

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Financial Statements and**  
**Schedules Required By the Uniform Guidance**  
**Together with Reports of Independent Auditor**  
**Years Ended June 30, 2023 and 2022**

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## Independent Auditor's Report

To the Board of Directors  
Harry Chapin Food Bank of Southwest Florida, Inc.  
Fort Myers, Florida

### **Opinion**

We have audited the accompanying financial statements of Harry Chapin Food Bank of Southwest Florida, Inc. (a non-profit corporation), which comprise the statements of financial position as of June 30, 2023 and 2022 and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements 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, 2023 and 2022, and the results of its operations 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 auditing standards generally accepted in the United States of America and the standards applicable to financial contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of 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.

### **Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events considered in the aggregate, that raise substantial doubt about Harry Chapin Food Bank of

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By Appointment Only

Southwest Florida, Inc.' 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, including omissions, 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.' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Harry Chapin Food Bank of Southwest Florida, Inc.' 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***

#### ***Report on Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards, as required by Title 2 U.S.Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), is presented for the purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of

the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated August 30, 2023, on our consideration of Harry Chapin Food Bank of Southwest Florida, Inc.' 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 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.' internal control over financial reporting and compliance.



Stroemer & Company, LLC  
Fort Myers, Florida  
August 30, 2023

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Statements of Financial Position**  
**June 30, 2023 and 2022**

	2023	2022
<b>Assets</b>		
<b>Current Assets</b>		
Cash and cash equivalents (including restricted cash of \$1,082,050 and \$60,050 at June 30, 2023 and 2022, respectively)	\$ 1,019,448	\$ 1,163,743
Certificates of deposit and other investments	12,171,199	7,152,454
Accounts receivable	792,393	693,384
Prepaid expenses	144,114	153,041
Inventory	1,750,369	1,809,880
<b>Total current assets</b>	15,877,523	10,972,502
<b>Property and equipment, net</b>	6,250,352	4,560,042
<b>Operating lease right-of-use assets</b>	904,282	-
<b>Other assets</b>		
Investments - Board designated endowment	7,862,103	3,002,681
Investments - beneficial interest - restricted	336,125	310,497
Deposits	196,075	38,512
Land held for sale	-	100,000
<b>Total other assets</b>	8,394,303	3,451,690
<b>Total assets</b>	<b>\$31,426,460</b>	<b>\$18,984,234</b>
<b>Liabilities and net assets</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 147,890	\$ 225,293
Accrued expenses	257,417	243,481
Compensated absences	243,498	239,440
Deferred revenue	666,667	-
Current portion of operating lease liability	261,837	-
<b>Total current liabilities</b>	1,577,309	708,214
<b>Long-term liabilities</b>		
Operating lease liability, net of current portion	642,445	-
<b>Total liabilities</b>	2,219,754	708,214
<b>Net Assets</b>		
<b>Net assets without donor restrictions</b>		
Operating	22,499,502	13,345,431

The accompanying notes are an integral part of this statement.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Statements of Financial Position (Continued)**  
**June 30, 2023 and 2022**

	2023	2022
Investment in property and equipment	6,250,352	4,560,042
<b>Total net assets without donor restrictions</b>	<b>28,749,854</b>	<b>17,905,473</b>
Net assets with donor restrictions		
<b>Total net assets with donor restrictions</b>	<b>456,852</b>	<b>370,547</b>
<b>Total net assets</b>	<b>29,206,706</b>	<b>18,276,020</b>
<b>Total liabilities and net assets</b>	<b>\$31,426,460</b>	<b>\$18,984,234</b>

The accompanying notes are an integral part of this statement.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2023**

	Without Donor <u>Restrictions</u>	With Donor <u>Restrictions</u>	<u>Total</u>
<b>Changes in net assets</b>			
<b>Operating revenues and support</b>			
Food contributions - USDA in-kind food	\$ 7,475,929	\$ -	\$ 7,475,929
Food contributions - USDA CSFP in-kind food	542,785	-	542,785
Food contributions - in-kind food	44,083,868	-	44,083,868
Federal government programs	2,299,078	-	2,299,078
United Way	165,678	-	165,678
Grants and donations	16,641,491	7,681,739	24,323,230
Programs	483,322	-	483,322
Other revenue	580,089	4,011	584,100
Gain on disposal of property and equipment	1,950,896	-	1,950,896
Total	<u>74,223,136</u>	<u>7,685,750</u>	<u>81,908,886</u>
Net assets released from restrictions	7,599,445	(7,599,445)	-
Total operating revenues and support	<b><u>81,822,581</u></b>	<b><u>86,305</u></b>	<b><u>81,908,886</u></b>
<b>Operating expenses</b>			
Program Services	68,934,997	-	68,934,997
Administrative	775,477	-	775,477
Fundraising	1,169,258	-	1,169,258
Total operating expenses	<b><u>70,879,732</u></b>	<b><u>-</u></b>	<b><u>70,879,732</u></b>
<b>Capital campaign activity</b>			
Capital campaign expenses	98,468	-	98,468
Total change in net assets	<b><u>10,844,381</u></b>	<b><u>86,305</u></b>	<b><u>10,930,686</u></b>
Net assets, beginning of year	<u>17,905,473</u>	<u>370,547</u>	<u>18,276,020</u>
Net assets, end of year	<b><u>\$28,749,854</u></b>	<b><u>\$ 456,852</u></b>	<b><u>\$29,206,706</u></b>

The accompanying notes are an integral part of this statement.



**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Statement of Activities**  
**For the Year Ended June 30, 2022**

	Without Donor Restrictions	With Donor Restrictions	Total
	<u>                    </u>	<u>                    </u>	<u>                    </u>
<b>Changes in net assets</b>			
<b>Operating revenues and support</b>			
Food contributions - USDA in-kind food	\$ 10,787,700	\$ -	\$ 10,787,700
Food contributions - USDA CSFP in-kind food	770,300	-	770,300
Food contributions - in-kind food	39,192,173	-	39,192,173
Federal government programs	1,917,221	-	1,917,221
United Way	203,066	-	203,066
Grants and donations	15,594,270	930,373	16,524,643
Programs	137,919	-	137,919
Other revenue	(47,805)	(6,745)	(54,550)
	<u>68,554,844</u>	<u>923,628</u>	<u>69,478,472</u>
Total	68,554,844	923,628	69,478,472
Net assets released from restrictions	974,668	(974,668)	-
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total operating revenues and support	<b><u>69,529,512</u></b>	<b><u>(51,040)</u></b>	<b><u>69,478,472</u></b>
<b>Operating expenses</b>			
Program Services	69,268,963	-	69,268,963
Fundraising	1,051,598	-	1,051,598
Administrative	598,498	-	598,498
	<u>70,919,059</u>	<u>-</u>	<u>70,919,059</u>
Total operating expenses	<b><u>70,919,059</u></b>	<b><u>-</u></b>	<b><u>70,919,059</u></b>
Total change in net assets	<b><u>(1,389,547)</u></b>	<b><u>(51,040)</u></b>	<b><u>(1,440,587)</u></b>
Net assets, beginning of year	19,295,020	421,587	19,716,607
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Net assets, end of year	<b><u>\$ 17,905,473</u></b>	<b><u>\$ 370,547</u></b>	<b><u>\$ 18,276,020</u></b>

The accompanying notes are an integral part of this statement.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2023**

<b>Functional Expenses</b>	<u>Supporting Services</u>			<b>Total Supporting Services</b>	<b>2023 Total Expenses</b>
	<b>Program Services</b>	<b>Administrative</b>	<b>Fundraising</b>		
Food distribution - in-kind	\$ 52,107,817	\$ -	\$ -	\$ -	\$ 52,107,817
Cost of food	9,496,797	-	-	-	9,496,797
Payroll and related expenses	3,303,001	415,067	645,919	1,060,986	4,363,987
Pick and pack out	401,315	-	-	-	401,315
Other	962,652	180,682	466,075	646,757	1,609,409
Insurance	773,790	21,224	(6,231)	14,993	788,783
Vehicle	515,041	-	-	-	515,041
Technology	284,317	11,512	23,023	34,535	318,852
Utilities	178,297	9,948	4,542	14,490	192,787
Maintenance	124,584	2,400	-	2,400	126,984
Transportation	53,825	-	-	-	53,825
Finance	64	118,763	752	119,515	119,579
Business travel	156,637	15,881	35,178	51,059	207,696
<b>Total expenses before depreciation</b>	<b>68,358,137</b>	<b>775,477</b>	<b>1,169,258</b>	<b>1,944,735</b>	<b>70,302,872</b>
Depreciation	576,860	-	-	-	576,860
<b>Total expenses</b>	<b><u>\$ 68,934,997</u></b>	<b><u>\$ 775,477</u></b>	<b><u>\$ 1,169,258</u></b>	<b><u>\$1,944,735</u></b>	<b><u>\$ 70,879,732</u></b>

The accompanying notes are an integral part of this statement.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Statement of Functional Expenses**  
**For the Year Ended June 30, 2022**

<b>Functional Expenses</b>	<b>Supporting Services</b>			<b>Total Supporting Services</b>	<b>2022 Total Expenses</b>
	<b>Program Services</b>	<b>Administrative</b>	<b>Fundraising</b>		
Food distribution - in-kind	\$ 51,862,581	\$ -	\$ -	\$ -	\$ 51,862,581
Cost of food	9,627,869	-	-	-	9,627,869
Payroll and related expenses	2,940,344	347,836	682,253	1,030,089	3,970,433
Pick and pack out	1,641,915	-	-	-	1,641,915
Other	943,747	94,100	244,813	338,913	1,282,660
Insurance	574,616	53,477	99,280	152,757	727,373
Vehicle	536,414	-	-	-	536,414
Technology	190,882	7,753	14,661	22,414	213,296
Utilities	147,736	7,805	2,722	10,527	158,263
Maintenance	95,390	-	2,011	2,011	97,401
Transportation	97,268	-	-	-	97,268
Finance	334	85,326	492	85,818	86,152
Business travel	36,826	2,201	5,366	7,567	44,393
<b>Total expenses before depreciation</b>	<b>68,695,922</b>	<b>598,498</b>	<b>1,051,598</b>	<b>1,650,096</b>	<b>70,346,018</b>
Depreciation	573,041	-	-	-	573,041
<b>Total expenses</b>	<b><u>\$ 69,268,963</u></b>	<b><u>\$ 598,498</u></b>	<b><u>\$ 1,051,598</u></b>	<b><u>\$ 1,650,096</u></b>	<b><u>\$ 70,919,059</u></b>

The accompanying notes are an integral part of this statement.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Statements of Cash Flows**  
**For the Years Ended June 30, 2023 and 2022**

	<b>2023</b>	<b>2022</b>
<b>Cash flows from operating activities:</b>		
Cash received from donations, grants contracts and programs	\$ 28,098,668	\$ 18,647,629
Interest paid	-	(86,151)
Interest and other income received	419,163	(14,915)
Cash paid to suppliers and employees	(18,442,057)	(19,007,350)
<b>Net cash provided by (used in) operating activities</b>	<b>10,075,774</b>	<b>(460,787)</b>
<b>Cash flows from investing activities:</b>		
Purchases of property and equipment	(2,267,170)	(478,078)
Purchases of investments	(7,952,899)	-
Proceeds from the sale of investments	-	1,310,232
Proceeds from the sale of land held for resale	-	980,875
<b>Net cash provided by (used in) investing activities</b>	<b>(10,220,069)</b>	<b>1,813,029</b>
<b>Cash flows from Financial activities:</b>		
Principal payments on mortgage	-	(530,181)
<b>Net cash used in financing activities</b>	<b>-</b>	<b>(530,181)</b>
<b>Net change in cash and cash equivalents</b>	<b>(144,295)</b>	<b>822,061</b>
Cash and cash equivalents at beginning of year	1,163,743	341,682
Cash and cash equivalents at end of year	<b>\$ 1,019,448</b>	<b>\$ 1,163,743</b>

The accompanying notes are an integral part of this statement.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Statements of Cash Flows (Continued)**  
**For the Years Ended June 30, 2023**

	<b>2023</b>	<b>2022</b>
<b>Reconciliation of change in net assets to net cash provided by (used in) operating activities</b>		
Change in net assets	\$ 10,930,686	\$(1,440,587)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	576,860	573,041
Donated land	100,000	(100,000)
Gain on disposal of property and equipment	(1,950,896)	(28,453)
<b>(Increase)/decrease in assets:</b>		
Accounts receivable	(99,009)	(106,767)
Inventory	59,511	979,151
Prepaid expenses	8,927	(101,541)
Beneficial interest	-	39,635
Deposits	(157,563)	-
Operating lease right-of-use assets	(904,282)	-
<b>Increase/(decrease) in liabilities:</b>		
Operating lease liability	904,282	-
Accounts payable	(77,403)	53,971
Accrued expenses	13,936	(342,895)
Compensated absences	4,058	13,658
Deferred revenue	666,667	-
<b>Net cash provided by (used in) operating activities</b>	<b>\$ 10,075,774</b>	<b>\$ (460,787)</b>
<b>Supplemental disclosure of non cash activities:</b>		
Donations-in-kind food - revenue	\$ 52,102,582	\$ 50,751,173
Donations-in-kind food - expenses	\$ (52,107,817)	\$ (51,862,581)
Land	\$ -	\$ 100,000

The accompanying notes are an integral part of this statement.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note A - Summary of Significant Accounting Policies**

**1. 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.

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 35.7 and 34.7 million pounds of food in the fiscal years ended June 30, 2023 and 2022, respectively.

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.

**2. 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 years ended June 30, 2023 and 2022, more than 5,139 and 4,363 volunteers collectively provided 64,961 and 67,226 hours, which equate to more than \$1,943,620 and \$2,013,419 in in-kind services, respectively. These in-kind services have not been recorded in these financial statements.

**3. 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 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.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note A - Summary of Significant Accounting Policies (continued)**

**4. 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.

**5. 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.

**6. Accounts receivable**

Accounts receivable primarily consist of amounts due from 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, 2023 and 2022, 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.

**7. Inventory**

Inventories of donated products (food) are recorded at the approximate average wholesale value as outlined in the Product Valuation Survey Methodology, December 2022 and 2021 prepared by Feeding America, a national, nonprofit distributor of donated product in the food bank network. The Organization's subsidiary records are maintained for federal surplus commodities as to quantities received and quantify 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 the lower of cost or net realizable value.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note A - Summary of Significant Accounting Policies (continued)**

**8. 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, 2023 and 2022.

**9. Impairment of property and equipment**

The Organization adheres to the "Property, Plant and Equipment" topic of the FASB ASC to account for the impairment of long-lived assets. This topic requires, among other things, that entities identify events or changes in circumstances which indicated that the carrying amount of an asset may not be recoverable.

There was no effect on the Organization's financial statements resulting from this topic for the years ended June 30, 2023 and 2022.

**10. 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, 2023 and 2022 have been accrued as a liability.

**11. Deferred revenue**

Advance payments received from the grantor agencies are deferred and recognized over the periods to which the payments relate.



**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note A - Summary of Significant Accounting Policies (continued)**

**12. Leases**

Leases, other than short-term leases, are classified as either finance or operating at inception of the lease, with classification affecting the pattern of expense recognition in the statements of activities. Operating leases result in the recognition of right-of-use ("ROU") assets and lease liabilities on the statement of financial position. ROU assets represent the Organization's right to use the leased asset for the lease term and lease liabilities represent the obligation to make lease payments. Lease liabilities are calculated as the present value of the remaining minimum lease payments for existing operating leases using either the rate implicit in the lease or, if none exists, the Organization's incremental borrowing rate.

The Organization classifies all leases that at commencement date have a lease term of 12 months or less and do not include an option to purchase the underlying assets as short-term leases. As such, the Organization has taken advantage of the practical expedient permitted within Topic 842, to not recognize the ROU asset or lease liability in its financial statements.

**13. Advertising costs**

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

**14. Income taxes**

The Internal Revenue Service has determined that the Organization is exempt from federal income taxes under section 501 (c)(3) of the Internal Revenue Code. The Organization is a not-for-profit Florida corporation and therefore is not subject to state income taxes. 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's tax filings are subject to audit by various taxing authorities. Certain income tax returns filed by the Organization remain open to examination by these government agencies. The Financial Accounting Standards Board has issued guidance on accounting for uncertainty in income taxes and the Organization adopted this guidance. The Organization has evaluated its tax positions will be recognized in income tax expense, if required.

**15. Fair value of financial instruments**

The "Financial Instruments" topic of the FASB ASC clarifies the definition of fair value for financial reporting, establishes a framework for measuring fair value, and requires additional disclosure about the use of fair value measurements in an effort to make the measurement of fair value more consistent and comparable.

The Organization's financial instruments consist of cash, receivables, inventory, prepaids, accounts payable, accrued liabilities and deposits . The Organization estimates that the fair value of all financial instruments as of June 30, 2023 and 2022 do not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying statement of financial position.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note A - Summary of Significant Accounting Policies (continued)**

**16. 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.

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.

**17. 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) created 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, 2023 and 2022, 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.

**18. 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.

**19. Cash flows**

For the purpose of the Statements of Cash Flows, the Organization considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note A - Summary of Significant Accounting Policies (continued)**

**20. Use of 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 amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

**21. Revenue recognition**

**Revenue from Exchange Transactions:**

The Organization recognizes revenue from these types of transactions in accordance with FASB Accounting Standards Update ("ASU") 2014-09, Revenue from Contracts with Customers, as amended. ASU 2014-09 applies to exchange transactions with customers that are bound by contracts or similar arrangements and establishes a performance obligation approach to revenue recognition. The Organization records the following exchange transaction revenue in its statements of activities for the years ended June 30, 2023 and 2022.

Program fees

Revenue from program fees include vendor reimbursements, food resales and cost recoveries. Revenue is recorded by the Organization as their performance obligations are met. Usually, this is a point in time when the services are provided.

**Revenue from Non-Exchange Transactions:**

The Organization recognizes revenue from these types of transactions in accordance with FASB ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 applies to non-exchange transactions. The Organization records the following non-exchange transaction revenue in its statements of activities for the years ended June 30, 2023 and 2022:

Grants from federal programs

Revenue from grants from federal programs is recognized pro-ratable over the contract period as reimbursements are requested and barriers are met.

United Way

Revenue from United Way is recognized pro-ratably over the contract period.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note A - Summary of Significant Accounting Policies (continued)**

**Revenue recognition (continued)**

Grants and donations

Revenue from grants and donations is recognized at the time the donation is made or pro-ratable over the contract period as reimbursements are requested and barriers are met.

Donations in-kind food

Revenue from donations in-kind of food is recognized at the time the in-kind donation is made.

Other revenue

Revenue from miscellaneous sources is recognized at the time the revenue is earned.

**22. Reclassifications**

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

**23. Recently issued accounting standards**

In February 2016, the FASB issued new guidance that created ASC Topic 842 "Leases". Topic 842 supersedes the lease guidance in ASC Topic 840, and creates a right-of-use ("ROU") model that requires a lessee to record a ROU asset and lease liability on the statement of financial position for all leases with terms longer than 12 months. Leases are classified as either finance or operating, with classification affecting the pattern of expense recognition in the statement of activities. This guidance also expanded the requirements for lessees to record leases embedded in other arrangements and the required quantitative and qualitative disclosures surrounding leases. Accounting guidance for lessors is essentially unchanged.

The Organization adopted the requirements of this new guidance as of July 01, 2022, using the modified retrospective method of transition, which requires that the cumulative effect of the changes related to the adoption be charged to beginning net assets. The Organization applied the new guidance using the practical expedient provided in Topic 842 that allows the Organization not to reassess (i) whether any expired or existing lease contracts are or contain leases, (ii) the historical lease classification for any expired or existing leases and (iii) initial direct costs for any existing leases.

**Note B - Cash and Cash Equivalents**

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

	2023	2022
Cash on hand	\$ 3,000	\$ 3,000
Depository accounts	1,016,448	1,160,743
	<b>\$ 1,019,448</b>	<b>\$ 1,163,743</b>

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note B - Cash and Cash Equivalents (continued)**

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

	2023	2022
Unrestricted cash	\$ (62,602)	\$ 1,103,693
Restricted cash	1,082,050	60,050
	<b>\$ 1,019,448</b>	<b>\$ 1,163,743</b>

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 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 - Liquidity and Availability of Financial Assets**

Financial assets available within one year of June 30, 2023 consisted of the following:

Cash and cash equivalents	\$ 1,019,448	
Certificates of deposits and other investments		12,171,199
Accounts receivable		792,393
Less amounts due within one year:		
Restricted cash		1,082,050
<b>Financial assets available to meet cash needs for general expenditures within one year</b>		<b>\$ 12,900,990</b>

The Board has established a Board designated endowment as follows:

	2023	2022
<b><u>Investments</u></b>		
Capital fund	\$ 6,808,997	\$ 2,039,304
Endowment fund	1,053,106	963,377
<b>Total</b>	<b>\$ 7,862,103</b>	<b>\$ 3,002,681</b>

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

**Note D - Certificates of Deposit and short term investments**

At June 30, 2023 and 2022, certificates of deposit and short term investments held were \$7,387,926 and \$2,982,147, respectively.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note D - Certificates of Deposit and short term investments (continued)**

**Concentration of credit risk**

The Organization maintains its excess cash in certificates of deposit (CD's) and short term investments 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 and short term investments are categorized as follows at June 30:

	<u>2023</u>	<u>2022</u>
Amount covered by FDIC	\$ 7,387,926	\$ 2,982,147
Amount uninsured	-	-
	<u><u>\$ 7,387,926</u></u>	<u><u>\$ 2,982,147</u></u>

**Note E - Investments**

Beneficial interest in assets held by others consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Community Foundation of Collier County	\$ 294,656	\$ 273,038
Collaboratory (SWFCF)	16,099	14,849
Community Foundation of Collier County	16,508	14,592
Charlotte Community Foundation	8,862	8,018
<b>Total</b>	<u><u>\$ 336,125</u></u>	<u><u>\$ 310,497</u></u>

Investments consist of the following at June 30:

	<u>2023</u>	<u>2022</u>
Mutual funds	\$ 7,862,103	\$ 3,002,681
CD's	7,387,926	2,982,147
Money market accounts	4,783,273	4,170,307
<b>Total</b>	<u><u>\$ 20,033,302</u></u>	<u><u>\$ 10,155,135</u></u>

Investments are Board designated and include Certificates of deposits & other investments. The Board designated endowments of \$7,862,103 and \$3,002,681 are included in the mutual funds and money market accounts as of June 30, 2023 and 2022, 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.

**Note F - Accounts Receivable**

Accounts receivable consisted of the following at June 30, 2023 and 2022

	<u>2023</u>	<u>2022</u>
Accounts receivable - purchased food, net	\$ -	\$ 16,102

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note F - Accounts Receivable (continued)**

	2023	2022
Grants receivable - Federal	792,393	676,913
Other receivables	-	369
	<b>\$ 792,393</b>	<b>\$ 693,384</b>

Management believes these receivables are fully collectible.

**Note G - Fair Value Measurements**

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under FASB ASC 820 are described as follow:

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

*Level 2* - Inputs to the valuation methodology include:

\*Quoted prices for similar assets or liabilities in active markets.

\*Quoted prices for identical or similar assets or liabilities in inactive markets.

\*Inputs other than quoted prices that are observable for the assets or liability.

\*Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurements. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following tables set forth, by level within the fair value hierarchy, the Organization's assets at fair value as of June 30, 2023 and 2022. The Organization had no financial liabilities as of June 30, 2023 and 2022.

	Assets at Fair Value as of June 30, 2023			
	(Level 1)	(Level 2)	(Level 3)	Total
Money market accounts	\$ 7,862,103	\$ -	\$ -	\$ 7,862,103
Mutual funds	4,783,273	-	-	4,783,273
Certificates of deposit	-	7,387,926	-	7,387,926
Beneficial interest in assets held by others	-	-	336,125	336,125

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note G - Fair Value Measurements (continued)**

Assets at Fair Value as of June 30, 2023			
(Level 1)	(Level 2)	(Level 3)	Total
<b>\$12,645,376</b>	<b>\$7,387,926</b>	<b>\$ 336,125</b>	<b>\$20,369,427</b>

	Assets at Fair Value as of June 30, 2022			
	(Level 1)	(Level 2)	(Level 3)	Total
Money market accounts	\$ 4,186,092	\$ -	\$ -	\$ 4,186,092
Mutual funds	2,986,896	-	-	2,986,896
Certificates of deposit	-	2,982,147	-	2,982,147
Beneficial interest in assets held by others	-	-	310,497	310,497
	<b>\$ 7,172,988</b>	<b>\$ 2,982,147</b>	<b>\$ 310,497</b>	<b>\$10,465,632</b>

The fair value of the beneficial interest in assets held by others was not readily determinable through an outside source independent of the Organization. The fair value is based on amounts reported to the Organization museum by the community foundation.

The following represents a fair value roll forward of the beneficial interest in assets held by others measured at Level 3:

	2023	2022
Beginning balance	\$ 310,497	\$ 350,132
Net appreciation/depreciation and earnings	28,622	(35,751)
Administrative fees	(2,994)	(3,884)
<b>Ending balance</b>	<b>\$ 336,125</b>	<b>\$ 310,497</b>

**Note H - Property and Equipment**

Property and equipment consisted of the following at June 30, 2023 and 2022:

	2023	2022
Land	\$ 518,304	\$ 518,304
Building and improvements	6,213,711	4,333,467
Furniture and equipment	806,787	800,200
Vehicles	2,825,476	2,872,534
Less: accumulated depreciation	(4,113,926)	(3,964,463)



**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note H - Property and Equipment (continued)**

	2023	2022
	<b><u>\$ 6,250,352</u></b>	<b><u>\$ 4,560,042</u></b>

Depreciation expense for the year ended June 30, 2023 and 2022 was \$576,860 and \$573,041, respectively.

**Note I - Net Assets**

	2023	2022
<b><u>Net assets without donor restrictions:</u></b>		
Operating	\$ 22,499,502	\$ 13,345,431
Investment in property and equipment	6,250,352	4,560,042
	<b><u>\$ 28,749,854</u></b>	<b><u>\$ 17,905,473</u></b>
<b><u>Net assets with donor restrictions:</u></b>		
Mobile food pantries	\$ 70,000	\$ 35,000
Partner agency	12,000	25,000
Other	41,519	310,547
Grants	333,333	-
	<b><u>\$ 456,852</u></b>	<b><u>\$ 370,547</u></b>

**Note J -Net Assets Released from Donor Restrictions**

Net assets were released from donor restrictions during the years ended June 30, 2023 and 2022, by incurring expenses satisfying the restricted purpose as follows:

	2023	2022
<b><u>Purpose restriction accomplished:</u></b>		
Passage of time	\$ 7,599,445	\$ 974,668
	<b><u>\$ 7,599,445</u></b>	<b><u>\$ 974,668</u></b>

**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 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

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note K - Employee Benefit Plan (continued)**

after completion of thirty-six (36) months of qualified employment. Total retirement expense for the years ended June 30, 2023 and 2022 was \$201,265 and \$202,949, respectively, and is included in payroll and related expenses, allocated between program and supporting services.

**Note L - Endowment Fund**

On October 3, 2022 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, 2023 and 2022, net investment gains (losses) including additional contributions, net of investment management costs totaled a loss of \$25,628 and a loss of \$(36,635), respectively. The total endowment held by the foundations for the benefit of the Organization at June 30, 2023 and 2022, was \$336,125 and \$310,497, respectively.

**Note M - 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.

**Note N - Leases**

The Organization has operating leases primarily associated with office space. The operating leases

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note N - Leases (continued)**

have initial terms of 3 to 4 years, with options that permit renewal for additional periods. The exercise of lease renewal options is at the Organization's sole discretion. The Organization only includes these renewal options in its lease terms if they are reasonably certain to be exercised.

The components of lease expense for the year ended June 30, 2023 as follows:

**Lease cost**

Operating lease cost	\$ 420,973
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As the Organization's leases do not provide an implicit rate, the Organization determines the incremental borrowing rate based on the information available at the commencement date in determining the present value of lease payments. The assumptions used in accounting for ASC 842 for the year ended June 30, 2023 were as follows:

	<b>Operating</b>
Weighted-average remaining lease terms (in years)	3.5
Weighted-average discount rate	8.3%

Future minimum operating lease payments as of June 30, 2023 were as follows:

<b><u>For the year ending June 30,</u></b>	<b>Operating</b>
2024	\$ 261,837
2025	250,377
2026	233,952
2027	158,116
Total required future lease payments	904,282
<b>Present value of lease liabilities</b>	<b>\$ 904,282</b>

**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, 2023.

**Note P - 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 years ended June 30, 2023 and 2022, inventory valuation the Feeding America rate for USDA products was \$1.67 and non-USDA products was \$1.79.

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to the Financial Statements**  
**For the Years Ended June 30, 2023 and 2022**

**Note Q - Capital Campaign and Purchase of Land**

On April 25th, 2023, the Harry Chapin Food Bank Board of Directors approved commencing a Capital Campaign beginning in June of 2023.

This capital project will transform the Harry Chapin Food Bank's ability to serve our communities—from the daily challenges of hunger that many children, families, seniors, and residents face to the extraordinary demands of disasters and emergencies. It will also bring new awareness to the challenge of hunger in Southwest Florida, rallying our community with a shared spirit of caring for our neighbors to fight hunger, together.

The scope of the project is to purchase land and build a modern warehouse that will accommodate current demands and future growth. As part of this project, the Harry Chapin Food Bank has entered into a non-binding agreement as of June 30th 2023 to purchase a parcel of land consisting of 16 acres in the Fort Myers area.

**Note R - Subsequent Events**

Management has assessed subsequent events through August 30, 2023, the date on which the financial statements were available to be issued.

***Supplementary Information***

**Harry Chapin Food Bank of Southwest Florida, Inc.  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2023**

Grantor/Pass Through Entity	CFDA Number	Contract/Pass-Through Grantor Number	Award Amount	Revenue Recognized	Disbursements/ Expenditures	Pass through to subrecipients
<b><u>FEDERAL AWARDS</u></b>						
<b><u>U.S. Department of Agriculture</u></b>						
<b><u>Passed through:</u></b>						
<b>Florida Department of Agriculture and Consumer Services</b>						
Administrative Costs 22/23 (CSFP)	10.656	28148	\$ 215,594	\$ 108,715 (1)	\$ 58,480	\$ -
Food Commodities - Non Cash (CSFP)	10.565	28148	356,591	543,785	634,158	634,158
Administrative Costs 22/23 USDA/TEFAP)	10.568	27883	545,117	545,117 (2)	213,820	-
Food Commodities - Non Cash (USDA/TEFAP)	10.569	27883	4,134,654	7,246,807	7,206,518	7,206,518
Administrative Costs 22/23 (USDA/TEFAP/CCC)	10.568	29729	38,400	38,400	38,400	-
Food Commodities - Non Cash (USDA/TEFAP/CCC)	10.569	29729	719,328	229,122	229,122	229,122
Administrative Costs 20 (USDA/TEFAP/CCC)	10.568	29595	125,000	125,000 (3)	-	-
<b>Feeding Florida</b>						
Supplemental Nutrition Assistance Program (SNAP) - Administrative Costs - SNAP -Ed Services	10.561	LF935	556,468	142,274 (4)	44,215	-
Total of U.S. Department of Agriculture (Food Distribution Cluster)				<u>8,979,220</u>	<u>8,424,713</u>	<u>8,069,798</u>

**U.S. Department of Treasury**

**Passed Through:**

**Lee County Board of Commissioners**

**Harry Chapin Food Bank of Southwest Florida, Inc.  
Schedule of Expenditures of Federal Awards (Continued)  
For the Year Ended June 30, 2023**

Grantor/Pass Through Entity	CFDA Number	Contract/Pass-Through Grantor Number	Award Amount	Revenue Recognized	Disbursements/ Expenditures	Pass through to subrecipients
Food Security Program						
Administrative Costs - Lee County ARPA Grant	21.027	SLT-2390	2,750,000	1,193,207	(5) 1,006,995	-
Administrative Costs - Lee County United Way ARPA Grant	21.027	SLT-2390	225,000	225,000	225,000	-
Total of U.S. Department of Treasury				<u>1,418,207</u>	<u>1,231,995</u>	<u>-</u>
<b><u>U.S. Department of Homeland Security (FEMA)</u></b>						
<b><u>Passed Through:</u></b>						
<b>United Way of America</b>						
<b>Emergency Food and Shelter Program (EFSP)</b>						
Glades County	97.024	162400-004	7,337	7,337	7,337	7,337
Lee County	97.024	165400-012	37,880	37,880	37,880	37,880
Hendry County	97.024	163200-017	3,000	3,000	3,000	3,000
Glades County	97.024	162400-004	3,000	3,000	(6) 1,500	1,500
Glades County	97.024	162400-004	7,575	7,575	7,575	7,575
Collier County	97.024	159000-013	9,693	4,847	4,847	4,847
Total of U.S. Department of Homeland Security				<u>63,639</u>	<u>62,139</u>	<u>62,139</u>
<b>Total Federal Awards</b>				<b><u>\$ 10,461,066</u></b>	<b><u>\$ 9,718,847</u></b>	<b><u>\$ 8,131,937</u></b>

(1) Includes receivables of \$50,325

(2) Includes receivables of \$331,297

(3) Includes receivables of \$125,000

**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Schedule of Expenditures of Federal Awards (Continued)**  
**For the Year Ended June 30, 2023**

(4) Includes receivables of \$98,59

(5) Includes receivables of \$186,212

(6) Includes receivables of \$1,500



**Harry Chapin Food Bank of Southwest Florida, Inc.**  
**Notes to Schedule of Expenditures of Federal Awards**  
**For the Year Ended June 30, 2023**

**Note A - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Harry Chapin Food Bank of Southwest Florida, Inc. (the "Organization") and is presented in accordance with accounting principles generally accepted in the United States of America. 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").

**Note B - Summary of Significant Accounting Policies**

The Schedule of Expenditures of Federal Awards is prepared on the accrual basis of accounting.

**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, 2023, 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 - Contingencies**

The Federal programs are subject to financial and compliance audits by grantor agencies which, if instances of material noncompliance are found, may result in disallowed expenditures and affect the Organization's continued participation in specific programs. The amount, if any, of expenditures which may be disallowed by the grantor agencies cannot be determined at this time, although the Organization believes the Unit to be in substantial compliance and therefore expects such amounts, if any, to be immaterial.

**Note E - Indirect Costs**

The Organization records all expenditures of federal awards using the direct cost method. In this manner, the Organization has elected not to use the 10% de minimis indirect cost rate, which is allowed in accordance with the Uniform Guidance.



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**Independent Auditor's Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based on An Audit of Financial Statements Performed in Accordance with Government Auditing Standards**

To the Board of Directors  
Harry Chapin Food Bank of Southwest Florida, Inc.  
Fort Myers, 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, the financial statements of Harry Chapin Food Bank of Southwest Florida, Inc. (the "Organization", a non-profit organization), which comprise the statement of financial position as of June 30, 2023, and the related statements of activities and changes in net assets, 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 August 30, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization'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 direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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



Stroemer & Company, LLC  
Fort Myers, Florida  
August 30, 2023



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

To the Board of Directors  
Harry Chapin Food Bank of Southwest Florida, Inc.  
Fort Myers, Florida

### **Report on Compliance for Each Major Federal Program and State Project**

#### **Opinion on Each Major Federal Program and State Project**

We have audited Harry Chapin Food Bank of Southwest Florida, Inc.', (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 Organization's major federal programs for the year ended June 30, 2023. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of Findings and Questioned Costs.

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, 2023

#### **Basis for Opinion on Each Major Federal Program and State Project**

We conducted our audit compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of *Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements related to the above.

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### **Responsibilities of Management for Compliance**

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

### **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

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

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

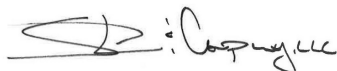
A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Our consideration of internal control over compliance was for the limited purpose described in the

Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as described above. However, material weaknesses or significant discrepancies in internal control over compliance may exist that have not been identified.

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

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

A handwritten signature in black ink, appearing to read "Stroemer & Company, LLC", with a horizontal line underneath.

Stroemer & Company, LLC  
Fort Myers, Florida  
August 30, 2023

**Harry Chapin Food Bank of Southwest Florida, Inc.  
Schedule of Findings and Questioned Costs - Federal Awards  
For the Year Ended June 30, 2023**

**Section I - Summary of Auditor's Results**

**Financial Statements**

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

**Federal Awards**

Internal control over major programs:	
Material weakness(es) identified?	No
Significant deficiency(ies) identified?	None reported
Type of auditor's 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)?	No

**Identification of major programs (Type A):**

CFDA Number(s)	Name of Federal Program or Cluster
10.565/10.568/10.569/10.561	U.S. Department of Agriculture (Food Distribution Cluster)
21.027	U.S. Department of Treasury (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?	Yes

**Section II - Financial Statement Findings**

There were no 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 Awards Prior Year Findings**

There were no findings related to prior year findings.



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### Independent Auditor's Report to Management

To the Board of Directors  
Harry Chapin Food Bank of Southwest Florida, Inc.  
Fort Myers, Florida

We have audited the financial statements of Harry Chapin Food Bank of Southwest Florida, Inc. (the "Organization") as of and for the fiscal year ended, June 30, 2023, and have issued our report thereon dated August 30, 2023.

We conducted our audit 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; 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"). We have issued our 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*, and our Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance, and Schedule of Findings and Questioned Costs Federal Awards, and the disclosures in those reports and schedule, which are dated August 30, 2023, should be considered in conjunction with this management letter.

***Prior year comments that continue to apply:***

None

***Current year comments that continue to apply:***

None

Stroemer & Company, LLC  
Fort Myers, Florida  
August 30, 2023

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**Harry Chapin Food Bank**  
OF SOUTHWEST FLORIDA

September 19, 2023

Stroemer & Company, LLC  
Attn: Mr. Keith Wheeler  
14030 Metropolis Avenue, Suite 200  
Fort Myers, FL 33912

Dear Keith,

We have received and reviewed the independent Auditor's report to Management stating that there are no prior year or current year comments that require action.

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  
David Fry, 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

The Foundation has not transferred any goods or services to you in exchange for your gift. Therefore, the full amount stated above may be treated as a deductible contribution for federal income tax purposes. A COPY OF THE OFFICIAL REGISTRATION AND FINANCIAL INFORMATION MAY BE OBTAINED FROM THE DIVISION OF CONSUMER SERVICES BY CALLING TOLL-FREE (1-800-435-7352) WITHIN THE STATE. REGISTRATION DOES NOT IMPLY ENDORSEMENT, APPROVAL, OR RECOMMENDATION BY THE STATE.  
100% OF EACH CONTRIBUTION IS RECEIVED BY HARRY CHAPIN FOOD BANK (HCH 328)