

GREATER PITTSBURGH COMMUNITY FOOD BANK
Duquesne, Pennsylvania

Consolidated Financial Statements
and
Reporting Under *Government Auditing Standards*
and Uniform Guidance
For the year ended June 30, 2023
and Independent Auditor's Report Thereon



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of the Greater Pittsburgh Community Food Bank (Food Bank) (a nonprofit organization), which comprise the consolidated statements of financial position as of June 30, 2023 and 2022, and the related consolidated statement of activities and changes in net assets for the year ended June 30, 2023, and the consolidated statements of functional expenses and cash flows for the years ended June 30, 2023 and 2022, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Food Bank as of June 30, 2023 and 2022, and the changes in its net assets for the year ended June 30, 2023 and its functional expenses and cash flows for the years ended June 30, 2023 and 2022 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 audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of the Food Bank 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 Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated 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 consolidated 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 the Food Bank's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Food Bank's ability to continue as a going concern for a reasonable period of time.

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

Report on Summarized Comparative Information

We have previously audited the Food Bank's 2022 consolidated financial statements, and we expressed an unmodified audit opinion on those audited consolidated financial statements in our report dated December 15, 2022. In our opinion, the summarized comparative information presented herein for the year ended June 30, 2022 is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 22, 2023, 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Food Bank's internal control over financial reporting and compliance.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
November 22, 2023

GREATER PITTSBURGH COMMUNITY FOOD BANK
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

| | June 30 | |
|--|----------------------|----------------------|
| | <u>2023</u> | <u>2022</u> |
| ASSETS | | |
| Cash and cash equivalents | \$ 6,124,711 | \$ 10,731,228 |
| Receivables, net | 3,150,508 | 3,610,592 |
| Investments | 26,146,245 | 24,636,277 |
| New market tax credit leverage loan receivable | 15,104,000 | 15,104,000 |
| Inventory, net | 2,401,401 | 3,600,294 |
| Prepaid expenses | 40,153 | 129,080 |
| Fixed assets, net | 24,943,768 | 22,571,251 |
| Land | <u>332,699</u> | <u>332,699</u> |
| Total Assets | <u>\$ 78,243,485</u> | <u>\$ 80,715,421</u> |
| LIABILITIES AND NET ASSETS | | |
| LIABILITIES | | |
| Accounts payable and accrued liabilities | \$ 4,233,411 | \$ 4,736,403 |
| Refundable advances | 1,013,264 | 2,394,209 |
| Lease liabilities | 302,046 | 534,641 |
| New market tax credit loans, net | <u>21,569,155</u> | <u>21,565,775</u> |
| Total Liabilities | 27,117,876 | 29,231,028 |
| NET ASSETS | | |
| Without donor restrictions | 46,765,205 | 46,726,470 |
| With donor restrictions: | | |
| Grants and programs | 1,867,938 | 2,307,224 |
| Comprehensive campaign | <u>2,492,466</u> | <u>2,450,699</u> |
| Total Net Assets | <u>51,125,609</u> | <u>51,484,393</u> |
| Total Liabilities And Net Assets | <u>\$ 78,243,485</u> | <u>\$ 80,715,421</u> |

See notes to consolidated financial statements.

GREATER PITTSBURGH COMMUNITY FOOD BANK

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2023
(with comparative totals for the year ended June 30, 2022)

| | Without Restrictions | With Donor Restrictions | | | Totals | |
|---|------------------------------|---------------------------|---------------------------|-------------------------------|--------------|--------------|
| | General Operating Fund | Grants and Programs | Comprehensive Campaign | Total With Restrictions | 2023 | 2022 |
| PUBLIC SUPPORT AND REVENUE | | | | | | |
| Public support: | | | | | | |
| Donated food | \$29,530,812 | - | - | - | \$29,530,812 | \$30,522,740 |
| Foundations | 5,627,896 | \$ 996,420 | \$ 15,000 | \$ 1,011,420 | 6,639,316 | 6,268,902 |
| Individuals | 11,264,219 | 995,130 | 3,300 | 998,430 | 12,262,649 | 12,263,000 |
| Corporations | 3,354,348 | 158,659 | - | 158,659 | 3,513,007 | 3,893,901 |
| Organizational donations | 1,388,573 | 628,715 | - | 628,715 | 2,017,288 | 1,426,280 |
| Government grants | - | 14,837,540 | - | 14,837,540 | 14,837,540 | 14,098,351 |
| Other | 12,285 | - | - | - | 12,285 | - |
| Total Public Support | 51,178,133 | 17,616,464 | 18,300 | 17,634,764 | 68,812,897 | 68,473,174 |
| Revenue: | | | | | | |
| Wholesale food sales | 4,303,037 | - | - | - | 4,303,037 | 1,981,991 |
| Shared maintenance | 95,119 | - | - | - | 95,119 | 89,599 |
| Special events | 42,224 | - | - | - | 42,224 | 31,466 |
| Transportation services | 56,687 | - | - | - | 56,687 | 76,113 |
| Investment income, net | 786,298 | 5,621 | 23,467 | 29,088 | 815,386 | 408,901 |
| Net realized and unrealized gains (losses) on investments | 474,049 | 13,223 | - | 13,223 | 487,272 | (712,901) |
| Miscellaneous income | 175,371 | - | - | - | 175,371 | 140,005 |
| Loss on disposal | (366,904) | - | - | - | (366,904) | (37,872) |
| Membership dues | 12,950 | - | - | - | 12,950 | 11,900 |
| Total Revenue | 5,578,831 | 18,844 | 23,467 | 42,311 | 5,621,142 | 1,989,202 |
| Net assets released from program restrictions | 18,074,594 | (18,074,594) | - | (18,074,594) | - | - |
| Total Public Support And Revenue | 74,831,558 | (439,286) | 41,767 | (397,519) | 74,434,039 | 70,462,376 |
| FUNCTIONAL EXPENSES | | | | | | |
| Program services | 68,597,731 | - | - | - | 68,597,731 | 66,074,612 |
| Supporting services | 2,959,689 | - | - | - | 2,959,689 | 2,453,676 |
| Fundraising | 3,235,403 | - | - | - | 3,235,403 | 3,057,032 |
| Total Functional Expenses | 74,792,823 | - | - | - | 74,792,823 | 71,585,320 |
| Changes in Net Assets | 38,735 | (439,286) | 41,767 | (397,519) | (358,784) | (1,122,944) |
| NET ASSETS | | | | | | |
| Beginning of year | 46,726,470 | 2,307,224 | 2,450,699 | 4,757,923 | 51,484,393 | 52,607,337 |
| End of year | \$46,765,205 | \$ 1,867,938 | \$ 2,492,466 | \$ 4,360,404 | \$51,125,609 | \$51,484,393 |

See notes to consolidated financial statements.

GREATER PITTSBURGH COMMUNITY FOOD BANK

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2023

| | Program Services | | | | |
|--|----------------------|---------------------|--|---------------------|------------------------------|
| | Food Distribution | Network Outreach | Community Outreach and Education | Community Impact | Total Program Services |
| Donated food distributed | \$39,171,776 | - | - | - | \$39,171,776 |
| Cost of purchased food | 12,360,377 | - | - | - | 12,360,377 |
| Salaries and wages | 4,049,229 | \$1,075,133 | \$ 595,898 | \$1,291,237 | 7,011,497 |
| Payroll taxes | 304,096 | 82,073 | 44,601 | 100,801 | 531,571 |
| Employee benefits | 1,015,792 | 191,386 | 104,993 | 235,233 | 1,547,404 |
| Professional services | 46,149 | 43,920 | 13,259 | 7,835 | 111,163 |
| Fees for service | 238,159 | 15,118 | 11,516 | 19,394 | 284,187 |
| Supplies | 335,540 | 20,607 | 14,923 | 766,991 | 1,138,061 |
| Technology expense | 236,343 | 78,339 | 42,726 | 148,096 | 505,504 |
| Printing and postage | 22,846 | 4,797 | 3,584 | 47,367 | 78,594 |
| Advertising | 52,100 | 39,076 | 52,101 | 47,235 | 190,512 |
| Freight and vehicles | 710,796 | 420 | 840 | 8,956 | 721,012 |
| Occupancy | 665,722 | 15,489 | 9,973 | 32,527 | 723,711 |
| Travel, meetings, membership | 70,657 | 34,880 | 27,585 | 53,568 | 186,690 |
| Agency support | 164,671 | 1,605,597 | 1,914 | 317,611 | 2,089,793 |
| Interest | 218,478 | 6,973 | 4,477 | 12,577 | 242,505 |
| Miscellaneous | 2,518 | 75 | 1 | 275 | 2,869 |
| Total Functional Expenses Before Depreciation and Amortization | 59,665,249 | 3,213,883 | 928,391 | 3,089,703 | 66,897,226 |
| Depreciation and amortization | 1,341,356 | 100,575 | 54,773 | 203,801 | 1,700,505 |
| Total Functional Expenses | <u>\$61,006,605</u> | <u>\$3,314,458</u> | <u>\$ 983,164</u> | <u>\$3,293,504</u> | <u>\$68,597,731</u> |

| <u>Supporting Services</u> | <u>Fund- Raising</u> | <u>Total</u> |
|--------------------------------|--------------------------|---------------------|
| - | - | \$39,171,776 |
| - | - | 12,360,377 |
| \$1,709,901 | \$1,089,719 | 9,811,117 |
| 121,994 | 81,893 | 735,458 |
| 360,975 | 209,649 | 2,118,028 |
| 128,673 | 115,174 | 355,010 |
| 161,380 | 1,220,365 | 1,665,932 |
| 43,567 | 14,813 | 1,196,441 |
| 77,461 | 95,342 | 678,307 |
| 12,819 | 59,709 | 151,122 |
| 77,977 | 138,311 | 406,800 |
| 140 | - | 721,152 |
| 27,463 | 15,698 | 766,872 |
| 86,581 | 50,263 | 323,534 |
| 655 | 53,199 | 2,143,647 |
| 12,471 | 7,067 | 262,043 |
| 17,765 | 7,980 | 28,614 |
| 2,839,822 | 3,159,182 | 72,896,230 |
| 119,867 | 76,221 | 1,896,593 |
| <u>\$2,959,689</u> | <u>\$3,235,403</u> | <u>\$74,792,823</u> |

See notes to consolidated financial statements.

GREATER PITTSBURGH COMMUNITY FOOD BANK

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2022

| | Program Services | | | | |
|--|----------------------|---------------------|--|---------------------|------------------------------|
| | Food Distribution | Network Outreach | Community Outreach and Education | Community Impact | Total Program Services |
| Donated food distributed | \$41,488,666 | - | - | - | \$41,488,666 |
| Cost of purchased food | 9,901,528 | - | - | - | 9,901,528 |
| Salaries and wages | 3,468,689 | \$ 954,416 | \$ 458,438 | \$1,243,223 | 6,124,766 |
| Payroll taxes | 275,048 | 76,972 | 36,622 | 97,966 | 486,608 |
| Employee benefits | 911,123 | 198,755 | 85,589 | 230,306 | 1,425,773 |
| Professional services | 50,506 | 12,420 | 15,163 | 192,522 | 270,611 |
| Fees for service | 358,027 | 13,798 | 12,229 | 17,490 | 401,544 |
| Supplies | 368,119 | 10,965 | 13,570 | 767,014 | 1,159,668 |
| Technology expense | 268,156 | 85,223 | 43,886 | 161,717 | 558,982 |
| Printing and postage | 25,942 | 10,571 | 4,970 | 91,477 | 132,960 |
| Advertising | 46,380 | 34,787 | 46,388 | 59,205 | 186,760 |
| Freight and vehicles | 750,191 | 207 | 413 | 4,410 | 755,221 |
| Occupancy | 546,458 | 18,431 | 8,820 | 27,634 | 601,343 |
| Travel, meetings, membership | 55,024 | 21,389 | 10,951 | 31,734 | 119,098 |
| Agency support | 66,619 | 1,088,889 | 4,064 | 321,462 | 1,481,034 |
| Interest | 28,457 | 4,214 | 2,026 | 5,491 | 40,188 |
| Miscellaneous | 5,159 | 208 | 108 | 641 | 6,116 |
| Total Functional Expenses Before Depreciation and Amortization | 58,614,092 | 2,531,245 | 743,237 | 3,252,292 | 65,140,866 |
| Depreciation and amortization | 785,798 | 39,527 | 20,582 | 87,839 | 933,746 |
| Total Functional Expenses | <u>\$59,399,890</u> | <u>\$2,570,772</u> | <u>\$ 763,819</u> | <u>\$3,340,131</u> | <u>\$66,074,612</u> |

| <u>Supporting Services</u> | <u>Fund- Raising</u> | <u>Total</u> |
|--------------------------------|--------------------------|---------------------|
| - | - | \$41,488,666 |
| - | - | 9,901,528 |
| \$1,424,602 | \$ 931,415 | 8,480,783 |
| 110,179 | 72,702 | 669,489 |
| 328,677 | 196,705 | 1,951,155 |
| 169,511 | 278,477 | 718,599 |
| 82,506 | 1,029,109 | 1,513,159 |
| 21,206 | 14,114 | 1,194,988 |
| 80,106 | 96,318 | 735,406 |
| 12,454 | 88,573 | 233,987 |
| 64,824 | 202,760 | 454,344 |
| 69 | - | 755,290 |
| 23,484 | 14,616 | 639,443 |
| 67,022 | 30,163 | 216,283 |
| 6,542 | 60,465 | 1,548,041 |
| 6,492 | 4,113 | 50,793 |
| 18,813 | 12,389 | 37,318 |
| 2,416,487 | 3,031,919 | 70,589,272 |
| 37,189 | 25,113 | 996,048 |
| <u>\$2,453,676</u> | <u>\$3,057,032</u> | <u>\$71,585,320</u> |

See notes to consolidated financial statements.

GREATER PITTSBURGH COMMUNITY FOOD BANK

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2023 AND 2022

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|----------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Changes in net assets | \$ (358,784) | \$ (1,122,944) |
| Adjustments to reconcile changes in net assets to net cash provided by operating activities: | | |
| Donated inventory, net change | 231,540 | 168,497 |
| Depreciation and amortization | 1,896,593 | 996,048 |
| Amortization of deferred financing costs, included in interest expense | 3,380 | 37,163 |
| Loss on disposal of equipment | 366,904 | 37,872 |
| Net unrealized (gains) losses on investments | (753,244) | 636,566 |
| Allowance for doubtful accounts | (1,400) | (4,505) |
| Inventory allowance | (144,470) | 244,470 |
| Changes in assets and liabilities: | | |
| Receivables | 461,484 | (64,246) |
| Purchased inventory | 179,506 | 600,707 |
| Prepaid expenses | 88,927 | (48,074) |
| Accounts payable and accrued liabilities | (1,171,103) | 24,000 |
| Refundable advances, net of change in government commodity inventory | (448,628) | (677,255) |
| Net Cash Provided By Operating Activities | <u>350,705</u> | <u>828,299</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchases of fixed assets | (3,967,903) | (8,972,191) |
| Purchases of investments | (756,724) | (11,499,224) |
| Net Cash Used In Investing Activities | <u>(4,724,627)</u> | <u>(20,471,415)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Principal payments on lease liabilities | (232,595) | (282,225) |
| Payments on long-term debt | - | (2,970,596) |
| Net Cash Used In Financing Activities | <u>(232,595)</u> | <u>(3,252,821)</u> |
| Net Decrease In Cash, Cash Equivalents and Restricted Cash | (4,606,517) | (22,895,937) |
| CASH AND CASH EQUIVALENTS | | |
| Beginning of year | <u>10,731,228</u> | <u>33,627,165</u> |
| End of year | <u>\$ 6,124,711</u> | <u>\$ 10,731,228</u> |
| SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION | | |
| Cash paid during the year for: | | |
| Interest | <u>\$ 262,000</u> | <u>\$ 298,000</u> |

SUPPLEMENTAL DISCLOSURE OF NONCASH OPERATING ACTIVITIES

As of June 30, 2023 and 2022, the government commodity inventory approximated \$916,000 and \$1,848,000, respectively, and is recorded as refundable advances.

As of June 30, 2023 and 2022, the Company had payable approximately \$668,000 and \$155,000, respectively of fixed asset purchases.

In 2022, the Company financed the purchase of fixed assets under financing leases totaling approximately \$85,000.

See notes to consolidated financial statements.

GREATER PITTSBURGH COMMUNITY FOOD BANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

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 over 1,000 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, 2023, the Food Bank provided access to over 42 million nutritious meals (unaudited). The Food Bank is a member of Feeding America, a national hunger relief organization and network of food banks.

In fiscal year 2021, the Food Bank established the GPCFB Support Corporation (Support Corporation) as a nonprofit organization to hold the Food Bank's fixed assets and Qualified Low-Income Community Investment loans. This transaction coincided with the renovation and expansion of the Food Bank's facility in Duquesne, Pennsylvania (Project). Note 3 provides further information on this transaction. The Food Bank is the sole voting member of the Support Corporation and operates and maintains the facility for its exclusive benefit and use; therefore, the Support Corporation is consolidated into the financial statements of the Food Bank.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Principles of Consolidation - The consolidated financial statements include the accounts of the Food Bank and the Support Corporation (collectively referred to as the Organization). Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates - The preparation of consolidated 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 consolidated 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 5) 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, 2023 and 2022, and donated food inventory at June 30, 2023 and 2022, which represent significant components of the consolidated 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 consolidated 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 the Feed the Future Fund, an operating reserve (See Note 4), capital reserve (See Note 4), and Strategic Innovation Fund (See Note 4).

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.

GREATER PITTSBURGH COMMUNITY FOOD BANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, donor-restricted net assets are reclassified to without donor restriction net assets and reported in the consolidated statement of activities and changes in net assets as net assets released from restrictions.

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. Donated food received and distributed by the Food Bank has been reflected in the accompanying consolidated 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 5.) The Food Bank pays a value-added processing charge on certain donated food, which approximated \$2,241,000 and \$2,953,000 for the years ended June 30, 2023 and 2022, respectively. These amounts are included within the cost of donated food distributed on the consolidated statements of functional expenses.

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 consolidated financial statements as both revenue and expense, which were not significant for the years ended June 30, 2023 and 2022, 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 consolidated 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 \$380,000 and \$764,000 during the years ended June 30, 2023 and 2022, respectively, and is reflected as a component of the cost of donated food distributed on the consolidated statements of functional expenses.

Revenue Recognition - The Food Bank follows the Financial Accounting Standards Board (FASB) Accounting Standard Codification (ASC) Topic 606, Revenue from Contracts with Customers (Topic 606), under which revenue is recognized in accordance with a five-step model that includes: identifying the contracts with customers; identifying the separate performance obligations; determining the transaction price; allocating the transaction price to the separate performance obligations; and recognizing revenue when (or as) each performance obligation is satisfied.

The Food Bank generates revenue from individual contracts with customers, primarily through food sales and related fees revenue. The provisions of Topic 606 are applied by the Food Bank on an individual contract basis. As a practical expedient, the Food Bank applies this Topic to a portfolio of contracts with similar characteristics for the fee for service revenue stream. The Food Bank expects that the effects of applying this guidance to the portfolios would not significantly differ from applying the guidance to the individual contracts within the portfolio.

GREATER PITTSBURGH COMMUNITY FOOD BANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Food Bank receives revenue through donated food, which is recorded as an in-kind contribution. Revenues from food sales and related fees that are reported in the fiscal year in which the food is delivered are included in wholesale food sales within the accompanying consolidated statements of activities. 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.

The Food Bank applies the practical expedient in FASB ASC 606-10-50-14 and, therefore, does not disclose further information about remaining performance obligations that have original expected durations of one year or less. There was no revenue recognized during the years ended June 30, 2023 and 2022 from performance obligations that were satisfied or partially satisfied in prior periods.

Public support consists of grants and donations from governments, corporations, foundations, individuals, other organizations and fundraising activities.

Major Contributors - Total public support and revenue for the year ended June 30, 2023 includes food donations made by one corporation that represent approximately 14% of total public support and revenue. Total public support and revenue for the year ended June 30, 2022 includes food donations made by two corporations that represent approximately 24% of total public support and revenue.

Cash and Cash Equivalents - The Food Bank maintains its cash balances in local financial institutions, which may at times exceed federally insured amounts. 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 6.)

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 13.)

Investments - Investments are carried at fair value with unrealized gains and losses included in the consolidated statement of activities and changes in net assets. Investment income, including interest and dividends, and realized and unrealized gains (losses) 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 value will occur in the near term, and it is reasonably possible that such changes could materially affect the amounts reported in the consolidated statements of financial position.

GREATER PITTSBURGH COMMUNITY FOOD BANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2023 or 2022.

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, 2023 and 2022 was approximately \$407,000 and \$454,000, respectively.

Income Taxes - The Food Bank and the Support Corporation are exempt from federal income tax under Section 501(c)(3) of the U.S. Internal Revenue Code (IRC) and are not a private foundation under Section 509 of the IRC. Accordingly, no provision for income taxes is recorded in the consolidated financial statements. The Food Bank's consolidated statements of financial position at June 30, 2023 and 2022 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 2020.

Reclassification - Reclassifications to comparative net assets were made to conform with current year presentation.

Subsequent Events - Subsequent events are defined as events or transactions that occur after the balance sheet date but before the consolidated financial statements are issued or are available to be issued. Management has considered subsequent events through November 22, 2023, the date on which the consolidated financial statements were available to be issued.

NOTE 3 - NEW MARKET TAX CREDIT LOANS AND LEVERAGED LOAN RECEIVABLE

The Food Bank entered into a fixed-price contract of \$15,158,000 with Massaro Corporation for its Project. Massaro is the general contractor on the Project. Groundbreaking occurred in September 2020.

GREATER PITTSBURGH COMMUNITY FOOD BANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 - NEW MARKET TAX CREDIT LOANS AND LEVERAGED LOAN RECEIVABLE (Continued)

The New Market Tax Credit (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.

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

The Food Bank and CDEs loaned funds to the Support Corporation for use in this renovation and construction project. The Food Bank's \$15,104,000 in NMTC leveraged loans to the Support Corporation helped the Support Corporation receive approximately \$21,680,000 in funds after transactions costs and fees.

A \$10,000,000 line of credit, secured by certain assets of the Food Bank, was obtained from PNC Bank in September 2020 to fund a portion of the NMTC transaction. The Food Bank initially borrowed \$9,200,000 under this credit facility in October 2020. This loan was fully repaid in September 2021.

PNC CDE 109, LLC (PNC) and RDP 37 LLC (RDP), collectively known as CDEs, provided NMTC loans to the Support Corporation to finance the renovation. These loans were made in conjunction with the NMTC leveraged loan from the Food Bank.

The CDEs received allocations of NMTC pursuant to Section 45D of the IRC in order to assist eligible businesses in making investments in certain low income communities. The availability of NMTC allowed PNC New Markets Investments Partners, LLC (PNC NMTC) to invest \$7,176,000 in the GPCFB Investment Fund, LLC (Investment Fund). The Food Bank also made a NMTC leveraged loan of \$15,104,000 from the proceeds of the PNC Bank Loan of \$9,200,000 and the Food Bank equity of \$5,904,000. In addition, there was a transfer of building and land owned of approximately \$2,088,000 to the Support Corporation. The Investment Fund used the combined amount to make equity contributions of \$16,000,000 to RDP and \$6,000,000 to PNC. The CDEs, in turn, used the contributions to make the NMTC loans to the Support Corporation. The NMTC loans are secured by the assignment of pledge receivables, an open end mortgage, leases and rents, interest in leasehold improvements, cash accounts and a guarantee by the Food Bank.

The NMTC loans mature on December 31, 2054; the principal is payable in quarterly installments commencing March 5, 2028. Interest is payable quarterly, commencing December 5, 2020 at the following interest rates:

| | Principal Amounts | Interest Rates |
|-----------------------------------|----------------------|-------------------|
| PNC | \$ 6,000,000 | 1.142% |
| RDP | 15,680,000 | 1.142% |
| Total new market tax credit loans | 21,680,000 | |
| Less: Loan origination fees | (110,845) | |
| | <u>\$ 21,569,155</u> | |

GREATER PITTSBURGH COMMUNITY FOOD BANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 3 - NEW MARKET TAX CREDIT LOANS AND LEVERAGED LOAN RECEIVABLE (Continued)

The Food Bank expects to receive quarterly interest payments of 1% on the NMTC leveraged loans from the Investment Fund from December 15, 2020 through December 31, 2027. The NMTC leveraged loans mature on June 30, 2049, and principal is payable in quarterly installments commencing March 15, 2028. Amounts received from the Investment Fund as payment on the NMTC leveraged loans will be used to make interest payments on the NMTC loans.

In 2027, PNC NMTC has a right and put option, but not an obligation, for a period of 120 days, to require the Food Bank to purchase all of PNC New Markets Investment Partners, LLC's interest in the Investment Fund for a put exercise price of \$1,000 plus the closing costs. If the put is not exercised, then the Food Bank has the right to purchase PNC New Markets Investment Partners, LLC's interest in the Investment Fund (call option) at an amount equal to the fair market value of PNC New Markets Investment Partners, LLC's interest in the Investment Fund.

NOTE 4 - 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, 2023 and 2022, 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>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| Total financial assets: | | |
| Cash and cash equivalents | \$ 6,124,711 | \$ 10,731,228 |
| Receivables | 3,150,508 | 3,610,592 |
| Investments without board designations | 5,099,550 | 4,999,733 |
| Less: Cash and cash equivalents for the Support Corporation | (1,473,087) | (3,590,829) |
| Less: Financial assets restricted for Campaign | (2,492,466) | (2,450,699) |
| Financial assets available to meet cash needs for general expenditures within one year | \$ <u>10,409,216</u> | \$ <u>13,300,025</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, 2023 and 2022, approximately \$15,511,000 and \$14,637,000 was designated by the Board for operating reserves into the Feed the Future Fund, respectively. Throughout the year, the Food Bank may seek approval from the Board of Directors to deposit surplus operating funds or withdraw funds to offset operating deficits as needed. The Food Bank has not requested such withdrawal.

At June 30, 2023 and 2022, approximately \$5,429,000 and \$4,831,000 was designated by the Board for the Strategic Innovation Fund, respectively. Annually, the Food Bank may request a withdrawal of up to 10% 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. In fiscal year 2023, the Food Bank requested a withdrawal of \$283,000 which was approved by the Board.

GREATER PITTSBURGH COMMUNITY FOOD BANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 4 - LIQUIDITY AND AVAILABILITY OF RESOURCES (Continued)

The Food Bank also had approximately \$1,868,000 and \$2,307,000 at June 30, 2023 and 2022, respectively, related to grants and programs that are consistent and will be used within the Food Bank's general mission, which were excluded from financial assets restricted for Campaign in the table above.

The Food Bank also maintains a \$3,000,000 line of credit with a bank that is available in the event of unanticipated liquidity needs. The line was not drawn upon in fiscal years 2023 and 2022. (See Note 15).

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 5.) As of June 30, 2023 and 2022, the Food Bank met both of these criteria.

NOTE 5 - 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, 2023 and 2022 and, therefore, is not required to establish an operating reserve to meet the Feeding America monitoring requirement.

NOTE 6 - RECEIVABLES

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

| | <u>2023</u> | <u>2022</u> |
|--|----------------------------|----------------------------|
| Grants receivable | \$ 896,429 | \$ 655,114 |
| Amounts due from agencies | 352,948 | 300,585 |
| Contributions receivable | 1,908,153 | 2,667,057 |
| Miscellaneous | <u>10,602</u> | <u>6,859</u> |
| | 3,150,508 | 3,629,615 |
| Less - Allowance for contributions receivable | <u>(17,623)</u> | <u>(19,023)</u> |
| | \$ <u><u>3,150,508</u></u> | \$ <u><u>3,610,592</u></u> |

Contributions receivable as of June 30, 2023 consist of approximately \$1,412,000 due in less than one year, approximately \$446,000 due in one to five years, and approximately \$50,000 due in more than five years. The remaining receivables of approximately \$1,243,000 are due in less than one year.

GREATER PITTSBURGH COMMUNITY FOOD BANK

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

JUNE 30, 2023 AND 2022

NOTE 7 - INVESTMENTS

Investments at June 30 consist of the following:

| | Fair Value Hierarchy (Note 13) | | 2023 | | | 2022 | |
|------------------------|--------------------------------------|----|-------------------|----------------------|----|-------------------|----------------------|
| | | | Fair Value | Cost | | Fair Value | Cost |
| Cash | 1 | \$ | 3,175,227 | \$ 3,175,227 | \$ | 12,183,049 | \$ 12,182,782 |
| Treasury bonds | 2 | | 983,842 | 975,161 | | 792,325 | 792,697 |
| Corporate bonds | 2 | | 7,229,435 | 7,546,240 | | 1,502,998 | 1,658,603 |
| Municipal bonds | 2 | | 3,380,291 | 3,489,823 | | 1,086,095 | 1,144,031 |
| Common stocks | 1 | | 10,768,453 | 8,522,824 | | 9,071,810 | 7,775,645 |
| Mortgage pools | 2 | | 504,969 | 506,145 | | - | - |
| Certificate of deposit | 1 | | 104,028 | 100,010 | | - | - |
| | | \$ | <u>26,146,245</u> | <u>\$ 24,315,430</u> | \$ | <u>24,636,277</u> | <u>\$ 23,553,758</u> |

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

| | | 2023 | 2022 |
|-----------|----|-----------------|-------------------|
| Interest | \$ | 586,842 | \$ 303,317 |
| Dividends | | 320,722 | 165,908 |
| Fees | | <u>(92,178)</u> | <u>(60,324)</u> |
| | \$ | <u>815,386</u> | <u>\$ 408,901</u> |

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

| | | 2023 | 2022 |
|-------------------------------|----|----------------|---------------------|
| Net realized losses | \$ | (265,972) | \$ (76,335) |
| Net unrealized gains (losses) | | <u>753,244</u> | <u>(636,566)</u> |
| | \$ | <u>487,272</u> | <u>\$ (712,901)</u> |

GREATER PITTSBURGH COMMUNITY FOOD BANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 8 - INVENTORY

Inventory at June 30 consists of the following:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Purchased and state food purchased inventory | \$ 1,360,188 | \$ 1,539,694 |
| Government commodities - donated | 916,021 | 1,848,338 |
| Donated inventory | 225,192 | 456,732 |
| Inventory reserve | <u>(100,000)</u> | <u>(244,470)</u> |
| | <u>\$ 2,401,401</u> | <u>\$ 3,600,294</u> |

NOTE 9 - FIXED ASSETS

Fixed assets at June 30 are summarized as follows:

| | <u>2023</u> | <u>2022</u> |
|--|----------------------|----------------------|
| Buildings and improvements | \$ 26,207,962 | \$ 27,402,679 |
| Motor vehicles | 1,047,452 | 982,879 |
| Finance lease right-of-use motor vehicles | 983,178 | 1,141,457 |
| Warehouse equipment | 923,625 | 804,544 |
| Office equipment | 3,534,167 | 1,385,226 |
| Finance lease right-of-use office equipment | 164,007 | 164,007 |
| Finance lease right-of-use building | - | 249,582 |
| | <u>32,860,391</u> | <u>32,130,374</u> |
| Less - Accumulated depreciation and amortization | <u>9,788,076</u> | <u>9,980,628</u> |
| | <u>23,072,315</u> | <u>22,149,746</u> |
| Construction-in-progress | <u>1,871,453</u> | <u>421,505</u> |
| | <u>\$ 24,943,768</u> | <u>\$ 22,571,251</u> |

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 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, 2023 and 2022 are comprised of amortization of the right-of-use assets (motor vehicles, office equipment and building) of approximately \$196,000 and \$271,000, respectively, and interest on the lease liability of approximately \$11,000 and \$15,000, respectively. The weighted-average remaining lease term for the Food Bank's finance leases were three years, and weighted-average discount rate is 7.79% and 5.25% as of June 30, 2023 and 2022, respectively.

GREATER PITTSBURGH COMMUNITY FOOD BANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 9 - FIXED ASSETS (Continued)

The approximate aggregate amounts due under finance leases due subsequent to June 30, 2023 are as follows:

| Year Ending June 30 | Total |
|-------------------------------------|-------------------|
| 2024 | \$ 190,000 |
| 2025 | 96,000 |
| 2026 | 18,000 |
| 2027 | 8,000 |
| | <u>312,000</u> |
| Less: Amounts representing interest | <u>(10,000)</u> |
| Total lease liability | <u>\$ 302,000</u> |

NOTE 10 - 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, 2023 are as follows:

| | |
|---|----------------------|
| Subject to expenditure for specified purpose: | |
| Grants and programs: | |
| Distribution of government commodities | \$ 8,005,618 |
| Governmental Support | 6,829,250 |
| Non-Governmental Support | <u>3,239,726</u> |
| | <u>\$ 18,074,594</u> |

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 11 - 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 \$313,000 and \$351,000 for the years ended June 30, 2023 and 2022, respectively, and were distributed to employees during fiscal years 2024 and 2023. The plan also includes a discretionary matching component and included a match of 3% of eligible wages for both 2023 and 2022. Employer contributions related to the discretionary matching component approximated \$249,000 and \$223,000 for the years ended June 30, 2023 and 2022, respectively.

GREATER PITTSBURGH COMMUNITY FOOD BANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 12 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and other activities have been summarized on a functional basis in the consolidated 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 13 - 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.

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.

Certificate of deposits - Carrying value approximates fair values due to the short-term nature of the financial instrument. (See Note 7.)

GREATER PITTSBURGH COMMUNITY FOOD BANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 13 - FAIR VALUE MEASUREMENT (Continued)

Municipal, corporate and treasury bonds - 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, 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, corporate and treasury bonds as a Level 2 investment within the fair value hierarchy. (See Note 7.)

Common stocks - Valued at the closing price reported on the active market on which the individual securities are traded. (See Note 7.)

Mortgage pools - Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing value on yields currently available on comparable securities of issuers with similar credit ratings. (See Note 7.)

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 2023 or 2022.

NOTE 14 - 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.

The Food Bank is subject to certain legal proceedings and claims relating to matters arising in the ordinary course of its operations. In accordance with FASB ASC 450, Contingencies, a reserve for estimated losses is recorded when the amount is probable and can be reasonably estimated. The Food Bank believes that the ultimate outcome of any matter currently pending against the Food Bank will not materially affect the consolidated financial position or cash flows of the Food Bank.

NOTE 15 - LINE OF CREDIT

In June 2023, the Food Bank amended its previous line-of-credit agreement with a bank, increasing maximum borrowings available from \$2,000,000 to \$3,000,000. The agreement is collateralized by certain assets of the Food Bank, bears interest at the Daily Secured Overnight Financing Rate (5.09% at June 30, 2023) plus 1.25%, maturing in April 2024. There were no outstanding borrowings at June 30, 2023 and 2022.

GREATER PITTSBURGH COMMUNITY FOOD BANK
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2023 AND 2022

NOTE 16 - DEFERRED GRANT REVENUE

The Food Bank was a recipient of a Paycheck Protection Program (PPP) loan with a local bank of approximately \$1,459,000 granted by the Small Business Administration under the Coronavirus Aid, Relief and Economic Security Act, that was reflected as deferred grant revenue as of June 30, 2020. Under program terms, PPP loans are forgiven and recognized as grant revenue if 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 was notified in January 2022 that the entire loan was forgiven, including any interest. This forgiveness is recognized as income within government grants public support revenue in the accompanying consolidated statement of activities and changes in net assets during the year ended June 30, 2022.

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REPORTING UNDER *GOVERNMENT AUDITING STANDARDS* AND UNIFORM GUIDANCE FINANCIAL
INFORMATION AND SCHEDULE OF EXPENDITURES OF FEDERAL AWARD'S

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the Greater Pittsburgh Community Food Bank (Food Bank) (a nonprofit organization), which comprise the consolidated statement of financial position as of June 30, 2023, and the related consolidated statements of activities and changes in net assets, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 22, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated 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 consolidated 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 consolidated 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Food Bank's consolidated 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 consolidated financial statements. 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 an instance of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying schedule of findings and questioned costs as item 2023-01.

The Food Banks's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Food Bank'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 Food Bank's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
November 22, 2023

GREATER PITTSBURGH COMMUNITY FOOD BANK

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2023

| Federal/Pass-Through Grantor Program or Cluster Title | Contract and Pass- through Entity Identifying Number | Federal Assistance Listing Number | Amount Expended |
|---|--|---|--------------------|
| Emergency Food Assistance-Cluster: | | | |
| United States Department of Agriculture (USDA) Programs: | | | |
| Pass-Through Pennsylvania Department of Agriculture: | | | |
| Emergency Food Assistance Program (Food Commodities) | ME44187402 | 10.569 | \$ 2,997,248 |
| Pass-Through Lawrence County: | | | |
| Emergency Food Assistance Program (Food Commodities) | N/A | 10.569 | 138,823 |
| Pass-Through Hunger-Free Pennsylvania: | | | |
| Emergency Food Assistance Program (Food Commodities) | N/A | 10.569 | 2,038,416 |
| Pass-Through Allegheny County: | | | |
| Emergency Food Assistance Program (Food Commodities) | N/A | 10.569 | 1,772,031 |
| Pass-Through Washington County: | | | |
| Emergency Food Assistance Program (Food Commodities) | N/A | 10.569 | 277,425 |
| | | | <u>7,223,943</u> |
| Pass-Through Lawrence County: | | | |
| Emergency Food Assistance Program (TEFAP) (Administrative Costs) | N/A | 10.568 | 18,712 |
| Pass-Through Washington County: | | | |
| Emergency Food Assistance Program (TEFAP) (Administrative Costs) | N/A | 10.568 | 41,702 |
| Pass-Through Hunger-Free Pennsylvania: | | | |
| Emergency Food Assistance Program (Administrative Costs) | N/A | 10.568 | 82,159 |
| Emergency Food Assistance Program (Administrative Costs) | N/A | 10.568 | 315,028 |
| Pass-Through Allegheny County: | | | |
| Emergency Food Assistance Program (TEFAP) (Administrative Costs) | N/A | 10.568 | 236,926 |
| Emergency Food Assistance Program (TEFAP) (Administrative Costs) | N/A | 10.568 | 87,148 |
| | | | <u>781,675</u> |
| Total Emergency Food Assistance-Cluster | | | 8,005,618 |
| Pass-Through Feeding Pennsylvania: | | | |
| Food Bank Network | N/A | 10.182 | <u>1,363,708</u> |
| Total USDA Programs | | | 9,369,326 |
| Other Federal Financial Assistance: | | | |
| CDGB - Entitlement Grants Cluster: | | | |
| United States Department of Housing and Urban Development Programs: | | | |
| Pass-Through Allegheny County Department of Development: | | | |
| Community Development Block Grants/Entitlement Grants | 273728 | 14.218 | 180,000 |
| Pass-Through City of Pittsburgh: | | | |
| Community Development Block Grants/Entitlement Grants | 53428 | 14.218 | 192,270 |
| Community Development Block Grants/Entitlement Grants | 54029 | 14.218 | 104,000 |
| Community Development Block Grants/Entitlement Grants | 54506 | 14.218 | 49,181 |
| Community Development Block Grants/Entitlement Grants | 53428 | 14.218 | <u>236,500</u> |
| Total CDGB - Entitlement Grants Cluster | | | <u>761,951</u> |
| Subtotal | | | 10,131,277 |

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, 2023

(Continued)

| Federal/Pass-Through Grantor Program or Cluster Title | Contract and Pass- through Entity Identifying Number | Federal Assistance Listing Number | Amount Expended |
|--|--|---|-----------------------------|
| Balance forward | | | \$ 10,131,277 |
| United States Department of Homeland Security: | | | |
| Pass-Through Allegheny County: | | | |
| Emergency Food and Shelter National Board Program | Phase 39 | 97.024 | 85,559 |
| Emergency Food and Shelter National Board Program | Phase ARPAR | 97.024 | 264,441 |
| Emergency Food and Shelter National Board Program | Phase 40 | 97.024 | 71,646 |
| Pass-Through Washington County: | | | |
| Emergency Food and Shelter National Board Program | Phase ARPAR | 97.024 | 62,146 |
| Emergency Food and Shelter National Board Program | Phase 40 | 97.024 | 4,560 |
| | | | <u>488,352</u> |
| Pass-Through Pennsylvania Department of Human Services | | | |
| State Administration Matching Grants for the Supplemental Nutrition Assistance Program | 4100088750 | 10.561 | 13,566 |
| State Administration Matching Grants for the Supplemental Nutrition Assistance Program | 4100088750 | 10.561 | 30,845 |
| State Administration Matching Grants for the Supplemental Nutrition Assistance Program | 4100088747 | 10.561 | 13,484 |
| State Administration Matching Grants for the Supplemental Nutrition Assistance Program | 4100088747 | 10.561 | 32,282 |
| State Administration Matching Grants for the Supplemental Nutrition Assistance Program | 4100088733 | 10.561 | 16,529 |
| State Administration Matching Grants for the Supplemental Nutrition Assistance Program | 4100088733 | 10.561 | 36,473 |
| | | | <u>143,179</u> |
| Pass-Through Pennsylvania Department of Education | | | |
| Child and Adult Care Food Program | 300-02-005-8 | 10.558 | 404,010 |
| Summer Food Service Program for Children | 300-02-005-8 | 10.559 | 327,390 |
| | | | <u>731,400</u> |
| United States Department of Treasury: | | | |
| Pass-Through Pennsylvania Department of Community and Economic Development Coronavirus State and Local Fiscal Recovery Funds | N/A | 21.027 | 141,206 |
| Total Other Federal Financial Assistance | | | <u>2,266,088</u> |
| Total Expenditures of Federal Awards | | | <u><u>\$ 11,635,414</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, 2023

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, 2023. 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 AUDITOR'S 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 identified as subject to audit 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, 2023. The Food Bank'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 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, 2023.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the Food Bank 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 Food Bank's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance that are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-01. Our opinion on each major federal program is not modified with respect to these matters.

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

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 a 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 defined above, however material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the consolidated financial statements of the Food Bank as of and for the year ended June 30, 2023, and have issued our report thereon dated November 22, 2023, which contained an unmodified opinion on those consolidated financial statements. Our audit was performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the consolidated 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 consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Schneider Downs & Co., Inc.

Pittsburgh, Pennsylvania
February 23, 2024

GREATER PITTSBURGH COMMUNITY FOOD BANK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023

SECTION I - SUMMARY OF AUDITOR'S 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)?

 X yes _____ no

Identification of major federal programs:

Assistance Listing Numbers

10.569/10.568

10.182

Name of Federal Program or Cluster

Emergency Food Assistance-Cluster
Food Bank Network

Dollar threshold used to distinguish between

Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes _____ no

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*.

GREATER PITTSBURGH COMMUNITY FOOD BANK

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2023
(Continued)

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.)

Finding 2023-01 - Eligibility; Agency Monitoring

Federal Program: Emergency Food Assistance-Cluster

Federal Agency: United States Department of Agriculture

Pass-Through Entity: Pennsylvania Department of Agriculture

Federal Assistance Listing Number: 10.568, 10.569

Federal Award Year: June 30, 2023

Criteria: Recipient agency must be either a public agency or a private entity possessing tax-exempt status under IRC and must enter into a written agreement with the state agency, or with another recipient agency where permitted, binding it to perform the duties of a recipient agency.

Condition: The Food Bank did not obtain and or retain agency monitoring forms for 15 out of our sample of 25.

Questioned Costs: There are no questioned costs associated with this finding.

Cause: The Food Bank failed to follow its procedures for obtaining agency monitoring forms.

Effect: Agencies may not be eligible for distributions.

Recommendation: The Food Bank should abide by their written policy and perform a periodic review of the requirements and related procedures to avoid administrative oversight.

Management Response: COVID-19 risk mitigation strategies employed by our Food Bank and our partner agencies restricted our ability to directly monitor partner sites. The team responsible for monitoring and compliance also experienced staffing inconsistencies that have since been rectified; the team is now able to monitor at full capacity. Moving forward, new tools and processes for scheduling and tracking agency monitoring will provide better real-time insight into our progress and compliance. Finally, agencies are expected to renew their agreement with our Food Bank at 2023 calendar year-end, which will reassert our monitoring requirements to all partner agencies in our network.

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

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