee vests 100% in the Organization's contributions in the first month after completion of thirty-six (36) months qualified employment. Total retirement expense for the years ended June 30, 2022 and 2021 was \$202,949 and \$190,972, respectively, and is included in payroll and related expenses, allocated between program and supporting services.

NOTE L - OPERATING LEASES

Office and Warehouse Space

During the year ended June 30, 2022, the Organization entered into an operating lease for warehouse space in Naples, Florida ending February 28, 2026. The minimum monthly payments under the lease agreement are \$14,154 base rent plus \$3,997 of common area maintenance (CAM) fees. Base rent will increase by 3% each year on the anniversary date of the lease. The lease has one 4 year renewal option available. The Organization intends to renew this lease.

During the year ended June 30, 2020, the Organization entered into an operating lease for office space in Fort Myers, Florida ending May 31, 2021. The lease had a 1 year renewal option available and the Organization exercised it. The lease was amended for an additional year and now ends May 31, 2023. Monthly payments under the lease agreement are \$4,500 through May 31, 2023.

During the year ended June 30, 2021, the Organization entered into an operating lease for office space in Naples, Florida ending October 31, 2021. The lease had one 2 year renewal option available which was exercised and now ends on October 31, 2023. Monthly payments under the lease agreement are \$8,225 through October 31, 2022 and increases by 3% in the second extension year.

Lease expense for the years ended June 30, 2022 and 2021 under these leases was \$331,796 and \$311,785, respectively, and is included in other expenses, allocated between program and supporting services.

Future minimum payments required under these leases are as follows:

Years ending June 30	Amount
2023	\$ 372,446
2024	258,277
2025	229,962
2026	155,710
2027	-
Thereafter	-
	<u>\$ 1,016,395</u>

NOTE M · ENDOWMENT FUND

On October 3, 2002 the Organization entered into an agreement with Collaboratory (formerly the Southwest Florida Community Foundation) (an unrelated organization) to create an endowment fund for the benefit of the Organization (beneficial interest). The agreement called for a \$5,000 contribution by the Organization to the Collaboratory that was matched by the Collaboratory, creating a total endowment of \$10,000.

During the year ending June 30, 2015, the Organization entered into similar agreements with two additional unrelated local community foundations. The Organization made two contributions totaling \$7,000. One agreement called for a \$5,000 contribution by the Organization with a respective match by the foundation creating a total endowment of \$10,000. The other agreement called for a \$2,000 contribution by the Organization with no match provided by the respective foundation.

The assets of all three (3) agreements are the property of the respective local foundations in accordance with the terms of the agreements and are not available for distribution to the Organization. The assets of each agreement fund are held for the benefit of the Organization and the income from the fund is available to be distributed to the Organization annually subject to the approval of each individual foundation. Annual income from each agreement has, historically, been reinvested by the respective foundations at the direction of the Organization. Once the annual income has been reinvested it historically, has then not been available for future distribution to the Organization. Each agreement also incurs investment management costs. The endowment fund agreements permit additional endowment gifts to be contributed. During the years ended June 30, 2022 and 2021, net investment gains (losses) including additional contributions, net of investment management costs totaled a loss of \$39,635 and a gain of \$76,066, respectively. The total endowment held by the foundations for the benefit of the Organization at June 30, 2022 and 2021, was \$310,497 and \$350,132, respectively (see Note D).

NOTE N - COMMITMENTS AND CONTINGENCIES

The Organization is currently receiving and previously has received grants, contracts, and other third party funds which are subject to special compliance audits by the grantor and other third party agencies that provided these reimbursements. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of the Organization. Such liabilities are not reflected within the financial statements of the Organization, as management does not believe any material contingent liabilities exist.

The Organization entered into a paycheck protection program loan (PPP) on April 15, 2020 in the amount of \$617,565. The PPP was officially fully forgiven on January 16, 2021. As such, the proceeds were recorded as other revenue during the year ended June 30, 2021.

NOTE O - LITIGATION

The Organization is involved from time to time in routine litigation, the substance of which would not materially affect its financial position, due to third party insurance coverage and/or federal tort limits. The Organization is not in a position to predict a final outcome of such lawsuits or claims, or the related costs involved. The Organization intends to vigorously contest all claims unless first settled. Management is not aware of any asserted claims at June 30, 2022.

NOTE P - UNITED WAY CONTRIBUTIONS

Harry Chapin Food Bank of Southwest Florida, Inc. received the following contributions from United Way for the years ended June 30:

United Way	2022	2021
Lee County	\$ 177,629	\$ 182,495
Charlotte County	19,187	21,103
Collier County	250	-
Hendry/Glades County	6,000	6,500
	\$ 203,066	\$ 210,098

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2022 and 2021

NOTE Q - RELATED PARTY TRANSACTION

As of June 30, 2022, the Organization held certificates of deposit and other investments in an investment company in which a member of the Board held a management position.

NOTE R - INVENTORY VALUATION

On July 1 of each year the Organization revalues its inventory by implementing the current Feeding America food rate per pound. For the fiscal year 2022 inventory valuation the Feeding America rate for USDA products was \$1.67 and non-USDA products was \$1.79. The rates used for the year ended June 30, 2021 was \$1.62 for USDA products and \$1.74 for non-USDA products.

NOTE S - LIQUIDITY

Financial assets available within one year of June 30, 2022 consisted of the following:

	<u>Amount</u>
Cash and cash equivalents	\$ 1,163,743
Investments without donor restrictions	7,152,454
Accounts receivable	<u>693,384</u>
	9,009,581
Less amounts due within one year:	
Current liabilities	708,214
Restricted cash	<u>60,050</u>
Financial assets available to meet general expenditures over the next twelve months	<u>\$ 8,241,317</u>

The Board has established a Board designated endowment as follows on June 30:

	<u>2022</u>	<u>2021</u>
Investments		
Capital fund	\$ 2,039,304	\$ -
Endowment fund	<u>963,377</u>	<u>1,011,228</u>
	<u>\$ 3,002,681</u>	<u>\$ 1,011,228</u>

These designated funds are not included in the liquidity calculation above.

SUPPLEMENTARY INFORMATION

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal or State Agency & Office/Pass Through Grantor/Program Title	Federal CFDA State CSFA Number	
FEDERAL AWARDS		
MAJOR (Type A)		
U.S. Department of Agriculture		
Passed through Florida Department of Agriculture and Consumer Services		
Administrative Costs 18/19 (CSFP)	10.565	*
Food Commodities - Non Cash (CSFP)	10.565	*
Administrative Costs 21/22 (CSFP)	10.565	*
Food Commodities - Non Cash (CSFP)	10.565	*
Administrative Costs 18/19 (USDA/TEFAP)	10.568	*
Food Commodities - Non Cash (USDA/TEFAP)	10.569	*
Administrative Costs 21/22 (USDA/TEFAP)	10.568	*
Food Commodities - Non Cash (USDA/TEFAP)	10.569	*
Administrative Costs 20 (USDA/FFCRA/CARES USDA/TEFAP)	10.568	*
Food Commodities - Non Cash (USDA/FFCRA/CARES USDA/TEFAP)	10.569	*
 MAJOR (Type B)		
U.S. Department of the Treasury		
Passed through Lee County Board of County Commissioners		
Food Security Program		
Administration Costs - Lee County ARPA Grant (Lee Cares)	21.027	
 NON MAJOR (Type B)		
U.S. Department of Homeland Security (FEMA):		
Passed through United Way of America		
Emergency Food and Shelter Program (EFSP)		
Glades County	97.024	
Lee County	97.024	
Hendry County	97.024	
Glades County	97.024	
Collier County	97.024	
Lee County	97.024	
Hendry County	97.024	
Collier County	97.024	
Hendry County CARES	97.024	
Collier County	97.024	

- (1) includes receivables of \$17,581
- (2) includes receivables of \$185,338
- (3) includes receivables of \$395,396
- (4) includes receivables of \$78,598
- (a) Pertains to Phase 37

- (b) Pertains to Phase 38
- (c) Pertains to ARPA
- (d) Pertains to CARES
- (e) Pertains to Phase 39
- * considered Food Distribution Cluster

<u>Pass-Through or Grant Contract Number</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements/ Expenditures</u>	<u>Pass through to subrecipients</u>
24879	\$ 374,938	\$ 25,066	\$ 25,066	\$ -
24879	652,040	184,029	151,833	151,833
28148	102,100	75,728 (1)	75,728	-
28148	770,300	586,271	494,534	494,534
22748	4,263,228	523,803	523,803	262,088
22748	4,702,141	4,702,141	5,032,962	2,030,626
27883	291,495	291,495 (2)	291,495	-
27883	5,165,364	5,165,364	5,229,162	5,229,162
28204	368,078	368,078	368,078	338,872
28204	920,195	920,195	920,195	920,195
	<u>17,609,879</u>	<u>12,842,170</u>	<u>13,112,856</u>	<u>9,427,310</u>
SLT-2390	<u>2,750,000</u>	<u>395,396 (3)</u>	<u>395,396</u>	<u>-</u>
	<u>2,750,000</u>	<u>395,396</u>	<u>395,396</u>	<u>-</u>
163200-017	3,000 (a)	3,000	3,000	3,000
165400-012	50,000 (b)	50,000	50,000	50,000
163200-017	2,113 (b)	2,113	2,113	2,113
163200-017	4,107 (b)	4,107	4,107	4,107
159000-013	6,392 (b)	6,392	6,392	6,392
165400-012	140,800 (c)	140,800	140,800	140,800
163200-017	13,000 (c)	13,000	13,000	13,000
159000-013	9,693 (c)	4,847	4,847	4,847
163200-017	10,000 (d)	10,000	10,000	10,000
159000-013	3,396 (e)	3,396	3,396	3,396
	<u>242,501</u>	<u>237,655 (4)</u>	<u>237,655</u>	<u>237,655</u>
TOTAL				
FEDERAL AWARDS	<u>\$ 20,602,380</u>	<u>\$ 13,475,221</u>	<u>\$ 13,745,907</u>	<u>\$ 9,664,965</u>

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL
AWARDS

Page 32 of 43

Year ended June 30, 2022

NOTE A - BASIS OF PRESENTATION

The Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America and is in accordance with the provisions of the OMB Uniform Guidance, "Audits of States, Local Governments and Non-Profit Organizations".

Expenditures reported on the Schedule of Expenditures of Federal Awards include cash disbursements, whether capitalized or expensed, during the fiscal year as well as grant related amounts recorded as payable at year end. Revenues reported on the Schedule of Expenditures of Federal Awards include cash receipts, whether recognized or deferred, as well as grant receivables recorded at year end.

NOTE B - INDIRECT COSTS

The Organization did not routinely allocate costs to Federal Awards. Costs charged to such programs were direct costs unless specifically incurred for the program and allowed and indicated as such.

Harry Chapin Food Bank of Southwest Florida, Inc. has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C - FOOD DISTRIBUTION

Included in the Schedule of Expenditures of Federal Awards are in-kind food items received through The Emergency Food Assistance Program (TEFAP) and the Commodity Supplemental Food Program (CSFP). For the fiscal year ended June 30, 2022, the value of these contributions and related inventory are based on price lists provided by Feeding America and the Florida Department of Agriculture and Consumer Services, respectively.

NOTE D - COVID RELATED GRANTS

Harry Chapin Food Bank of Southwest Florida, Inc. received the Collier County ARPA Grant CFDA 21.027 from Collier County Community Foundation during the year ended June 30, 2022. This grant is not listed on the Schedule of Expenditures of Federal Awards (SEFA) as it is not subject to Uniform Guidance.

**ADDITIONAL REPORTS OF
INDEPENDENT AUDITOR**



TUSCAN
& Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

Page 33 of 43

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL
CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Harry Chapin Food Bank of Southwest Florida, Inc.
3760 Fowler Street
Fort Myers, FL 33901

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 Harry Chapin Food Bank of Southwest Florida, Inc., which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 2, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Harry Chapin Food Bank of Southwest Florida, 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 Harry Chapin Food Bank of Southwest Florida, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Harry Chapin Food Bank of Southwest Florida, Inc.'s internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there

INTEGRITY SERVICE EXPERIENCE

is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

We noted a certain other item that we have reported in our Independent Auditor's Report to Management dated September 2, 2022.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Harry Chapin Food Bank of Southwest Florida, 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.

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.



TUSCAN & COMPANY, P.A.

Fort Myers, Florida

September 2, 2022



TUSCAN
 & Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

**Independent Auditor's Report on Compliance with Requirements That Could
 Have a Direct and Material Effect on Each Major Federal Program
 and on Internal Control Over Compliance in Accordance
 with the Uniform Guidance**

Board of Directors
 Harry Chapin Food Bank of Southwest Florida, Inc.
 3760 Fowler Street
 Fort Myers, FL 33901

Report on Compliance For Each Major Federal Program

We have audited Harry Chapin Food Bank of Southwest Florida, Inc.'s compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Harry Chapin Food Bank of Southwest Florida, Inc.'s major federal programs for the year ended June 30, 2022. Harry Chapin Food Bank of Southwest Florida, 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 the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs.

Auditor's Responsibility

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 Requirement for Federal Awards" (Uniform Guidance). Those Standards, 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 Harry Chapin Food Bank of Southwest Florida, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the

INTEGRITY SERVICE EXPERIENCE

circumstances. We believe that our audit provides a reasonable basis for our opinion. However, our audit does not provide a legal determination on Harry Chapin Food Bank of Southwest Florida, Inc.'s compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Harry Chapin Food Bank of Southwest Florida, 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, 2022.

Report on Internal Control Over Compliance

The management of Harry Chapin Food Bank of Southwest Florida, Inc. is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Harry Chapin Food Bank of Southwest Florida, Inc.'s internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate on 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 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 Harry Chapin Food Bank of Southwest Florida, Inc.'s internal control over compliance.

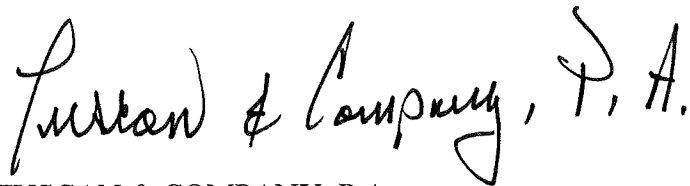
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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.

Purpose of the Report

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

A handwritten signature in black ink that reads "Tuscan & Company, P.A." in a cursive, slightly slanted script.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

September 2, 2022

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
AWARDS

Year ended June 30, 2022

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor's report issued	Unmodified		
Internal control over financial reporting:			
Control deficiency(ies) identified?	_____ Yes	_____ X	No
Significant deficiency(ies) identified?	_____ Yes	_____ X	No
Material weakness(es) identified?	_____ Yes	_____ X	None reported
Noncompliance material to financial statements noted?	_____ Yes	_____ X	No

Federal Awards

Internal control over major programs:			
Control deficiency(ies) identified?	_____ Yes	_____ X	No
Significant deficiency(ies) identified?	_____ Yes	_____ X	No
Material weakness(es) identified?	_____ Yes	_____ X	None reported
Type of auditors report issued on compliance for major 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 programs (Type A):

CFDA Number(s)	Name of Federal Program or Cluster
	U.S. Department of Agriculture (Food Distribution Cluster)
10.565	Commodity Supplemental Food Program (CSFP) - Administrative Costs
10.568	Administrative Costs - (TEFAP)
10.569	Food Commodities Cluster (TEFAP) - Non Cash
	U.S. Department of Treasury
21.027	Food Security Program

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

Auditee qualified as low-risk auditee?	_____ X	Yes _____	No _____
--	---------	-----------	----------

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
AWARDS, CONTINUED
Year ended June 30, 2022

The Organization provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Grant Number	Amount
U.S. Department of Agriculture Emergency Food Assistance Program Commodity Supplemental Food Program	10.565	24879	\$ 151,833
U.S. Department of Agriculture Emergency Food Assistance Program Commodity Supplemental Food Program	10.565	28148	\$ 494,534
U.S. Department of Agriculture Emergency Food Assistance Program Administrative Costs	10.568	22748	\$ 262,088
U.S. Department of Agriculture Emergency Food Assistance Program Administrative Costs	10.568	28204	\$ 338,872
U.S. Department of Agriculture Emergency Food Assistance Program Food Commodities	10.569	22748	\$ 2,030,626
U.S. Department of Agriculture Emergency Food Assistance Program Food Commodities	10.569	27883	\$ 5,229,162
U.S. Department of Agriculture Emergency Food Assistance Program Food Commodities	10.569	28204	\$ 920,195
U.S. Department of Homeland Security Emergency Food and Shelter Program National Board Program	97.024	various	\$ 237,655
			<u>\$ 9,664,965</u>

HARRY CHAPIN FOOD BANK OF SOUTHWEST FLORIDA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - FEDERAL
AWARDS, CONTINUED
Year ended June 30, 2022

Section II - Financial Statement Findings

There were no deficiencies, material weaknesses, or instances of noncompliance related to the financial statements.

Section III - Federal Award Findings and Questioned Costs

There were no audit findings related to Federal Awards required to be reported by 2 CFR Section 200.516(a)

Section IV - Status of Federal Prior Year Findings

There were no prior year findings.



TUSCAN
 & Company, PA

Certified Public Accountants & Consultants

Affiliations

Florida Institute of Certified Public Accountants

American Institute of Certified Public Accountants

Private Companies Practice Section

Tax Division

INDEPENDENT AUDITOR'S REPORT TO MANAGEMENT

Board of Directors

Harry Chapin Food Bank of Southwest Florida, Inc.

3760 Fowler Street

Fort Myers, Florida 33901

In planning and performing our audit of the financial statements of Harry Chapin Food Bank of Southwest Florida, Inc. (the "Organization") (a not-for-profit Florida corporation) as of and for the year ended June 30, 2022, in accordance with auditing standards generally accepted in the United States of America, we considered Harry Chapin Food Bank of Southwest Florida, 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 the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Organization's financial statements will not be prevented, or detected and corrected, on a timely basis.

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

In connection with our audit, we are submitting the following comments and recommendations in accordance with Government Auditing Standards, Title 2 U.S. Code of Federal Regulations Part 200, "Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards" (Uniform Guidance). We are, therefore, submitting

INTEGRITY SERVICE EXPERIENCE

for your review and consideration, items noted during the audit and recommendations designed to help the Organization make improvements and achieve operational efficiencies. Our comment reflects our desire to be of continuing assistance to Harry Chapin Food Bank of Southwest Florida, Inc.

PRIOR YEAR COMMENTS THAT CONTINUE TO APPLY:

2021-1 During the audit for the year ended June 30, 2021, we performed various procedures on inventory and inventory valuation. On June 30, 2021, we performed an observation of the perpetual inventory at all warehouse locations. During this procedure, we selected various food items randomly from the perpetual inventory sheet and from the warehouse floor. Exceptions noted during our observation were corrected on the final inventory lists. However, one (1) USDA item was corrected twice in the Ceres system, which resulted in inventory being overstated as of June 30, 2021.

During the USDA inventory testing, we, also, selected twenty five (25) random shipments from USDA to the Organization's warehouse to test the valuation of inventory. We noted three (3) of the twenty-five (25) shipments selected were valued incorrectly when entered in the Ceres system, which resulted in the inventory valuation being understated.

During the Single Audit procedures, we reviewed the monitoring performed by the USDA on the Organization during the month of June 2021. It was noted that the USDA had corrective actions for nineteen (19) of twenty-four (24) inventory items that could not be reconciled to the perpetual inventory sheet. The Organization did respond to USDA and the issue has been closed.

We recommend that the Organization increase their controls over inventory to include a secondary review of the quantity and unit cost of inventory. We also recommend that the Organization perform reviews on inventory weight in the Ceres system for accuracy.

Current year addendum

During the audit we were able to perform all inventory procedures without any exceptions. This comment appears to be resolved.

CURRENT YEAR COMMENTS:

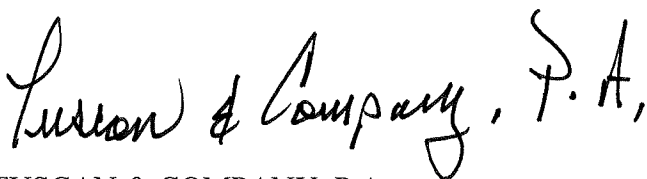
2022-1 Checks Should Be Maintained In Sequential Format

During the audit, we noted that the check sequence was not properly employed.

We recommend all checks be used in an orderly sequential format in an effort to ensure completeness, maintain integrity of sequence and related internal control.

We would like to express our appreciation for the opportunity to serve and assist Harry Chapin Food Bank of Southwest Florida, Inc. Your staff and management was very helpful and assisted us well. We would be pleased to further discuss and assist in the implementation of these recommendations.

This letter is intended solely for the information and use of the Board, the Audit Committee, management, Federal awarding agencies and pass-through entities. This report is not intended to be, and should not be, used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Tuscán & Company, P.A." in a cursive script.

TUSCAN & COMPANY, P.A.

Fort Myers, Florida

September 2, 2022

EXHIBIT



Harry Chapin Food Bank
OF SOUTHWEST FLORIDA

October 17, 2022

Tuscan & Company, P.A.
Attn: Mr. Jeffery Tuscan
12621 World Plaza Lane
Fort Myers, FL 33907

Dear Jeff,

Please find the responses below to the items noted during the recent audit relating to operational efficiencies. We have taken corrective action to remedy all potential deficiencies described in the audit report.

2022-1 Checks Should Be Maintained in Sequential Format During the audit, we noted that the check sequence was off by one (1). We recommend all checks be used in an orderly sequential format in an effort to ensure completeness, maintain integrity of sequence and related internal control.

HCFB Response:

The check sequencing was off by one due to a few rent checks being processed on June 30, 2022 with a date of July 1, 2022. Following those checks the last invoice check was processed with a June 30, 2022 date. Going forward the check sequencing will be closely watched to avoid this from happening again.

We appreciate the thoroughness of your team in conducting the audit.

Very truly yours,

Steven Soucy
CFO
Harry Chapin Food Banks of Southwest Florida

cc: Richard LeBer, President & CEO
John Clinger, Board Chair



The Harry Chapin Food Bank has received the highest rating of 4 stars from Charity Navigator for successfully managing the finances of the organization in an efficient and effective manner.

This letter acknowledges your charitable contribution made to the Harry Chapin Food Bank and that no goods or services were provided to you, in whole or in part, in consideration for the contribution.

3760 Fowler Street Fort Myers, Florida 33901 T 239.334.7007 F 239.337.1399