

**GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST**

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

YEARS ENDED DECEMBER 31, 2019 AND 2018
AND
INDEPENDENT AUDITOR'S REPORT



McKONLY & ASBURY

**GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST**

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MEMBERS

AMERICAN AND PENNSYLVANIA INSTITUTES
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT MEMBER OF



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Greater Berks Food Bank
d/b/a Helping Harvest
Reading, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Berks Food Bank d/b/a Helping Harvest (a nonprofit organization), which comprise the statements of financial position as of December 31, 2019 and 2018, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit 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 Greater Berks Food Bank d/b/a Helping Harvest as of December 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

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 taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 28, 2020, on our consideration of the Greater Berks Food Bank's d/b/a Helping Harvest internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Greater Berks Food Bank's d/b/a Helping Harvest 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 Greater Berks Food Bank's d/b/a Helping Harvest internal control over financial reporting and compliance.

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
October 28, 2020

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

STATEMENTS OF FINANCIAL POSITION

DECEMBER 31, 2019 AND 2018

ASSETS

	2019	2018
Current assets		
Cash	\$ 663,455	\$ 858,224
Restricted Cash	168,264	35,896
Investments	142,224	137,462
Accounts receivable	18,449	14,407
Pledges receivable - Capital Campaign	-	14,600
Grants receivable	131,409	102,080
Gift cards and certificates	31,564	25,094
Inventory		
Purchased	62,240	149,909
Donated	1,479,206	786,142
Prepaid expenses and other current assets	9,953	17,879
	<u>2,706,764</u>	<u>2,141,693</u>
Property and equipment		
Land	594,770	594,770
Building and improvements	3,678,886	3,669,334
Office furniture and fixtures	20,815	20,815
Warehouse furniture and fixtures	14,354	14,354
Office equipment	121,428	125,787
Warehouse equipment	149,183	149,183
Offsite equipment	-	1,000
Vehicles	116,103	116,103
	<u>4,695,539</u>	<u>4,691,346</u>
Less accumulated depreciation	(884,706)	(736,350)
	<u>3,810,833</u>	<u>3,954,996</u>
Other assets		
Beneficial interest in assets held by the Berks County Community Foundation	26,506	19,914
	<u>26,506</u>	<u>19,914</u>
Total assets	<u>\$ 6,544,103</u>	<u>\$ 6,116,603</u>

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

LIABILITIES AND NET ASSETS

	2019	2018
Current liabilities		
Accounts payable	\$ 52,008	\$ 33,748
Accrued wages	28,598	45,054
Refundable advance	116,438	35,887
Current portion of note payable	38,983	129,996
Current portion of capital lease obligations	8,142	7,877
Total current liabilities	244,169	252,562
Long-term liabilities, less current portions		
Note payable	290,552	329,539
Capital lease obligations	12,007	20,149
Total long-term liabilities, less current portions	302,559	349,688
Total liabilities	546,728	602,250
Net assets		
Net assets without donor restrictions		
Undesignated	5,987,375	5,504,353
Board designated	10,000	10,000
Total net assets	5,997,375	5,514,353
Total liabilities and net assets	\$ 6,544,103	\$ 6,116,603

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

STATEMENTS OF ACTIVITIES

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Changes in net assets without donor restrictions		
Revenue and gains		
Public support, monetary	\$ 1,116,409	\$ 1,130,693
Public support, in-kind contributions	6,489,098	7,355,511
Government grants, monetary	705,612	578,506
Government grants, in-kind contributions	2,811,969	1,330,443
Program services	712,848	659,307
Net investment return	11,980	412
Gain on disposal of property and equipment	-	108,157
Miscellaneous income	-	23,746
	11,847,916	11,186,775
Expenses		
Food distribution and community service program	10,813,829	11,039,714
Management and general	303,469	294,627
Fundraising	247,596	204,511
	11,364,894	11,538,852
Changes in total net assets	483,022	(352,077)
Net assets without donor restrictions, beginning of the year	5,514,353	5,866,430
Net assets without donor restrictions, ending of the year	\$ 5,997,375	\$ 5,514,353

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

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2019

	Food Distribution Community and Service Program	Management and General	Fundraising	Total
Labor costs				
Wages and salaries	\$ 704,039	\$ 70,404	\$ 82,749	\$ 857,192
Payroll taxes and benefits	214,373	37,515	17,092	268,980
Contract labor	100,678	25,170	-	125,848
	<u>1,019,090</u>	<u>133,089</u>	<u>99,841</u>	<u>1,252,020</u>
Other costs				
Food purchases	415,065	-	-	415,065
Food donations	8,669,690	-	-	8,669,690
Supplies	32,496	3,610	-	36,106
Occupancy	67,265	16,336	12,492	96,093
Telephone	5,602	1,380	1,138	8,120
Feeding America	6,215	-	-	6,215
Commodity Supplemental Food Program	66,385	-	-	66,385
Program development	90,249	-	-	90,249
Freight	13,426	-	-	13,426
Equipment rent and maintenance	92,003	7,999	-	100,002
Professional dues	-	14,845	1,649	16,494
Office expense	25,520	6,287	5,180	36,987
Truck expense	164,530	-	-	164,530
Conferences and training	-	1,317	1,034	2,351
Professional fees	7,509	30,040	-	37,549
Fundraising fees	-	-	113,964	113,964
Insurance	25,036	6,257	-	31,293
Depreciation	113,748	27,668	12,298	153,714
Bad debt expense	-	7,509	-	7,509
Miscellaneous	-	18,170	-	18,170
Interest expense	-	28,962	-	28,962
	<u>9,794,739</u>	<u>170,380</u>	<u>147,755</u>	<u>10,112,874</u>
Total expenses	<u><u>\$ 10,813,829</u></u>	<u><u>\$ 303,469</u></u>	<u><u>\$ 247,596</u></u>	<u><u>\$ 11,364,894</u></u>

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

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2018

	Food Distribution Community and Service Program	Management and General	Fundraising	Total
Labor costs				
Wages and salaries	\$ 685,759	\$ 68,576	\$ 82,749	\$ 837,084
Payroll taxes and benefits	204,806	35,841	17,092	257,739
Contract labor	101,832	25,458	-	127,290
Total labor costs	992,397	129,875	99,841	1,222,113
Other costs				
Food purchases	445,619	-	-	445,619
Food donations	8,951,175	-	-	8,951,175
Supplies	24,860	2,762	-	27,622
Occupancy	66,340	16,111	12,320	94,771
Telephone	5,396	1,329	1,096	7,821
Feeding America	4,790	-	-	4,790
Commodity Supplemental Food Program	54,403	-	-	54,403
Program development	93,724	-	-	93,724
Freight	20,244	-	-	20,244
Equipment rent and maintenance	47,235	4,107	-	51,342
Professional dues	-	12,387	1,376	13,763
Office expense	15,563	3,834	3,159	22,556
Truck expense	169,117	-	-	169,117
Conferences and training	-	1,745	1,371	3,116
Professional fees	6,500	26,002	-	32,502
Fundraising fees	-	-	72,831	72,831
Insurance	26,581	6,643	-	33,224
Depreciation	115,770	28,160	12,517	156,447
Miscellaneous	-	34,000	-	34,000
Interest expense	-	1,761	-	1,761
	-	25,911	-	25,911
Total other costs	10,047,317	164,752	104,670	10,316,739
Total expenses	\$ 11,039,714	\$ 294,627	\$ 204,511	\$ 11,538,852

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

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2019 AND 2018

	2019	2018
Cash flows from operating activities		
Changes in net assets	\$ 483,022	\$ (352,077)
Adjustments to reconcile changes in net assets to net cash provided by operating activities		
Depreciation	153,714	156,447
Donated food contributions	(3,677,129)	(6,025,068)
Distributions of donated food	2,984,065	6,263,417
Capitalized in-kind donations	-	(28,750)
Net unrealized (gain) loss on endowment fund	(6,283)	3,288
Gain on disposal of property and equipment	-	(108,157)
(Increase) decrease in		
Accounts receivable	(4,042)	(5,595)
Grants receivable	(29,329)	(50,681)
Pledges receivable - Capital Campaign	14,600	91,276
Gift cards and certificates	(6,470)	(1,188)
Purchased inventory	87,669	89,820
Prepaid expenses	7,926	20,150
Increase (decrease) in		
Accounts payable	18,260	(8,480)
Accrued wages	(16,456)	11,364
Deferred revenue	80,551	5,282
	90,098	61,048
Net cash provided by operating activities		
Cash flows from investing activities		
Cash paid for property and equipment	(9,551)	(50,086)
Insurance proceeds received	-	127,274
Reinvested realized gains on endowment fund	(309)	(2,056)
Proceeds from redemption of certificate of deposit	-	156,298
Interest reinvested in investments	(4,762)	(1,404)
	(14,622)	230,026
Net cash provided by (used in) investing activities		
Cash flows from financing activities		
Payments on note payable	(130,000)	(340,465)
Payments on capital lease obligations	(7,877)	(7,887)
	(137,877)	(348,352)
Net cash used in financing activities		
Net decrease in cash and restricted cash	(62,401)	(57,278)
Cash and restricted cash, beginning of year	894,120	951,398
Cash and restricted cash, end of year	\$ 831,719	\$ 894,120
Supplemental disclosure of cash flow information		
Cash paid for		
Interest	\$ 28,962	\$ 25,911

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

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Greater Berks Food Bank d/b/a Helping Harvest (the “Organization”) is a nonprofit organization that collects, stores, and distributes surplus food and other food products to charitable organizations serving the food insecure in Berks and Schuylkill Counties. The Organization is supported primarily through public support and government grants.

The Organization accomplishes its mission by distributing food and grocery products through a network of over 300 grassroots and community programs. The Organization also manages the Commodity Supplemental Food Program for low-income senior citizens in Berks and Schuylkill counties, and operates a weekender backpack program serving students and their families.

The Organization is a member of Feeding America, a national Food Bank Network.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Basis of Presentation

The Organization’s financial statement presentation includes the requirements of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 *Not-for-profit Entities* and the provisions of Accounting Standards Update (ASU) 2016-14 *Not-For-profit Entities (Topic 958): Presentation of Financial Statements of Not-For-Profit Entities*. ASU 2016-14 requires the Organization to report information regarding its financial position and activities according to two classes of net assets that are based upon the existence or absence of restrictions on use that are placed by its donors: net assets without donor restrictions and net assets with donor restrictions.

Net Assets without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

The Board of Directors has designated, from net assets without donor restrictions, net assets for a board-designated endowment fund. See Note 7 for further details.

Net Assets with Donor Restrictions – Net assets subject to donor-imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, such as those that the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

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GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, if any, 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.

Cash, Cash Equivalents and Restricted Cash

For purposes of the statements of cash flows, the Organization considers all cash and all highly liquid debt instruments purchased with a maturity of three months or less to be cash.

For purposes of statement of cash flow presentation, cash and restricted cash consist of the following as of December 31, 2019 and 2018:

	2019	2018
Cash and cash equivalents	\$ 663,455	\$ 858,224
Restricted cash – state grant	168,264	35,896
Total cash, cash equivalents and restricted cash	\$ 831,719	\$ 894,120

Feeding America requires a minimum of a 3-month cash reserve to cover operating expenses.

Grant monies received, restricted for the purchase of food but not yet expended at year end, are reported as restricted cash and maintained in a separate bank account, as required.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Balances still outstanding after management has used reasonable collection efforts are written off through a charge to earnings and a credit to accounts receivable. Management has concluded that, based on its review of any remaining material balances outstanding, a valuation allowance was not needed.

Inventories

Purchased inventories - are stated at lower of cost (first-in, first-out) or market using wholesale competitive bid prices or better.

Donated inventories - *national and local* - are stated at the average wholesale value per pound at approximately \$1.57 and \$1.52 in 2019 and 2018. The average wholesale value of donated food was determined based upon a study performed by Feeding America.

Federal inventories - are stated at the United States Department of Agriculture (USDA) published commodity price per case.

(continued)

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

Property and Equipment

Property and equipment are capitalized and recorded at cost if the per unit cost is \$500 or more and with an estimated useful life of greater than one year.

Depreciation is computed using the straight-line method over the following useful lives:

	<u>Years</u>
Building and improvements	10 - 40
Office furniture, fixtures, and equipment	3 - 10
Warehouse furniture and fixtures	3 - 10
Warehouse and offsite equipment	5 - 10
Vehicles	5

Maintenance and repairs of property and equipment are charged to operations and major improvements are capitalized. Upon retirement, sale, or other disposition of property and equipment, the cost and accumulated depreciation are eliminated from the accounts and any gain or loss is included in the statements of activities.

During 2018, the Organization disposed of property and equipment due to losses sustained in a natural disaster. The net book value of these assets totaled \$19,117 and the Organization received insurance proceeds in the amount of \$127,274. The resulting gain on disposal of \$108,157 is reported on the statements of activities.

Depreciation expense for the years ended December 31, 2019 and 2018, was \$153,714 and \$156,447, respectively.

Long-Lived Assets

Long-lived assets to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the related carrying amount may not be recoverable. When required, impairment losses on assets to be held and used are recognized based on the fair value of the asset and long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less cost to sell.

Income Taxes

The Organization is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and, therefore, has made no provision for federal income taxes in the accompanying financial statements. There was no unrelated business income for the years ended December 31, 2019 and 2018. The Organization was organized under the Pennsylvania Non-Profit Law of 1988 and, as such, is exempt from state income taxes.

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GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

The Organization adheres to the provisions of FASB ASC 740, *Income Taxes*. ASC 740 establishes rules for recognizing and measuring tax positions taken in an income tax return, including disclosures of uncertain tax positions (UTPs). ASC 740 mandates that companies evaluate all material income tax positions for periods that remain open under applicable statutes of limitation, as well as positions expected to be taken in future returns. The UTP rules then impose a recognition threshold on each tax position. A company can recognize an income tax benefit only if the position has a “more likely than not” (i.e., more than 50 percent) chance of being sustained on the technical merits. For the years ended December 31, 2019 and 2018, the Organization has taken no material tax positions on its applicable tax filings that do not meet the “more likely than not” threshold. As a result, no amount for UTPs has been included in the financial statements.

The Organization's exempt organization business income tax returns are no longer subject to examination by the appropriate taxing authorities for the years prior to 2016.

Contributions

All contributions are considered to be available for general organization use unless specifically restricted by the donor. Amounts received which are designated for future periods or restricted by the donor for specific purposes are reported as support with donor restrictions and increase the respective net asset class. When a donor restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Organization reports the support in net assets without donor restrictions.

Contributed property and equipment is recorded at fair value at the date of donation. If donors stipulate how long the assets must be used, the contributions are recorded as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Refundable Advance

Refundable advances consist of government funding which was received in advance of expense incurred. Upon the Organization incurring the expenses they will recognize the revenue in the appropriate year.

Advertising Costs

Advertising costs are expensed as incurred and recorded to the agency cost center to which it relates. There were no advertising costs for the years ended December 31, 2019 and 2018, respectively.

Donated Food and Grocery Products

The Organization reports gifts of donated food and grocery products over which it has control (i.e. variance power) as unrestricted public support and as an expense when granted to local food rescue organizations (e.g. local food pantries). The Organization distributed donated products received from national, state, and local donors approximating 6.2 million pounds during the years ended December 31, 2019 and 2018.

(continued)

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

USDA agriculture products are valued at a commodity price per case, as published by the USDA for the Emergency Food Assistance Program, Bonus Commodities and Commodity Supplemental Food Program.

For the years ended December 31, 2019 and 2018, in-kind food donations have been reflected in the financial statements at their estimated fair value of \$9,301,067 and \$8,685,954. The total value includes USDA commodity donations valued at \$2,811,969 and \$1,330,443 for years ended December 31, 2019 and 2018.

Donated Services

The Organization's Board of Directors and a substantial number of volunteers donate significant hours to the Organization's program services and fund-raising campaigns each year. Donated services are not reflected in the accompanying financial statements because they do not meet the criteria for recognition. Total volunteer hours were 13,143 and 13,247 for the years ended December 31, 2019 and 2018, respectively.

Shipping and Handling Fees and Costs

All amounts billed for food distribution related to shipping and handling represent revenues earned and are reported in program services revenue. The costs incurred by the Organization for shipping and handling are reported in food distribution.

Functional Allocation of Expenses

The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited using both estimates and specific identification. See Note 6.

Concentration of Credit Risk

The Organization maintains its cash in bank deposit accounts with various financial institutions which at times exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization does not believe that it is exposed to any significant risk with regards to these accounts.

Recently Issued Accounting Pronouncements

In February 2016, the FASB issued ASU No. 2016-02, *Leases (Topic 842)*. The changes associated with this ASU include the requirement for lessees to recognize the underlying assets and liabilities associated with all operating leases with terms greater than 12 months. The changes become effective for the Organization on January 1, 2022. Management has not determined the impact of these changes on the Organization's financial statements.

(continued)

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

In May 2014, the FASB issued ASU 2014-09, *Revenue from Contracts with Customers (Topic 606)*. The pronouncement, and related subsequent pronouncements, requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The changes became effective for the Organization on January 1, 2020. Management has not determined the impact of these changes on the Organization's financial statements.

Recently Adopted Accounting Standards

During 2019, the Organization adopted, FASB ASU 2018-08, *Not-for-Profit Entities (Topic 958), Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made*. The amendments in this ASU clarify and improve current guidance about whether a transfer of assets (or the reduction, settlement, or cancellation of liabilities) is a contribution or an exchange transaction, and how an entity determines whether a resource provider is participating in an exchange transaction. The amendments also require that an entity determine whether a contribution is conditional on the basis of whether an agreement includes a barrier that must be overcome and either a right of return of assets transferred or a right of release of a promiser's obligation to transfer assets is present. The changes became effective for the Organization on January 1, 2019, and were applied on a modified prospective basis. Management has determined that the impact of these changes on the Organization's financial statements was minimal and have been incorporated in the current year.

During 2019, the Organization adopted FASB ASU 2016-18, *Restricted Cash (Topic 230)*. The changes associated with this ASU include the requirement for amounts generally described as restricted cash and restricted cash equivalents to be included with cash and cash equivalents when reconciling the beginning-of-period and end-of-period total amounts shown on the statement of cash flows. The changes became effective for the Organization on January 1, 2019, and were applied retrospectively. As a result, the 2018 statement of cash flows has been restated to conform to the new presentation requirements.

Reclassification

Certain amounts in the 2018 financial statements have been reclassified to conform to presentation of the 2019 financial statements.

Subsequent Events

The Organization evaluated subsequent events for recognition or disclosure through October 28, 2020, the date the financial statements were available to be issued.

2. LIQUIDITY AND AVAILABILITY OF RESOURCES

Financial assets as of December 31, 2019 and 2018, available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, comprise the following:

(continued)

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

	2019	2018
Cash	\$ 663,455	\$ 858,224
Investments	142,224	137,462
Accounts receivable	18,449	14,407
Grants receivable	131,409	102,080
Less board designated net assets	(10,000)	(10,000)
Total	\$ 945,537	\$ 1,102,173

The Organization manages its liquidity and cash reserves following three guiding principles: operating within a prudent range of financial soundness and stability, maintaining adequate liquid assets to fund near-term operating needs, and maintaining sufficient reserves to provide reasonable assurance that long-term obligations will be discharged. As part of the Organization's liquidity management plan, the Organization has a goal to maintain financial assets on hand to meet 90 days of normal operating expenses. The Organization invests cash in excess of daily requirements in certificates of deposit and forecasts its future cash flows and monitors its liquidity and cash balances on a monthly basis.

3. PLEDGES RECEIVABLE - CAPITAL CAMPAIGN

In 2013, the Organization launched a \$3 million Capital Campaign for the purchase of a new storage facility. On April 23, 2014, the Organization purchased a new facility and moved its operations and storage to the new warehouse facility during 2014.

Unconditional promises to give received for the Capital Campaign are recorded as net assets with donor restrictions. During 2019 and 2018, \$7,509 and \$34,000 of promises to give were determined by management to not be collectible. The Organization recognized bad debt expense for these amounts. Management had determined that the remaining unconditional promises to give are fully collectible because of the history of collections towards initial promises and the donor relationships with the Organization. There were no pledges receivable related to the capital campaign remaining to be collected as of December 31, 2019.

4. GRANTS RECEIVABLE

Grants receivable consists of the following at December 31:

	2019	2018
The Emergency Food Assistance Program	\$ 38,650	\$ 13,115
The Emergency Food Assistance Program – Trade Mitigation	41,762	-
The Emergency Food and Shelter Program	-	17,013
Commodity Supplemental Food Program	20,427	19,373
Pennsylvania Agricultural Surplus System	30,570	52,579
	\$ 131,409	\$ 102,080

(continued)

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

5. FAIR VALUE MEASUREMENTS

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

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

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets.
- Quoted prices for identical or similar assets or liabilities in inactive markets.
- Inputs other than quoted prices that are observable for the asset or liability.
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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

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

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

The following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

Certificates of Deposit: The carrying amount of certificates of deposit approximate fair value because of the short-term nature of those investments.

Beneficial Interest in Funds held by the Berks County Community Foundation: Valued at the net asset value of the allocable portion of the common pool investments.

(continued)

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

Assets at fair value as December 31, 2019:

	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ 142,224	\$ -	\$ -	\$ 142,224
Beneficial interest	-	-	26,506	26,506
	<u>\$ 142,224</u>	<u>\$ -</u>	<u>\$ 26,506</u>	<u>\$ 168,730</u>

Assets at fair value as December 31, 2018:

	Level 1	Level 2	Level 3	Total
Certificates of Deposit	\$ 137,462	\$ -	\$ -	\$ 137,462
Beneficial interest	-	-	19,914	19,914
	<u>\$ 137,462</u>	<u>\$ -</u>	<u>\$ 19,914</u>	<u>\$ 157,376</u>

Assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3 inputs):

	2019	2018
Balance as of January 1	\$ 19,914	\$ 20,964
Change in value of beneficial interest	6,592	(1,050)
Balance as of December 31	<u>\$ 26,506</u>	<u>\$ 19,914</u>

6. FUNCTIONAL EXPENSES

The financial statements report certain categories of expenses that are attributable to one or more program or supporting functions of the Organization. Therefore, expenses require allocation on a reasonable basis that is consistently applied. Expenses allocated include labor costs, occupancy, and depreciation that are allocated based upon estimates of time and effort. The remaining costs of providing program and supporting services are directly charged.

7. BENEFICIAL INTEREST IN ASSETS HELD BY BERKS COUNTY COMMUNITY FOUNDATION

The Organization has established the Greater Berks Food Bank Fund (the “Fund”) through an “Organizational Endowment Fund” (the “Agreement”) at the Berks County Community Foundation (the “Foundation”). The Board initially designated \$10,000 for endowment purposes. The Foundation holds this gift as a permanent endowment fund. The Foundation invests and reinvests the assets of the Fund pursuant to its Articles of Incorporation and Bylaws. The Organization prefers that the Fund be invested

(continued)

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

in a mix of equity and debt securities, money market, cash and cash equivalents, designed to produce a total return intended to maintain the real value of the Fund against the Consumer Price Index while permitting a reasonable annual distribution to the Organization net of fees. All contributions made to the Fund are irrevocable, except as specifically provided in the endowment agreement.

All funds established at the Foundation are subject to the Foundation’s variance power as set forth in its Bylaws. The variance power gives the Foundation the authority to modify donor recommendations or conditions on distributions from a fund for any specified charitable purpose or to any specified charitable organization.

If in the sole discretion of the Foundation’s Board, the original purpose of a fund becomes impossible, incapable of fulfillment, or inconsistent with the charitable needs of the community, the Foundation has the legal authority through its variance power to redirect the fund. If the Organization no longer operates in a manner which qualifies it as a permissible recipient of Foundation distributions, the Foundation shall distribute or accumulate the unallocated amounts as it shall in its discretion, determine.

Annual investment income was reinvested in the Fund in 2019 and 2018. The reinvested earnings may be applied towards the general purposes as determined from time to time by the Organization’s governing body. There were no contributions or distributions from the Fund during the years ended December 31, 2019 and 2018.

8. LONG-TERM LIABILITIES

	2019	2018
<p>On April 23, 2014, the Organization executed a Term Note (“Note”) with M&T Bank in the amount of \$2,600,000. Payments of interest only for the first 12 months followed by 60 principal payments of \$10,833 per month, plus interest, amortized over 240 months, with a balloon payment due on the maturity date. The interest rate is variable, equal to 1-Month LIBOR plus 2.10%. There is no prepayment premium and the Note is collateralized by a first-priority lien on the property. At March 2020, the loan payments were put on hold. As of July 23, 2020, the loan was extended to July 23, 2025, in the amount of \$297,035.</p>	\$ 329,535	\$ 459,535
<p>Total long-term liabilities</p>	329,535	459,535
<p>Less current portion</p>	(38,983)	(129,996)
<p>Total long-term liabilities, net of current portion</p>	\$ 290,552	\$ 329,539

(continued)

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

Estimated annual maturities on long-term liabilities are as follows:

2020	\$	38,983
2021		15,922
2022		16,447
2023		16,990
2024		17,550
Thereafter		<u>223,643</u>
Total	<u>\$</u>	<u>329,535</u>

9. CAPITAL LEASES

The Organization leases warehouse equipment under the terms of a capital lease.

Property and equipment held under capital leases consists of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Warehouse equipment	\$ 39,977	\$ 39,977
Accumulated depreciation	<u>(19,988)</u>	<u>(11,993)</u>
	<u>\$ 19,989</u>	<u>\$ 27,984</u>

Depreciation expense amounted to \$7,995 and \$8,194 for the years ended December 31, 2019 and 2018.

Capital lease obligations consist of the following as of December 31:

	<u>2019</u>	<u>2018</u>
Capital lease agreement for a 2017 forklift; payable in monthly installments of \$724, including interest at 3.32%; matures May 2022.	\$ 20,149	\$ 28,026
Current portion	<u>(8,142)</u>	<u>(7,877)</u>
	<u>\$ 12,007</u>	<u>\$ 20,149</u>

(continued)

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

Future minimum lease payments under capital leases consist of the following for the five years ending December 31:

2020	\$	8,688
2021		8,688
2022		3,620
		20,996
Amount representing interest		(847)
		\$ 20,149

10. OPERATING LEASE ACTIVITIES

During 2019, the Organization has entered into multiple lease agreements for the use of its delivery trucks. The leases terminate on various dates through March 2025. Monthly payments are approximately \$5,180 and rental expense for the year ended December 31, 2019, totaled \$35,382. Future minimum lease payments under the non-cancellable operating leases are as follows:

2020	\$	49,920
2021		52,247
2022		54,682
2023		57,232
2024		59,899
Thereafter		17,127
		\$ 291,107

11. SIMPLIFIED EMPLOYEE PENSION PLAN

The Organization has a pension plan for those employees who meet the eligibility requirements as set forth in the Plan. Plan contributions are made at the discretion of the Board of Directors. Total pension expense was \$18,036 and \$17,994 for the years ended December 31, 2019 and 2018.

(continued)

**GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST**

NOTES TO FINANCIAL STATEMENTS

12. SUMMARY OF GRANTS FUNDING

Government grants, as reported in the statements of activities, consist of the following for the years ended December 31:

	2019	2018
The Emergency Food Assistance Program, monetary	\$ 77,570	\$ 72,673
The Emergency Food Assistance Program, in-kind	959,849	923,486
Commodity Supplemental Food Program, monetary	132,951	116,064
Commodity Supplemental Food Program, in-kind	479,014	406,957
The Emergency Food and Shelter Program	-	34,026
State Food Purchase Program	269,748	291,830
Pennsylvania Agricultural Surplus System	64,101	63,913
The Emergency Food Assistance Program – Trade Mitigation In Kind	1,373,106	-
The Emergency Food Assistance Program – Trade Mitigation Monetary	161,242	-
	\$ 3,517,581	\$ 1,908,949

13. CONTINGENCIES

The operation of the Organization is dependent upon the grants received from federal and state agencies, as well as donations from various organizations and individuals. A significant reduction in the level of this support would have a material effect on the Organization’s programs and activities.

The grants received by the Organization are subject to audit by federal, state, and local governments. As of the date of this report, management is unaware of any material adjustments that will be required as a result of such audits.

14. UNEMPLOYMENT SAVINGS PROGRAM

The Organization is a member in the First Nonprofit Unemployment Savings Program, LLC (the “Program”) in which the Organization uses the reimbursable method to finance Pennsylvania Unemployment Compensation coverage. The Organization makes quarterly contributions into the Program for estimated benefit charges, reserves, and administrative costs which are maintained in a custodial account. The Organization’s actual unemployment claims are paid from this account, with the provision that any claims in excess of the Organization’s deposit and reserve amounts must be repaid with interest over a three-year period maximum.

(continued)

GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST

NOTES TO FINANCIAL STATEMENTS

Stop loss insurance covers claims in excess of the attachment point of \$25,000 to \$75,000, without reimbursement required from the Organization. Claims in excess of \$75,000 must be repaid in the same manner as claims up to the attachment point.

For the years ended December 31, 2019 and 2018, the Organization paid, including fees, \$13,904 and \$12,359 respectively, to the Program which is recorded as an expense in the statements of activities. As of December 31, 2019 and 2018, the Organization's reserve balance in the Program was \$29,611 and \$18,395, respectively. The Organization could receive a refund or be assessed an additional amount based on actual experience. For financial statement purposes, no amounts have been recorded for any refund or additional assessment as the amount of adjustment, if any, cannot be determined until the Program informs the Organization of such adjustments.

15. SUBSEQUENT EVENT

As a result of the spread of COVID-19 coronavirus, economic uncertainties have arisen which may negatively impact the Organization's revenues and other support. Other financial impact could occur, though such potential impact is unknown at this time.

On April 16, 2020, the Organization received a loan from the Paycheck Protection Program (PPP) in the amount of \$190,912. The PPP loan was authorized by the Coronavirus Aid, Relief, and Economic Security (CARES) Act signed into law on March 27, 2020, and is administered by the U.S. Small Business Administration through local lending institutions. The loan is unsecured, require no collateral or guarantee, and is intended to assist the Organization in maintaining payroll levels. The loan bears interest at a rate of 1.00%. Beginning November 20, 2020, monthly payments of principal and interest will be due and payable until April 20, 2022, the date the loan matures. This loan includes provisions to have amounts forgiven up to the total loan amount and accrued interest based on incurring and paying certain payroll costs, interest, utilities, and rent over an 8 to 24 week period that began on April 16, 2020. The Organization is required to file a debt forgiveness application with the Bank after the 24 week period ends. The amount of the loan that may be forgiven is uncertain at this time.

SUPPLEMENTARY INFORMATION

**GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2019

Federal Grantor/Pass-through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Agriculture				
Food Distribution Cluster				
Passed through the Commonwealth of Pennsylvania				
Department of Agriculture Bureau of Food Distribution				
Commodity Supplemental Food Program				
	10.565	101257	\$ -	\$ 132,951
The Emergency Food Assistance Program				
(Administrative Costs)				
	10.568	ME 44155223	-	77,570
The Emergency Food Assistance Program (Food				
Commodities)				
	10.569	ME 44155223	<u>2,173,485</u>	<u>2,173,485</u>
Total U.S. Department of Agriculture programs in cluster			<u>2,173,485</u>	<u>2,384,006</u>
Total Food Distribution Cluster			<u>2,173,485</u>	<u>2,384,006</u>
Total expenditures of federal awards			<u>\$ 2,173,485</u>	<u>\$ 2,384,006</u>

NOTES:

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of the Greater Berks Food Bank d/b/a Helping Harvest (the Organization) under programs of the federal government for the year ended December 31, 2019. 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 Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

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.

(continued)

**GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST**

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2019

3. INDIRECT COST RATE

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

4. FOOD DISTRIBUTION

Nonmonetary assistance is reported in the Schedule at the fair value of the commodities received and disbursed.

5. COMMODITY RECEIVED

The Organization received \$2,332,955 of USDA commodities (CFDA #10.569) during the year ended December 31, 2019. \$86,576 was distributed from donated inventory at December 31, 2018. Remaining in inventory at December 31, 2019, was \$72,894.

MEMBERS

AMERICAN AND PENNSYLVANIA INSTITUTES
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT MEMBER OF



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

To the Board of Directors
Greater Berks Food Bank
d/b/a Helping Harvest
Reading, 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 financial statements of the Greater Berks Food Bank d/b/a Helping Harvest (a nonprofit organization), which comprise the statement of financial position as of December 31, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated October 28, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Greater Berks Food Bank's d/b/a Helping Harvest internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Greater Berks Food Bank's d/b/a Helping Harvest internal control. Accordingly, we do not express an opinion on the effectiveness of the Greater Berks Food Bank's d/b/a Helping Harvest 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.

(continued)

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as item 2019-001 that we consider to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Greater Berks Food Bank's d/b/a Helping Harvest 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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Greater Berks Food Bank's Response to Findings

Greater Berks Food Bank's d/b/a Helping Harvest response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Greater Berks Food Bank's d/b/a Helping Harvest response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of This Report

This 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 Greater Berks Food Bank d/b/a Helping Harvest'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.

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
October 28, 2020

MEMBERS

AMERICAN AND PENNSYLVANIA INSTITUTES
OF CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT MEMBER OF



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

To the Board of Directors
Greater Berks Food Bank
d/b/a Helping Harvest
Reading, Pennsylvania

Report on Compliance for Each Major Federal Program

We have audited Greater Berks Food Bank's d/b/a Helping Harvest compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Greater Berks Food Bank's d/b/a Helping Harvest major federal programs for the year ended December 31, 2019. Greater Berks 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Greater Berks Food Bank's d/b/a Helping Harvest major federal programs based on our audit of the types of compliance requirements referred 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.

(continued)

An audit includes examining, on a test basis, evidence about Greater Berks Food Bank's d/b/a Helping Harvest 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 Greater Berks Food Bank's d/b/a Helping Harvest compliance.

Opinion on Each Major Federal Program

In our opinion, Greater Berks Food Bank d/b/a Helping Harvest 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 December 31, 2019.

Report on Internal Control over Compliance

Management of Greater Berks Food Bank d/b/a Helping Harvest 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 Greater Berks Food Bank's d/b/a Helping Harvest 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 Greater Berks Food Bank's d/b/a Helping Harvest 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.

McKonly & Asbury, LLP

Camp Hill, Pennsylvania
October 28, 2020

**GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST**

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2019

None.

**GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2019

SECTION I – SUMMARY OF AUDITORS’ RESULTS

Financial Statements

Type of auditors’ report issued on whether the financial statements were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

Material weakness(es) identified?

Yes No

Significant deficiencies identified?

Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

Yes No

Significant deficiencies identified?

Yes None reported

Type of auditors’ report issued on compliance for major federal programs?

Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2CFR 200,516(a)?

Yes No

Identification of major programs:

CFDA Number

Name of Federal Program or Cluster

10.565

Commodity Supplemental Food Program

10.568

The Emergency Food Assistance Program

10.569

The Emergency Food Assistance Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?

Yes No

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency

Finding 2019- 001: Inventory Price Discrepancy

Condition: Certain prices in the Organization’s inventory listing were not updated with the Commonwealth of Pennsylvania’s Department of Agriculture’s price increases throughout the year. This resulted in an adjustment to the year-end inventory balance and the value of inventory distributed during 2019.

(continued)

**GREATER BERKS FOOD BANK
d/b/a HELPING HARVEST**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2019

Criteria: When the Commonwealth of Pennsylvania Department of Agriculture releases price updates, the Organization's inventory system should be updated timely.

Cause: Processes and controls were not implemented to ensure timely updates to the inventory system were input and verified.

Effect: An adjusting entry was required as a result of the audit in order to properly present the value of inventory on the financial statements at year end.

Recommendation: The prices in the inventory system should be updated once the new prices are released by the Commonwealth of Pennsylvania Department of Agriculture. Monitoring of the updating of prices should be completed by senior management and those charged with governance of the Organization throughout the year.

Management's Corrective Action Plan: Helping Harvest has revised its policy when USDA products arrive including no longer using a printed price sheet. For each product received the Inventory Supervisor retrieves the current price from the Commonwealth of Pennsylvania Department of Agriculture website to insure they have the correct pricing before the products are recorded in Primarius. After the products are logged in Primarius, inventory receipt reports from Primarius are reviewed by the Director of Inventory and Warehousing on a quarterly basis to insure accuracy and pricing and quantities received. Any corrections are made at that time.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters reported.



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