

GREATER PITTSBURGH COMMUNITY FOOD BANK
Duquesne, Pennsylvania

Financial Statements
and
Reporting Under *Government Auditing Standards*
and Uniform Guidance
For the year ended June 30, 2020
and Independent Auditors' Report Thereon



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INDEPENDENT AUDITORS' REPORT

The Board of Directors
Greater Pittsburgh Community Food Bank
Duquesne, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Pittsburgh Community Food Bank (Food Bank), which comprise the statements of financial position as of June 30, 2020 and 2019, and the related statement of activities and changes in net assets for the year ended June 30, 2020, and the statements of functional expenses and cash flows for the years ended June 30, 2020 and 2019, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Food Bank as of June 30, 2020 and 2019, and the changes in its net assets for the year ended June 30, 2020 and its cash flows for the years ended June 30, 2020 and 2019 in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited the Food Bank’s 2019 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated December 23, 2019. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, 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*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 our report dated March 24, 2021, on our consideration of the Food Bank’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Food Bank’s internal control over financial reporting and compliance.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania

December 29, 2020 (except for our report on the Schedule of Expenditures of Federal Awards, for which the date is March 24, 2021.)

GREATER PITTSBURGH COMMUNITY FOOD BANK

STATEMENTS OF FINANCIAL POSITION

	June 30	
	<u>2020</u>	<u>2019</u>
ASSETS		
Cash and cash equivalents	\$ 21,291,922	\$ 3,178,010
Investments	6,697,186	6,577,790
Receivables, net	3,847,713	1,774,540
Inventory	6,817,563	2,789,292
Prepaid expenses	77,620	60,358
Fixed assets, net	4,642,163	4,561,512
Land	332,699	332,699
	<u>332,699</u>	<u>332,699</u>
Total Assets	<u>\$ 43,706,866</u>	<u>\$ 19,274,201</u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts payable	\$ 1,235,780	\$ 668,589
Accrued liabilities	1,358,092	888,789
Refundable advances	1,770,855	1,687,071
Deferred grant revenue	1,459,800	-
Lease liabilities	999,396	915,802
	<u>999,396</u>	<u>915,802</u>
Total Liabilities	6,823,923	4,160,251
NET ASSETS		
Without donor restrictions	29,270,875	13,154,559
With donor restrictions:		
Grants and programs	1,500,255	1,478,768
Comprehensive campaign	6,111,813	480,623
Total Net Assets	<u>36,882,943</u>	<u>15,113,950</u>
Total Liabilities And Net Assets	<u>\$ 43,706,866</u>	<u>\$ 19,274,201</u>

See notes to financial statements

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GREATER PITTSBURGH COMMUNITY FOOD BANK

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2020
(with comparative totals for the year ended June 30, 2019)

	Without	With Donor Restrictions			Totals	
	Restrictions	Grants	Comprehensive	Total	2020	2019
	General	and	Campaign	With		
	Operating	Programs		Restrictions		
	Fund					
PUBLIC SUPPORT AND REVENUE						
Public support:						
Donated food	\$ 27,152,549	-	-	-	\$ 27,152,549	\$ 28,883,898
Foundations	7,743,016	\$ 1,182,001	\$ 5,225,000	\$ 6,407,001	14,150,017	3,771,831
Individuals	12,021,363	549,069	159,541	708,610	12,729,973	5,659,989
Corporations	3,581,811	200,970	725,000	925,970	4,507,781	1,265,947
Organizational donations	1,992,233	434,405	-	434,405	2,426,638	1,223,930
Other	21,903	-	-	-	21,903	125,474
Government grants	-	19,589,778	-	19,589,778	19,589,778	10,192,265
Total Public Support	52,512,875	21,956,223	6,109,541	28,065,764	80,578,639	51,123,334
Revenue:						
Wholesale food sales	2,467,029	-	-	-	2,467,029	2,221,452
Shared maintenance	141,458	-	-	-	141,458	177,089
Special events	16,698	-	-	-	16,698	31,688
Transportation services	98,882	-	-	-	98,882	90,938
Investment income, net	146,843	4,912	5,566	10,478	157,321	121,400
Net realized and unrealized (losses) gains on investments	(20,205)	2,505	-	2,505	(17,700)	577,803
Miscellaneous income	159,798	-	-	-	159,798	44,199
Gain on disposal	71	-	-	-	71	9,950
Membership dues	11,750	-	-	-	11,750	12,900
Total Revenue	3,022,324	7,417	5,566	12,983	3,035,307	3,287,419
Net assets released from program restrictions	22,426,070	(21,942,153)	(483,917)	(22,426,070)	-	-
Total Public Support And Revenue	77,961,269	21,487	5,631,190	5,652,677	83,613,946	54,410,753
FUNCTIONAL EXPENSES						
Program services	58,392,749	-	-	-	58,392,749	51,158,792
Supporting services	1,444,472	-	-	-	1,444,472	1,865,793
Fundraising	2,007,732	-	-	-	2,007,732	1,569,838
Total Functional Expenses	61,844,953	-	-	-	61,844,953	54,594,423
Changes in Net Assets	16,116,316	21,487	5,631,190	5,652,677	21,768,993	(183,670)
NET ASSETS						
Beginning of year	13,154,559	1,478,768	480,623	1,959,391	15,113,950	15,297,620
End of year	\$ 29,270,875	\$ 1,500,255	\$ 6,111,813	\$ 7,612,068	\$ 36,882,943	\$ 15,113,950

See notes to financial statements

GREATER PITTSBURGH COMMUNITY FOOD BANK

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020

	Program Services				Total Program Services
	Food Distribution	Network Outreach	Community Outreach and Education	Community Impact	
Donated food distributed	\$ 40,133,401	-	-	-	\$ 40,133,401
Cost of purchased food	6,170,046	-	-	-	6,170,046
Salaries and wages	3,275,493	\$ 763,446	\$ 417,489	\$ 875,656	5,332,084
Payroll taxes	244,521	58,120	31,139	67,297	401,077
Employee benefits	763,915	145,567	74,055	181,614	1,165,151
Professional services	49,289	27,866	4,377	7,659	89,191
Fees for service	198,806	4,563	2,315	8,967	214,651
Supplies	311,489	16,033	14,261	1,247,897	1,589,680
Technology expense	178,235	56,993	22,008	78,276	335,512
Printing and postage	48,336	7,209	7,004	41,633	104,182
Advertising	65,216	54,169	21,677	23,047	164,109
Freight and vehicles	349,302	2,187	772	5,017	357,278
Occupancy	445,871	44,370	4,802	54,077	549,120
Travel, meetings, membership	34,774	14,133	11,011	32,970	92,888
Agency support	84,709	723,187	219	144,128	952,243
In-kind expense	2,469	1,725	2,520	1,650	8,364
Miscellaneous	22,718	203	33	1,573	24,527
Total Functional Expenses Before Depreciation and Amortization	52,378,590	1,919,771	613,682	2,771,461	57,683,504
Depreciation	642,544	21,610	13,078	32,013	709,245
Total Functional Expenses	\$ 53,021,134	\$ 1,941,381	\$ 626,760	\$ 2,803,474	\$ 58,392,749

<u>Supporting Services</u>	<u>Fund- Raising</u>	<u>Total</u>
-	-	\$ 40,133,401
-	-	6,170,046
\$ 951,817	\$ 612,263	6,896,164
69,409	45,084	515,570
195,479	107,054	1,467,684
27,630	187,826	304,647
23,208	793,976	1,031,835
13,272	13,158	1,616,110
43,201	53,324	432,037
10,385	62,204	176,771
26,986	32,740	223,835
-	257	357,535
9,722	6,601	565,443
22,847	14,344	130,079
4,358	25,598	982,199
10,212	3,327	21,903
11,792	32,821	69,140
1,420,318	1,990,577	61,094,399
24,154	17,155	750,554
<u>\$ 1,444,472</u>	<u>\$ 2,007,732</u>	<u>\$ 61,844,953</u>

See notes to financial statements

GREATER PITTSBURGH COMMUNITY FOOD BANK

STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	Program Services				Total Program Services
	Food Distribution	Network Outreach	Community Outreach and Education	Community Impact	
Donated food distributed	\$ 35,675,773	-	-	-	\$ 35,675,773
Cost of purchased food	4,668,085	-	-	-	4,668,085
Salaries and wages	2,738,197	\$ 673,502	\$ 418,660	\$ 812,267	4,642,626
Payroll taxes	214,706	53,382	32,895	63,668	364,651
Employee benefits	574,851	109,138	54,797	122,179	860,965
Professional services	136,863	28,062	12,522	26,540	203,987
Fees for service	84,994	3,524	6,485	11,392	106,395
Supplies	201,374	14,647	17,681	755,803	989,505
Technology expense	158,468	56,992	25,545	76,053	317,058
Printing and postage	65,672	12,065	2,285	38,656	118,678
Advertising	31,825	31,825	15,913	17,065	96,628
Freight and vehicles	436,337	1,584	303	2,529	440,753
Occupancy	418,000	7,858	3,797	9,863	439,518
Travel, meetings, membership	47,830	59,207	15,544	70,668	193,249
Agency support	188,375	949,875	486	93,188	1,231,924
In-kind expense	21,386	20,841	10,545	11,138	63,910
Miscellaneous	25,155	38	29	1,406	26,628
Total Functional Expenses Before Depreciation and Amortization	45,687,891	2,022,540	617,487	2,112,415	50,440,333
Depreciation	655,123	23,171	10,843	29,322	718,459
Total Functional Expenses	\$ 46,343,014	\$ 2,045,711	\$ 628,330	\$ 2,141,737	\$ 51,158,792

<u>Supporting Services</u>	<u>Fund- Raising</u>	<u>Total</u>
-	-	\$ 35,675,773
-	-	4,668,085
\$ 1,128,864	\$ 476,661	6,248,151
87,371	37,756	489,778
183,930	69,176	1,114,071
129,903	186,775	520,665
12,173	542,744	661,312
21,803	11,873	1,023,181
54,934	54,643	426,635
12,512	48,569	179,759
54,083	18,809	169,520
163	185	441,101
8,898	4,220	452,636
79,428	23,096	295,773
7,190	45,764	1,284,878
51,218	10,346	125,474
9,827	28,065	64,520
1,842,297	1,558,682	53,841,312
<u>23,496</u>	<u>11,156</u>	<u>753,111</u>
<u><u>\$ 1,865,793</u></u>	<u><u>\$ 1,569,838</u></u>	<u><u>\$ 54,594,423</u></u>

See notes to financial statements

GREATER PITTSBURGH COMMUNITY FOOD BANK

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Changes in net assets	\$ 21,768,993	\$ (183,670)
Adjustments to reconcile changes in net assets to net cash provided by (used in) operating activities:		
Donated inventory, net change	(26,374)	(618,433)
Depreciation and amortization	750,554	753,111
Gain on disposal of equipment	(71)	(9,950)
Net unrealized gains (losses) on investments	14,770	(642,500)
Allowance for doubtful accounts	14,599	5,416
Changes in assets and liabilities:		
Receivables	(2,087,772)	(1,145,864)
Purchased inventory	(4,001,897)	(168,538)
Prepaid expenses	(17,262)	9,620
Accounts payable	567,191	294,892
Accrued liabilities	467,048	(21,650)
Refundable advances, net of change in government commodity inventory	86,039	767,733
Deferred grant revenue	1,459,800	-
Net Cash Provided By (Used In) Operating Activities	<u>18,995,618</u>	<u>(959,833)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchases of fixed assets	(510,641)	(913,585)
Purchases of investments	(134,166)	(772,106)
Proceeds on the sale of investments	-	65,745
Proceeds on sale of equipment	8,224	9,950
Net Cash Used In Investing Activities	<u>(636,583)</u>	<u>(1,609,996)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal payments on lease liabilities	<u>(245,123)</u>	<u>(166,573)</u>
Net Increase (Decrease) In Cash, Cash Equivalents and Restricted Cash	18,113,912	(2,736,402)
CASH AND CASH EQUIVALENTS		
Beginning of year	<u>3,178,010</u>	<u>5,914,412</u>
End of year	<u><u>\$ 21,291,922</u></u>	<u><u>\$ 3,178,010</u></u>

SUPPLEMENTAL DISCLOSURE OF NON-CASH OPERATING ACTIVITIES

As of June 30, 2020, and 2019, the government commodity inventory approximated \$1,326,000 and \$1,489,000, respectively, and is recorded as refundable advances.

In 2020, the Company financed the purchase of fixed assets under financing leases totaling approximately \$329,000.

See notes to financial statements

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 1 - ORGANIZATION

The Greater Pittsburgh Community Food Bank (Food Bank) is a nonprofit hunger relief organization that distributes donated, purchased and prepared foods through a network of 469 agencies, partners and programs throughout 11 counties. The Food Bank supports the nutritional needs of southwestern Pennsylvania through research, education, advocacy and strategic partnerships. During the year ended June 30, 2020, the Food Bank provided access to 39.8 million nutritious meals, an increase of 4.1 million meals over 2019. The Food Bank is a member of Feeding America, a national hunger relief organization and network of food banks.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of significant accounting policies consistently followed by management in the preparation of the accompanying financial statements follows:

Use of Estimates - The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The average wholesale per-pound value of food-only items as determined by Feeding America (See Note 4) and the U.S. Department of Agriculture commodity index provides the basis for contributions of donated food and donated food distributed for the years ended June 30, 2020 and 2019, and donated food inventory at June 30, 2020 and 2019, which represent significant components of the financial statements.

Net Assets - The Food Bank classifies resources for accounting and reporting purposes into separate net asset classes based on the absence or existence of donor-imposed restrictions. In the accompanying financial statements, net assets that have similar characteristics have been combined into similar categories. A description of the Food Bank's net asset categories is as follows:

Without Donor Restrictions - Net assets without donor restrictions are net assets that are not subject to donor-imposed restrictions or stipulations as to purpose or use. The governing board has designated from net assets without donor restrictions, net assets for an operating reserve (See Note 3), capital reserve (See Note 3) and board-designated endowment (See Note 17).

With Donor Restrictions - Net assets with donor restrictions are net assets subject to donor or grantor imposed restrictions or stipulations that may or will be met either by actions of the Food Bank or the passage of time.

The Food Bank reports gifts of cash and other assets as restricted support if they are received with donor-imposed restrictions that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statement of activities and changes in net assets as net assets released from restrictions.

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Food and Services - The Food Bank receives a substantial amount of donated food from local and regional processors, distributors, retailers, farms and government agencies. The donated food received and distributed by the Food Bank has been reflected in the accompanying financial statements at the average wholesale per pound value of food-only items as determined annually by Feeding America or the U.S. Department of Agriculture commodity index. (See Note 4.) The Food Bank pays a value-added processing charge on certain donated food, which approximated \$755,000 and \$787,000 for the years ended June 30, 2020 and 2019, respectively. These amounts are included within the cost of donated food distributed on the statements of functional expenses.

In addition, the Food Bank occasionally receives certain donated professional services, which are valued by the donors based on rates commensurate with the type of services performed. These services are reflected in the accompanying financial statements as both revenue and expense and approximated \$22,000 and \$125,000 for the years ended June 30, 2020 and 2019, respectively.

Inventory - The inventory of the Food Bank consists of food and other grocery products that are valued at the lower of cost (on first-in, first-out basis) except for donated food, which is reflected at average wholesale value as determined by Feeding America or U.S. Department of Agriculture commodity index, or net realizable value. A separate inventory is maintained for goods purchased with state grant program funds. Net realizable value is determined based on sales transactions at or near the statement of financial position date. The Food Bank evaluates perishable products on a continuing basis for spoilage and records the loss of inventory when spoilage occurs, which totaled approximately \$1,229,000 and \$1,398,000 during the years ended June 30, 2020 and 2019, respectively, and is reflected as a component of the cost of donated food distributed on the statements of functional expenses. Based on management's evaluation of inventory at June 30, 2020 and 2019, no provision for estimated spoilage of inventory has been made.

Revenue Recognition - Public support consists of grants and donations from governments, corporations, foundations, individuals, other organizations and fundraising activities. Revenues from food sales and related fees are reported in the fiscal year in which the food is delivered. The Food Bank generally charges a shared maintenance fee for each pound of donated product shipped to member agencies and affiliated food banks to support the Food Bank's operational expenses.

Cash and Cash Equivalents - The Food Bank maintains its cash balances in local financial institutions, which may exceed federally insured amounts at times. The Food Bank has not experienced any losses on such accounts. The Food Bank considers all investments with a purchased maturity of three months or less to be cash equivalents.

Receivables - Receivables represent amounts due from agencies, foundations, partner distribution organizations and government funding sources for services performed and products distributed by the Food Bank. Provisions are made for estimated uncollectible unconditional promises to give based on historical collection experience, a review of the current status of unconditional promises to give and judgment. Decisions to charge off receivables are based on management's judgment after consideration of facts and circumstances surrounding potential uncollectible accounts. It is reasonably possible that the Food Bank's estimate of the allowance for doubtful accounts will change. (See Note 5.)

Fair Value Measurement - The Food Bank defines fair value as the price that would be received to sell an asset or paid to transfer a liability (i.e., exit price) in an orderly transaction between market participants at the measurement date. Disclosures are required that categorize assets and liabilities measured at fair value into three different levels, depending on the assumptions used in the valuation. (See Note 12.)

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments - Investments are carried at fair value with unrealized gains and losses included in the statement of activities and changes in net assets. Investment income, including interest and dividends, and realized and unrealized (losses) gains on investments are reported as increases or decreases in net assets without donor restriction unless a donor or law restrict their use. Investments received by gift are recorded at fair value on the date of donation. Investment securities, in general, are exposed to various risks such as interest rate, credit and overall market volatility. Due to the level of risk associated with certain investment securities, changes in values of investment securities will occur in the near term, and it is reasonably possible that such changes could materially affect the amounts reported in the statements of financial position.

Fixed Assets - Fixed assets are recorded at the lower of cost or fair value. Depreciation is provided on the straight-line method over estimated useful lives. Repairs and maintenance that do not extend the lives of the applicable assets are charged to expense as incurred. A gain or loss resulting from the retirement or other disposition of assets is included in total public support and revenue.

Management reviews the carrying amount of fixed assets for impairment whenever events or changes in circumstances indicate that the related carrying amounts might not be recoverable. Recoverability of long-lived assets is measured by a comparison of the carrying amount of an asset to future net undiscounted cash flows expected to be generated by the asset. If these comparisons indicate that an asset is not recoverable, the impairment loss recognized is the amount by which the carrying amount of the asset exceeds the related estimated fair value, based on appraisals or other methods to estimate fair value. No impairment loss was recognized in either 2020 or 2019.

Refundable Advances - Refundable advances consist of program service fees, government grants and government commodities inventories that are received in advance of the expenditure or distribution to which they relate through program completion or donor stipulation.

Advertising Costs - The Food Bank uses advertising to promote its mission and educational programs in the southwestern Pennsylvania region. Advertising costs are expensed as incurred. Advertising expense for the years ended June 30, 2020 and 2019 was approximately \$224,000 and \$170,000, respectively.

Income Taxes - The Food Bank is exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and is not a private foundation under Section 509 of the IRC. Accordingly, no provision for income taxes is recorded in the financial statements. The Food Bank's statements of financial position at June 30, 2020 and 2019 do not include any liabilities associated with uncertain tax positions; further, the Food Bank has no unrecognized tax benefits. The Food Bank's policy is to record interest and penalties related to unrecognized tax benefits as a component of income tax expense, if incurred or assessed. The Food Bank is no longer subject to examination of its tax returns for years before 2017.

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Adopted Accounting Pronouncements - In June 2018, The Financial Accounting Standards Board (FASB) issued Accounting Standards Updated (ASU) No. 2018-08 Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made (ASU 2018-08) to clarify and improve the scope and accounting guidance for contributions received and contributions made. The amendments in ASU 2018-08 should assist entities in (1) evaluating whether transactions should be accounted for as contributions (nonreciprocal transactions) within the scope of Topic 958 Not-for-Profit Entities, or as exchange (reciprocal) transactions subject to other guidance and (2) determining whether a contribution is conditional. The Food Bank adopted this ASU during the year ended June 30, 2020, and it did not have a significant impact on the financial statements.

The FASB issued ASU 2016-18, Statement of Cash Flows (Topic 230): Restricted Cash (ASU 2016-18), which requires that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. U.S. GAAP currently does not include specific guidance on the cash flow classification and presentation of changes in restricted cash. The amendments are effective for fiscal years beginning after December 15, 2018, with early adoption permitted. ASU 2016-18 requires retrospective application to all prior periods presented upon adoption. The Food Bank adopted this ASU during the year ended June 30, 2020, and it did not have a significant impact on the financial statements.

Recent Accounting Pronouncements - The FASB issued ASU No. 2014-09 Revenue from Contracts with Customers (Topic 606) (ASU 2014-09). ASU 2014-09 is the result of a joint project of FASB and the International Accounting Standards Board (IASB) to clarify the principles for recognizing revenue and to develop a common revenue standard for use in the U.S. and internationally. ASU 2014-09 supersedes the revenue recognition requirements in Topic 605 of the FASB Codification and most industry-specific guidance throughout the Industry Topics of the Codification. ASU 2014-09 enhances comparability of revenue recognition practices across entities, industries, jurisdictions and capital markets, reduces the number of requirements an entity must consider for recognizing revenue, and requires improved disclosures to help users of financial statements better understand the nature, amount, timing and uncertainty of revenue that is recognized. The FASB issued ASU 2020-05, a deferral on the implementation date and this guidance is effective for annual reporting periods beginning after December 15, 2019. ASU 2014-09 requires either retrospective application by restating each prior period presented in the financial statements, or retrospective application by recording the cumulative effect on prior reporting periods to beginning net assets in the year that the standard becomes effective. The Food Bank is currently assessing the impact that this ASU will have on its financial statements.

In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement, which provides guidance that eliminates, adds and modifies certain disclosure requirements for fair value measurements. ASU 2018-13 will be effective for annual periods beginning after December 15, 2019. The Food Bank is assessing the impact that ASU 2018-13 will have on its financial statements.

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 3 - LIQUIDITY AND AVAILABILITY OF RESOURCES

The Food Bank is substantially supported by contributions and donations with and without donor restrictions. The Food Bank must maintain sufficient resources to meet the obligations in support of its mission and programs. There are, however, certain financial assets that may not be available for general expenditures within one year due to donor restrictions. As part of the Food Bank's liquidity management, it has structured its financial assets to be available as its general expenditures, liabilities and other obligations become due. As of June 30, 2020 and 2019, financial assets and liquidity resources available within one year for general expenditure, such as for operating expenses, including food distribution, advocacy and education, were as follows:

	<u>2020</u>	<u>2019</u>
Total financial assets:		
Cash and cash equivalents	\$ 21,291,922	\$ 3,178,010
Receivables	3,847,713	1,774,540
Less: Financial assets with donor restrictions	<u>(6,060,016)</u>	<u>(668,579)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 19,079,619</u>	<u>\$ 4,283,971</u>

The Food Bank's Board of Trustees (Board) has designated a portion of its resources without donor restriction for operations and other purposes. These funds are invested for long-term capital appreciation and current income but remain available and may be spent at the discretion of the Board. At June 30, 2020 and 2019, approximately \$5,054,000 and \$4,948,000 was designated by the Board for operating reserves, respectively, and \$1,200,000 was designated by the Board for the Comprehensive Campaign, in both years. Annually, the Food Bank may request a withdrawal of up to 4% of the funds equal to the average market value of the most recent three fiscal year-ends, or as otherwise approved by the Board. The withdrawal must be approved by the Board; however, the Food Bank has not requested such withdrawal. Other invested assets are part of the Food Bank's endowment. (See Note 17.) Additionally, the Food Bank maintains a \$2 million line of credit in the event of unanticipated liquidity needs.

Additionally, as a member of Feeding America, the Food Bank is required to maintain a three-month operating reserve or demonstrate positive working capital in each of the two preceding fiscal years. (See Note 4.) As of June 30, 2020 and 2019, the Food Bank met both of these criteria.

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 4 - FEEDING AMERICA AFFILIATION

The Food Bank is a member of Feeding America, the nation's leading domestic hunger relief charity and national network of food banks. In accordance with the financial stability requirement of Feeding America, member food banks are required to maintain a three-month operating reserve in case of emergency situations or demonstrated positive working capital, which is defined by Feeding America as current assets less current liabilities, excluding inventory, in each of the two preceding fiscal years. The Food Bank has demonstrated positive working capital in both the years ended June 30, 2020 and 2019 and, therefore, is not required to establish an operating reserve to meet the Feeding America monitoring requirement.

NOTE 5 - RECEIVABLES

The Food Bank's receivables at June 30 consist of the following:

	2020	2019
Grants receivable	\$ 2,183,125	\$ 810,897
Amounts due from agencies	130,254	292,935
Contributions receivable	1,552,972	643,254
Miscellaneous	1,377	32,870
	3,867,728	1,779,956
Less - Allowance for contributions receivable	(20,015)	(5,416)
	\$ 3,847,713	\$ 1,774,540

Contributions receivable as of June 30, 2020 consist of approximately \$581,000 due in less than one year, approximately \$752,000 due in one to five years, and approximately \$200,000 due in more than five years. The remaining receivables of approximately \$2,315,000 are due in less than one year.

NOTE 6 - INVESTMENTS

Investments at June 30 consist of the following:

			2020		2019	
			Fair Value	Cost	Fair Value	Cost
Cash	1	\$	1,101,306	\$ 1,101,306	\$	359,370
Corporate bonds	2		781,333	720,477	\$	905,306
Municipal bonds	2		987,946	947,448	\$	1,104,821
Common stocks	1		3,826,601	3,273,554	\$	4,194,991
			\$ 6,697,186	\$ 6,042,785	\$	6,577,790
					\$	5,961,830

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 6 - INVESTMENTS (Continued)

Investment income and fees for the years ended June 30 is composed of the following:

	2020	2019
Interest	\$ 102,183	\$ 78,924
Dividends	91,923	81,560
Fees	(36,785)	(39,084)
	\$ 157,321	\$ 121,400

Net realized and unrealized (losses) gains on investments for the years ended June 30 are composed of the following:

	2020	2019
Net realized losses	\$ (32,470)	\$ (64,697)
Net unrealized gains	14,770	642,500
	\$ (17,700)	\$ 577,803

NOTE 7 - INVENTORY

Inventory at June 30 consists of the following:

	2020	2019
Purchased and state food purchased inventory	\$ 4,715,731	\$ 713,834
Government commodities - donated	1,326,162	1,489,041
Donated inventory	775,670	586,417
	\$ 6,817,563	\$ 2,789,292

NOTE 8 - FIXED ASSETS

Fixed assets at June 30 are summarized as follows:

	2020	2019
Buildings and improvements	\$ 7,632,236	\$ 7,616,956
Motor vehicles	1,027,309	1,027,309
Finance lease right-of-use motor vehicles	1,141,457	1,141,457
Warehouse equipment	715,425	712,145
Office equipment	903,869	880,111
Finance lease right-of-use office equipment	79,135	38,633
Finance lease right-of-use building	249,582	-
	11,749,013	11,416,611
Less - Accumulated depreciation and amortization	8,237,847	7,506,770
	3,511,166	3,909,841
Construction in progress	1,130,997	651,671
	\$ 4,642,163	\$ 4,561,512

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 8 - FIXED ASSETS (Continued)

Through the continued efforts of the Comprehensive Campaign (Grow Share Thrive) the Food Bank will expand access to more nutritious food for more families in more places, with a focus on those with the highest needs. As part of this campaign, the Food Bank will improve and expand their facility by approximately 30,000 square feet. A significant portion of the construction in progress at June 30, 2020 represents construction related costs that have begun on this project.

In a prior year, the Food Bank adopted ASU 2016-02, Leases (Topic 842) which provides practical expedients for an entity's ongoing accounting. The Food Bank has elected the short-term lease recognition exemption for motor vehicle and office equipment leases. This means, for those leases that qualify, the Food Bank will not recognize right-of-use (ROU) assets or lease liabilities. The Food Bank has elected the practical expedient to not separate lease and non-lease components for leases of motor vehicles and office equipment.

Finance lease costs for the years ended June 30, 2020 and 2019 are comprised of amortization of the right-of-use assets (motor vehicles, office equipment and building) of approximately \$265,000 and \$175,000, respectively, and interest on the lease liability of approximately \$24,000. The weighted-average remaining lease term for the Food Bank's finance leases were four years and five years and weighted-average discount rate is 3.33% and 3.07% as of June 30, 2020 and 2019, respectively.

The approximate aggregate amounts due under finance leases due subsequent to June 30, 2020 are as follows:

Year Ending June 30	Total
2021	\$ 290,000
2022	290,000
2023	195,000
2024	195,000
2025	85,000
	<u>1,055,000</u>
Less: Amounts representing interest	<u>(56,000)</u>
Total lease liability	<u>\$ 999,000</u>

NOTE 9 - NET ASSETS AND RELEASE OF RESTRICTED ASSETS

Net assets released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors and grantors for the year ended June 30, 2020 are as follows:

Subject to expenditure for specified purpose:

Grants and programs:

Distribution of government commodities	\$ 15,109,914	
Child Feeding Program Grant	1,277,935	
Donations with restrictions	2,361,217	
Comprehensive Campaign	483,917	
Allegheny County Block Grant	506,307	
Emergency Food & Shelter Programs	256,000	
Other grants and programs	536,451	
Pennsylvania Agriculture Surplus System	227,389	
City of Pittsburgh Block Grant	119,300	\$ 20,878,430

State food:

Food purchases	1,321,937	
Administrative funds	225,703	<u>1,547,640</u>
		<u>\$ 22,426,070</u>

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 9 - NET ASSETS AND RELEASE OF RESTRICTED ASSETS (Continued)

The Food Bank has recorded net assets based on use restrictions imposed by donors and grantors. These funds have originated from past and present grants and programs for the purpose of providing long-term and short-term stability of the organization. Nets assets with donor restrictions are comprised of grant, program and state grant funds for which the organization has not yet met the donor or grantor-imposed restriction.

NOTE 10 - RETIREMENT PLAN

The Food Bank has a defined contribution (money purchase) plan under Section 403(b) of the IRC covering eligible employees. Participants may contribute up to 100% of their pretax eligible compensation, subject to certain limitations under the IRC. In addition, discretionary plan contributions are made on behalf of eligible employees as a percentage of the participants' eligible salary. Employer contributions related to the discretionary plan contribution, which were approved by the Board, approximated \$339,000 for the year ended June 30, 2020 and were distributed to employees during 2021. There was no discretionary contribution related to the year ended June 30, 2019. The plan also includes a discretionary matching component, and included a match of 3% of eligible wages for both 2020 and 2019. Employer contributions related to the discretionary matching component approximated \$166,000 and \$159,000 for the years ended June 30, 2020 and 2019, respectively.

NOTE 11 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited, based primarily on an analysis of personnel time on the related activities and square footage of the building. All other expenses are allocated based on actual usage.

NOTE 12 - FAIR VALUE MEASUREMENT

The Food Bank discloses the category of assets and liabilities measured at fair value into three different levels, depending on the assumptions (i.e., inputs) used in the valuation. Level 1 provides the most reliable measure of fair value, while Level 3 generally requires significant management judgment. Financial assets and liabilities are classified in their entirety based on the lowest level of input significant to the fair value measurement.

The fair value hierarchy is defined as follows:

Level 1 - Valuations are based on unadjusted quoted prices in an active market for identical assets or liabilities.

Level 2 - Valuations are based on quoted prices for similar assets or liabilities in active markets, or quoted prices in markets that are not active for which significant inputs are observable, either directly or indirectly.

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 12 - FAIR VALUE MEASUREMENT (Continued)

Level 3 - Valuations are based on prices or valuation techniques that require inputs that are both unobservable and significant to the overall fair value measurement. Inputs reflect the administration's best estimate of what market participants would use in valuing the asset or liability at the measurement date.

The Food Bank deems that the carrying amount of cash and cash equivalents, receivables, prepaid expenses, accounts payable, accrued liabilities and refundable advances approximate their fair value due to the short-term nature of these assets and liabilities.

A description of the valuation methodologies used for assets and liabilities measured at fair value on a recurring basis is as follows:

Cash - Carrying value approximates fair value due to the short-term nature of the financial instrument.

Municipal and corporate bonds - The fair values are valued using pricing models maximizing the use of observable inputs for similar securities as provided by a third party. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. When quoted prices are not available for identical or similar instruments, the municipal and corporate bond instruments are valued under a discounted cash flows approach that maximizes observable inputs, such as current yields of similar instruments, but includes adjustments for certain risks that may not be observable such as credit and liquidity risks or a broker quote if available. Management has classified its investment in municipal and corporate bonds as a Level 2 investment within the fair value hierarchy. (See Note 6.)

Common stocks - Valued at the closing price reported on the active market on which the individual securities are traded. (See Note 6.)

The preceding methods might produce a fair value calculation that is not indicative of net realizable value or reflective of future fair values. Further, although the Food Bank believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date. When available, the Food Bank measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. There were no transfers between fair value hierarchy levels in 2020 or 2019.

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 13 - COMMITMENTS AND CONTINGENCIES

The Food Bank's financial and program records are subject to audit by appropriate government authorities in accordance with the terms of the various grant awards and contracts. The government authorities are authorized to review expenditures and to make adjustments. Any normal recurring changes arising from audit after the close of the fiscal year are reflected in subsequent years.

NOTE 14 - LINE OF CREDIT

In October 2019, the Food Bank entered into a line-of-credit agreement with a bank with maximum borrowings available of \$2,000,000. The agreement is collateralized by certain assets of the Food Bank, bears interest at the London Inter-bank Offered Rate (LIBOR) rate (.33% at June 30, 2020) plus 1.25%, maturing in September 2023. There were no outstanding borrowings at June 30, 2020.

NOTE 15 - DEFERRED GRANT REVENUE

The Food Bank is a recipient of a Paycheck Protection Program (PPP) loan with a bank of approximately \$1,459,000 granted by the Small Business Administration under the Coronavirus Aid, Relief and Economic Security Act (CARES Act), that is reflected as deferred grant revenue as of June 30, 2020. Under the program terms, PPP loans are forgiven and recognized as grant revenue if the loan proceeds are used to maintain compensation costs and employee headcount, and other qualifying expenses (mortgage interest, rent and utilities) incurred following the receipt of the loan. The Food Bank has determined that it will meet the criteria for forgiveness; therefore, the amount included in deferred grant revenue will be recognized as grant revenue in fiscal year 2021. Any portion that is not forgiven will be evidenced by a promissory note which bears interest at a fixed annual rate of 1.00%, with the first six months of interest deferred. The original agreement stated that beginning November 2020, the Food Bank will make 18 equal monthly payments of principal and interest with the final payment due in April 2022. Subsequent legislation has extended the deferral period for loan payments to either (1) the date that SBA remits the borrower's loan forgiveness amount to the lender or (2) if the borrower does not apply for loan forgiveness, 10 months after the end of the borrower's loan forgiveness covered period. The Food Bank anticipates to begin making payments, if necessary, in September 2021.

NOTE 16 - MAJOR CONTRIBUTORS

No corporation represented greater than 10% of total public support and revenue for the year ended June 30, 2020. Total public support and revenue for the year ended June 30, 2019 include food donations made by one corporation that represent approximately 11% of total public support and revenue.

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 17 - ENDOWMENT

The Food Bank's endowment consists of a board-designated investment fund established for perpetual support of the organization's mission. As required by generally accepted accounting principles, net assets associated with endowment funds, including funds designated by the Food Bank to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of Relevant Law - The Food Bank has adopted a written investment policy that specifically relates to the endowment funds and permits the Board to elect a spending rate; however, the long-term preservation of the real value of the assets must be taken into consideration when the Board elects the amount. The Food Bank considers the following factors in making a determination to set a spending rate:

1. Protecting the corpus of the endowment fund.
2. Preserving the spending power of the assets.
3. Obtaining maximum investment return with reasonable risk and operational consideration.
4. Complying with applicable laws.

The following represents the change in the Board-designated endowment fund for the years ended June 30:

Endowment net assets, June 30, 2018	-
Contribution	\$ 250,000
Investment management fees	(1,000)
Investment return:	
Investment income	3,000
Net realized and unrealized gains	15,000
	<u>18,000</u>
Endowment net assets, June 30, 2019	267,000
Investment return:	
Investment income	10,000
Net realized and unrealized gains	(1,000)
	<u>9,000</u>
Investment management fees	<u>(2,000)</u>
Endowment net assets, June 30, 2020	\$ <u>274,000</u>

Return Objectives and Risk Parameters - The principal objective of the investment policy is to provide a secure source of income to support operations and new initiatives on an ongoing basis. Investments are managed for "total return" to provide, in addition to current income for operations, growth of principal modestly greater than inflation.

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

NOTE 17 - ENDOWMENT (Continued)

Spending Policy and Investment Objectives Related to Spending Policy - For the years ended June 30, 2020 and 2019, the Food Bank did not elect to draw from the endowment funds. The Food Bank's objective to maintain the purchasing power of the endowment assets held in perpetuity, as well as to provide additional real growth through new gifts and investment return.

NOTE 18 - RISKS AND UNCERTAINTIES

The coronavirus pandemic could materially and adversely affect the Food Bank and its operations. Government-imposed travel restrictions and quarantines could result in direct operational and administrative disruptions to the Food Bank's operations. Additionally, the Food Bank's primary sources of revenue and support could be adversely affected by these disruptions, which in turn could negatively impact the Food Bank's operating results. The Food Bank is unable to accurately predict how the coronavirus pandemic will affect the results of its operations because the disease's severity and the duration of the outbreak are uncertain. However, while it is premature to accurately predict the ultimate impact of these developments, the Food Bank expects its results for the year ending June 30, 2021 to be impacted.

NOTE 19 - SUBSEQUENT EVENTS

Subsequent events are defined as events or transactions that occur after the statement of financial position date, but before the financial statements are issued or are available to be issued. Management has evaluated subsequent events through December 29, 2020, the date on which the financial statements were available to be issued.

In August 2020, the Food Bank entered into a fixed price contract of \$15,158,000 with Massaro Corporation for the renovation and expansion of its facility in Duquesne, Pennsylvania (Project). Massaro is the general contractor on the Project. Groundbreaking occurred in September 2020 with completion anticipated to occur in approximately 18 months.

The New Markets Tax Credit Program (NMTC Program) was established by Congress in 2000 to attract investment capital to low-income communities by permitting investors to receive tax credit incentives in exchange for making equity investments in certified Community Development Entities (CDEs). Under this program, certain commercial banks and other investors are able to subsidize eligible projects that meet the NMTC Program requirements. The Food Bank determined that financing under the NMTC Program would provide an attractive source of funding for the Project, ultimately providing \$5,120,000 of additional capital to the Project.

In October 2020, the Food Bank entered into transactions with two CDEs to benefit under the NMTC program for construction, renovation and equipping the headquarters facility. The Food Bank formed GPCFB Support Corporation, a new not-for-profit corporation that is controlled by the Food Bank, to facilitate the transaction.

A \$10,000,000 line of credit was obtained from PNC Bank in September 2020 to fund a portion of the NMTC transaction. The line of credit, which is secured by certain assets of the Food Bank, will be repaid using funds raised in the Food Bank's Comprehensive Campaign. The loan is secured by certain assets of the Food Bank. The Food Bank borrowed \$9,200,000 under this credit facility in October 2020 and combined with \$5,900,000 of funds raised through the Comprehensive Campaign, made a \$15,100,000 investment in the Project through GPCFB Support Corporation.

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REPORTING UNDER *GOVERNMENT AUDITING STANDARDS* AND UNIFORM GUIDANCE

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

The Board of Directors
Greater Pittsburgh Community Food Bank
Duquesne, Pennsylvania

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 the Greater Pittsburgh Community Food Bank (Food Bank), which comprise the statement of financial position as of June 30, 2020, 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 December 29, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Food Bank'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 Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Food Bank'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Food Bank’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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
March 24, 2021

GREATER PITTSBURGH COMMUNITY FOOD BANK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

Federal/Pass-Through Grantor Program or Cluster Title	Contract and Pass- through Entity Identifying Number	Federal CFDA Number	Amount Expended
Food Distribution-Cluster:			
United States Department of Agriculture (USDA) Programs:			
Pass-Through Pennsylvania Department of Agriculture:			
Emergency Food Assistance Program (Food Commodities)	44187402	10.569	\$ 8,914,684
Pass-Through Lawrence County:			
Emergency Food Assistance Program (Food Commodities)	N/A	10.569	48,388
Pass-Through Hunger-Free Pennsylvania:			
Emergency Food Assistance Program (Food Commodities)	N/A	10.569	1,545,480
Pass-Through Allegheny County:			
Emergency Food Assistance Program (Food Commodities)	N/A	10.569	715,448
			<u>11,224,000</u>
Pass-Through Lawrence County:			
Emergency Food Assistance Program (Administrative Costs)	N/A	10.568	11,007
Pass-Through Hunger-Free Pennsylvania:			
Emergency Food Assistance Program (Administrative Costs)	N/A	10.568	399,625
Pass-Through Allegheny County:			
Emergency Food Assistance Program (Administrative Costs)	234881	10.568	162,156
Pass-Through Pennsylvania Department of Agriculture:			
COVID-19 - Emergency Food Assistance Program (FFCRA) (Administrative Costs)	N/A	10.568	606,054
Pass-Through Pennsylvania Department of Agriculture:			
COVID-19 - Emergency Food Assistance Program (TEFAP) (Administrative Costs)	N/A	10.568	668,918
			<u>1,847,760</u>
Total USDA Programs			<u>13,071,760</u>
Total Food Distribution Cluster			13,071,760

The accompanying notes are an integral part of this schedule.

GREATER PITTSBURGH COMMUNITY FOOD BANK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

<u>Federal/Pass-Through Grantor Program or Cluster Title</u>	<u>Contract and Pass- Through Entity Identifying Number</u>	<u>Federal CFDA Number</u>	<u>Amount Expended</u>
Balance forward			\$ 13,071,760
Other Federal Financial Assistance:			
United States Department of Housing and Urban Development Programs:			
Pass-Through Allegheny County Department of Development:			
Community Development Block Grants/Entitlement Grants	238673	14.218	423,504
Community Development Block Grants/Entitlement Grants	237307	14.218	82,803
Community Development Block Grants/Entitlement Grants	53428	14.218	<u>119,300</u>
			625,607
Department of Homeland Security:			
Emergency Food and Shelter National Board Program	Phase 36	97.024	256,000
United States Department of Agriculture Programs:			
Pass-Through Hunger Free Pennsylvania:			
Emergency Food Assistance Program (Trade Mitigation)	N/A	10.178	765,024
Pass-Through Pennsylvania Department of Human Services State Administration Matching Grants for the Supplemental Nutrition Assistance Program	4100082797	10.561	160,005
Pass-Through Pennsylvania Department of Education Child and Adult Care Food Program	300-02-005-8	10.558	415,999
Summer Food Service Program for Children	300-02-005-8	10.559	<u>861,936</u>
Total Other Federal Financial Assistance			<u>3,084,571</u>
Total Expenditures of Federal Awards			<u><u>\$ 16,156,331</u></u>

The accompanying notes are an integral part of this schedule.

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2020

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (Schedule) includes the federal award activity of the Greater Pittsburgh Community Food Bank (Food Bank) under programs of the federal government for the year ended June 30, 2020. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Food Bank, it is not intended to and does not present the financial position, changes in net assets or cash flows of the Food Bank.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

NOTE 3 - INDIRECT COST RATE

The Food Bank has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

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

The Board of Directors
Greater Pittsburgh Community Food Bank
Duquesne, Pennsylvania

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Food Bank's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Food Bank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the Food Bank is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Food Bank's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Food Bank'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.

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.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
March 24, 2021

GREATER PITTSBURGH COMMUNITY FOOD BANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020

SECTION 1 - SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of report the auditor issued on whether the financial statements were prepared in accordance with accounting principles generally accepted in the United States of America: Unmodified

Internal control over financial reporting:
 Material weakness(es) identified? _____ Yes X no
 Significant deficiency(ies) identified? _____ Yes X none reported
 Noncompliance material to financial statements notes _____ Yes X no

Federal Awards:

Internal control over major programs:
 Material weakness(es) identified? _____ yes X no
 Significant deficiency(ies) identified? _____ yes X none reported
 Type of auditor's report on compliance for major federal programs: Unmodified
 Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
10.569/10.568	Food Distribution Cluster
10.559	Summer Food Service Program for Children
10.178	Trade Mitigation Program Eligible Recipient Agency Operational Funds

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

Auditee qualified as low-risk auditee? _____ X yes _____ no

GREATER PITTSBURGH COMMUNITY FOOD BANK
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020
(Continued)

SECTION II - FINANCIAL STATEMENT FINDINGS

This section identifies the significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, grant agreements and abuse related to the financial statements for which Government Auditing Standards require reporting.

There were no findings noted in the current year that are required to be reported in accordance with Government Auditing Standards.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

This section identifies the audit findings required to be reported by 2 CFR 200.516(a) (significant deficiencies, material weaknesses, material instances of noncompliance, including questioned costs and material abuse.)

There were no findings noted in the current year that are required to be reported in accordance with 2 CFR 200.516(a).

The independent auditors' report on compliance should be read with this schedule.