

MARION-POLK FOOD SHARE, INC.
(A Not-for-Profit Organization)
CONSOLIDATED FINANCIAL
STATEMENTS
Year Ended June 30, 2020

MARION-POLK FOOD SHARE, INC.
(A Not-for-Profit Organization)
TABLE OF CONTENTS

	<u>Page</u>
<i>INDEPENDENT AUDITOR'S REPORT</i>	1-2
<i>FINANCIAL STATEMENTS</i>	
Consolidated Statement of Financial Position	3
Consolidated Statement of Activities	4
Consolidated Statement of Functional Expenses	5
Consolidated Statement of Cash Flows	6
Notes to Consolidated Financial Statements	7-18
 <i>COMPLIANCE SECTION</i>	
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Consolidated Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	19-20
Independent Auditor's Report on Compliance for Each Major Program and Internal Control Over Compliance required by the Uniform Guidance	21-22
Schedule of Expenditures of Federal Awards	23
Notes to Schedule of Expenditures of Federal Awards	24
Schedule of Findings and Questioned Costs	25



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

www.gmscpa.com

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Marion-Polk Food Share, Inc.
Salem, Oregon

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Marion-Polk Food Share, Inc. (the Food Share) (a nonprofit organization) and its subsidiaries, which comprise the consolidated statements of financial position as of June 30, 2020, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Food Share's preparation and fair presentation of the consolidated 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 Food Share'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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Marion-Polk Food Share, Inc. as of June 30, 2020 and 2019, 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.

Report on Summarized Comparative Information

We have previously audited the Food Share's June 30, 2019 financial statements, and our report dated October 11, 2019 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019 is consistent, in all material respects, with the audited financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated 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 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 information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2020, on our consideration of the Food Share's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Food Share's internal control over financial reporting and compliance.



CERTIFIED PUBLIC ACCOUNTANTS

September 25, 2020

MARION-POLK FOOD SHARE, INC.
(A Not-for-Profit Organization)
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020 (With Comparative Totals for 2019)

	2020	2019
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 423,311	\$ 187,063
Accounts and other receivables, net	474,266	241,722
Prepaid expenses	127,850	113,854
Inventory	858,693	621,683
<i>Total Current Assets</i>	1,884,120	1,164,322
Investments	4,774,739	2,579,637
Property and Equipment, net of accumulated depreciation	3,087,143	3,086,296
<i>Total Assets</i>	<u>\$ 9,746,002</u>	<u>\$ 6,830,255</u>
LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$ 157,334	\$ 124,096
Accrued payroll liabilities	161,120	125,224
Unearned revenue	31,000	58,904
Paycheck Protection Program advance	121,000	-
<i>Total Liabilities</i>	470,454	308,224
Net Assets		
Without donor restrictions		
Undesignated, available for general activities	3,990,686	1,658,705
Net investment in property and equipment	3,087,143	3,086,296
Designated by the governing board		
Inventory	858,693	621,683
Quasi-endowment	663,925	696,992
<i>Total Net Assets without Donor Restrictions</i>	8,600,447	6,063,676
With donor restrictions		
Perpetual in nature	240,780	240,410
Purpose restrictions	434,321	217,945
<i>Total Net Assets with Donor Restrictions</i>	675,101	458,355
<i>Total Net Assets</i>	<u>9,275,548</u>	<u>6,522,031</u>
<i>Total Liabilities and Net Assets</i>	<u>\$ 9,746,002</u>	<u>\$ 6,830,255</u>

The accompanying notes are an integral part of the consolidated financial statements.

MARION-POLK FOOD SHARE, INC.*(A Not-for-Profit Organization)***CONSOLIDATED STATEMENT OF ACTIVITIES****YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)**

	2020		2019	
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Total</i>
SUPPORT AND REVENUE				
Donations including fundraisers, grants, contracts	\$ 6,303,073	\$ 1,414,792	\$ 7,717,865	\$ 4,860,494
Donated food/commodities	10,699,959	-	10,699,959	9,274,860
Investment return, net	33,984	1,328	35,312	75,891
Home delivered meals	565,316	-	565,316	411,921
Food service	57,384	-	57,384	81,088
Miscellaneous revenue	51,863	-	51,863	56,691
AWARE acquisition	38,831	-	38,831	-
Paycheck Protection Program funding	484,000	-	484,000	-
<i>Total Support and Revenue</i>	18,234,410	1,416,120	19,650,530	14,760,945
ASSETS RELEASED FROM RESTRICTIONS				
	1,199,374	(1,199,374)	-	-
EXPENSES				
<i>Program Services</i>				
Emergency food	13,487,719	-	13,487,719	11,708,426
Community gardens and farm	366,246	-	366,246	308,127
Meals on wheels	1,263,821	-	1,263,821	1,001,186
<i>Supporting Services</i>				
Management and general	586,153	-	586,153	573,684
Fundraising	1,193,074	-	1,193,074	1,097,071
<i>Total Expenses</i>	16,897,013	-	16,897,013	14,688,494
CHANGE IN NET ASSETS	2,536,771	216,746	2,753,517	72,451
NET ASSETS, Beginning of year	6,063,676	458,355	6,522,031	6,449,580
NET ASSETS, End of year	\$ 8,600,447	\$ 675,101	\$ 9,275,548	\$ 6,522,031

The accompanying notes are an integral part of the consolidated financial statements.

MARION-POLK FOOD SHARE, INC.*(A Not-for-Profit Organization)***CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES****YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)**

	2020			
	Program Services			
	Emergency	Community	Meals	Total
	Food	Gardens and	on	Program
		Farm	Wheels	Services
Food distributed (donated)	\$ 10,570,088	\$ -	\$ -	\$ 10,570,088
Salaries and related expenses	1,569,098	221,159	570,717	2,360,974
Food purchased	563,972	-	474,880	1,038,852
Supplies, printing, and postage	48,064	4,438	4,712	57,214
Contracts and professional fees	13,415	26,689	1,496	41,600
Occupancy expenses	145,984	13,102	32,904	191,990
Program supplies	81,212	34,743	91,960	207,915
Equipment and vehicle expenses	188,803	5,262	7,845	201,910
Computer expenses	34,425	9,307	25,837	69,569
Meetings and travel expenses	8,525	1,771	5,522	15,818
Event expenses	937	-	-	937
Bank fees	15	26	1,268	1,309
Gift in-kind expenses	4,007	36,518	-	40,525
Liability insurance expense	15,179	2,111	8,304	25,594
Advertising and marketing	5,737	4,764	8,608	19,109
Volunteer and donor development	6,916	2,327	196	9,439
Network development	15,079	-	-	15,079
Membership dues	587	220	225	1,032
Other expenses	600	43	25,581	26,224
Total Expenses before Depreciation	13,272,643	362,480	1,260,055	14,895,178
Depreciation	215,076	3,766	3,766	222,608
Total Expenses	\$ 13,487,719	\$ 366,246	\$ 1,263,821	\$ 15,117,786

2020				2019
Supporting Services				
Management and General	Fundraising	Total Supporting Services	Total	Total
\$ -	\$ -	\$ -	\$ 10,570,088	\$ 9,300,808
379,649	654,956	1,034,605	3,395,579	3,106,300
-	-	-	1,038,852	550,438
17,207	204,884	222,091	279,305	271,822
106,126	7,867	113,993	155,593	195,413
7,684	8,189	15,873	207,863	205,889
1,777	344	2,121	210,036	216,611
2,244	2,259	4,503	206,413	161,979
31,096	39,863	70,959	140,528	119,591
3,096	3,540	6,636	22,454	45,622
11	51,203	51,214	52,151	44,527
5,886	41,362	47,248	48,557	37,324
5,037	22,175	27,212	67,737	25,661
6,498	5,722	12,220	37,814	36,969
3,738	132,969	136,707	155,816	92,996
5,424	4,359	9,783	19,222	18,053
-	-	-	15,079	5,896
2,554	3,066	5,620	6,652	12,700
(1,698)	-	(1,698)	24,526	11,652
576,329	1,182,758	1,759,087	16,654,265	14,460,251
9,824	10,316	20,140	242,748	236,341
\$ 586,153	\$ 1,193,074	\$ 1,779,227	\$ 16,897,013	\$ 14,696,592

The accompanying notes are an integral part of the consolidated financial statements.

MARION-POLK FOOD SHARE, INC.
(A Not-for-Profit Organization)
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 2,753,517	\$ 72,451
<i>Adjustments to reconcile increase in net assets to net cash provided by operating activities:</i>		
Depreciation	242,748	236,341
Undistributed investment return	(5,301)	(53,834)
Allowance for uncollectible accounts	4,000	528
Stock donations received	(14,590)	(98,834)
Note forgiveness	(484,000)	-
<i>Increase (decrease) in cash due to changes in assets and liabilities:</i>		
Accounts and other receivables	(236,544)	(53,996)
Prepaid expenses	(13,996)	7,873
Inventories	(237,010)	17,258
Accounts payable	33,238	20,524
Accrued payroll liabilities	35,896	24,504
Unearned revenue	(27,904)	(2,566)
<i>Net Cash Provided by Operating Activities</i>	<u>2,050,054</u>	<u>170,249</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(243,595)	(157,942)
Issuance of note	605,000	-
Additions to investments	(2,229,611)	(1,345,417)
Sales of investments	14,563	92,910
Contributions to Oregon Community Foundation	(370)	(2,585)
Distributions from Oregon Community Foundation	40,207	39,426
<i>Net Cash Used in Investing Activities</i>	<u>(1,813,806)</u>	<u>(1,373,608)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	236,248	(1,203,359)
CASH AND CASH EQUIVALENTS, Beginning of year	<u>187,063</u>	<u>1,390,422</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 423,311</u>	<u>\$ 187,063</u>
NON-CASH TRANSACTIONS		
Food commodities received	\$ 10,699,959	\$ 9,274,860

The accompanying notes are an integral part of the consolidated financial statements.

MARION-POLK FOOD SHARE, INC.

(A Not-for-Profit Organization)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)

DESCRIPTION OF ORGANIZATION

Marion-Polk Food Share, Inc. (“Food Share”) is an Oregon non-profit corporation organized in 1986. Its stated mission is “to bring people together to end hunger and its root causes” The Food Share addresses this through several programs.

Emergency Food

The Food Share receives donated food from private and government sources. It also purchases food with private contributions and government grants. Emergency food is distributed to 104 agencies who, in turn, distribute food to the hungry within their communities. During the years ended June 30, 2020 and 2019, the Food Share distributed (unaudited) approximately 10,570,000 and 9,330,000 pounds of food, respectively.

Meals on Wheels

The Food Share provides hot meals daily to senior and disabled adults at two kitchen sites. Additionally, it delivers hot meals daily to homebound seniors and disabled adults. Meals are provided for a fee unless recipients qualify for support based on income.

Community Gardens/Youth Farm

The Food Share provides technical assistance and garden supplies for 62 community gardens. Access to gardens increases self-reliance and consumption of nutritious food. Food grown at the gardens is consumed by its growers. The Food Share also supports a farm operated by students. Food grown at the farm is contributed to the Emergency Food program.

Government Support

The Food Share receives direct and indirect government support through several sources:

- *City of Salem* provides from its general fund for the purchase of food.
- *Commodity Supplemental Food Program* is a U.S Department of Agriculture (USDA) program that provides nutritious USDA food for low-income seniors.
- *Emergency Food Assistance Program* is a USDA program that provides food to low-income people of all ages.
- *Emergency Food and Shelter National Board Program* is a U.S Homeland Security Federal Emergency Management Agency program that funds emergency food for a broad range of people in urgent need.
- *Jobs Plus* is an Oregon Department of Human Services (DHS) program that partially funds employers who hire people currently receiving federal food assistance.
- *Medicaid* reimburses the cost of meals provided to qualified senior and disabled people.
- *Materials Management Grants* are provided by the Oregon Department of Environmental Quality for recovery of useable food to mitigate solid waste.
- *Oregon Hunger Response Fund* is a DHS program from general funds provided to acquire food, build distribution capacity, and link emergency food clients to other services.
- *Oregon Project Independence* is a DHS program that supports seniors continuing to live at home.
- *Special Programs for the Aging, Title III, part C Nutrition Services* is a U.S. Department of Health and Human Services program that funds nutritious meals and nutrition education for older adults to maintain health, independence and quality of life.
- *State Administrative Matching Grants for the Supplemental Nutrition Assistance Program* is a USDA program that provides for administrative costs of nutrition education and outreach.

Volunteers have contributed substantial hours to Food Share programs, principally repacking food, delivering meals for Meals on Wheels, and holding food and fund drives. The value of this contributed time is not reflected in these statements since it does not meet the criteria for donated services. The contributed hours (unaudited) consisted of 45,685 for 2020 and 45,685 for 2019.

MARION-POLK FOOD SHARE, INC.

(A Not-for-Profit Organization)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)

SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying consolidated financial statements have been prepared on the accrual basis of accounting in accordance with the accounting principles generally accepted in the United States of America. A summary of the Food Share's significant accounting policies is set forth below:

Principles of Consolidation

The consolidated financial statements include the accounts of Marion-Polk Food Share, Senior Townhouse, Inc., and All Woodburn Area Resource Enlisted, Inc. because the Food Share has both control and an economic interest in both entities. All significant intercompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as the Food Share.

Cash and Cash Equivalents

Cash and cash equivalents include all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly liquid debt instruments purchased with original maturities of three months or less.

Accounts and Other Receivables

Accounts and other receivables are presented net of an allowance for uncollectible accounts based on management's periodic review and past payment experience.

Inventory

Inventory consists of food and grocery products that have been donated from private sources and the USDA as well as purchased. Donated inventory is stated at the estimated wholesale fair market value of \$1.25 per pound as of June 30, 2020 and 2019, a rate calculated by Oregon Food Bank and Feeding America. USDA commodities are stated at the value provided by the USDA. Purchased food is stated at cost on an average cost basis.

Investments

The Food Share carries at fair value all investments in debt securities and equity securities with readily determinable fair values. Included in fair value are realized and unrealized gains and losses, plus reinvested interest and dividends, less investment fees. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by the passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment

Acquisitions of property and equipment in excess of \$5,000 are capitalized. Property and equipment purchased are recorded at cost. Donated assets are reflected as contributions at their estimated values on the date received.

Depreciation is computed by the straight-line method over the estimated useful lives of the assets. Buildings and building improvements are depreciated over 7 to 39 years and furniture and equipment are depreciated over 3 to 39 years.

MARION-POLK FOOD SHARE, INC.

(A Not-for-Profit Organization)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)

SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accrued Payroll Liabilities

Employees accrue vacation based on tenure and job classification. Employees accumulate up to 240 hours at which time accruals cease until vacation is used. Unused vacation carries over future years. The obligation for accrued vacation is included in accrued payroll liabilities.

Net Assets

The Food Share reports its consolidated financial position and activities in one of two classes of net assets: net assets with donor restrictions or net assets without donor restrictions.

Net assets with donor restrictions may be subject to restrictions that are temporary due to the passage of time or actions of the Food Share. Other donor restrictions may be perpetual in nature. Donor imposed restrictions are released when restrictions expire either through the passage of time or when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

Net assets without donor restrictions may be expended for any purpose in performing the primary objectives of the organization at the discretion of management and the Board of Directors. The Board of Directors has designated from net assets without donor restrictions net assets for donated inventory and net assets for a quasi-endowment.

Support and Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions depending on the existence or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reclassified as increases in net assets without donor restrictions if the restrictions expire in the fiscal year in which contributions are used. All other donor restricted contributions are reported as net assets with purpose restrictions or net assets with perpetual restrictions depending on the nature of the restrictions. Nonmonetary donations are recorded at their fair market value. Support from cost-reimbursement grants is recognized as the grant expenses are incurred resulting in a grant receivable. Revenue for exchange transactions such as delivered meals and investment income is recognized when earned.

New Revenue Recognition Accounting Pronouncement

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. There have been no changes to the presentation of the consolidated financial statements resulting from this pronouncement.

Concentrations of Credit Risk

Cash, cash equivalents, and certain investments may not be insured, or the balances exceed federally insured limits. The Food Share has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and investments.

MARION-POLK FOOD SHARE, INC.

(A Not-for-Profit Organization)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)

SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Income Taxes

The Food Share is exempt from federal and state taxes on income under IRS Code Section 501(c)(3). Federal and state income tax returns are subject to examination by taxing authorities until the statutes of limitation expire. In general, the federal and state statutes of limitation are three years. Liabilities associated with any uncertain tax positions would be recognized in an income tax provision when they become probable and estimable.

Functional Expense Allocation

The costs of providing various programs and other activities have been summarized on a functional basis in the statement of functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited. Salaries and related expenses have been allocated based on time and effort. Occupancy and general depreciation expenses have been allocated by square footage.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect reporting amounts of certain assets, liabilities, revenues, and expenses as of and for the years ended June 30, 2020 and 2019. Actual results may differ from such estimates.

Summarized Consolidated Financial Information for 2019

The consolidated financial information as of June 30, 2019 and for the year then ended is presented for comparative purposes and is not intended to be a complete consolidated financial statement presentation.

LIQUIDITY AND AVAILABILITY

The following represents the Food Share's financial assets at June 30:

	<u>2020</u>	<u>2019</u>
Financial assets at year end:		
Cash and cash equivalents	\$ 423,311	\$ 187,063
Accounts and other receivables, net	474,266	241,722
Investments	4,774,739	2,579,637
	<hr/>	<hr/>
Total financial assets	5,672,316	3,008,422

MARION-POLK FOOD SHARE, INC.*(A Not-for-Profit Organization)**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)***LIQUIDITY AND AVAILABILITY (Continued)**

	<u>2020</u>	<u>2019</u>
Less amounts not available to be used within one year:		
Net assets with donor restrictions	675,101	458,355
Less net assets with purpose restrictions to be met in less than a year	(434,321)	(217,945)
Quasi-endowment established by the board	663,925	696,992
	<u>904,705</u>	<u>937,402</u>
	<u>\$ 4,767,611</u>	<u>\$ 2,071,020</u>

The Food Share has maintained financial assets to meet 3 to 4 months of operating expenses (approximately \$1.3 to \$1.7 million). As part of its liquidity plan, excess cash is invested in short-term investments including certificates of deposit with maturities of one year or less and a mutual fund of short duration U.S. Treasury securities.

ACCOUNTS AND OTHER RECEIVABLES

Accounts and other receivables consisted of the following at June 30:

	<u>2020</u>	<u>2019</u>
Grants and other contract receivables	\$ 264,930	\$ 182,307
Client receivables	221,836	67,915
Allowance for doubtful accounts	(12,500)	(8,500)
	<u>\$ 474,266</u>	<u>\$ 241,722</u>

INVENTORY

Inventory at June 30, 2020 and 2019 consisted of food commodities and groceries sourced as follows:

	<u>2020</u>	<u>2019</u>
Donated	\$ 552,775	\$ 441,020
USDA	149,708	131,592
Purchased	156,210	49,071
	<u>\$ 858,693</u>	<u>\$ 621,683</u>

MARION-POLK FOOD SHARE, INC.*(A Not-for-Profit Organization)**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)***INVESTMENTS**

The fair value of investments held at June 30, 2020 and 2019 was as follows:

	<u>2020</u>	<u>2019</u>
Mutual funds	\$ -	\$ 204,131
Certificates of deposit	3,862,307	1,418,639
Pooled component funds	912,432	956,867
	<u> </u>	<u> </u>
Total investments	<u>\$ 4,774,739</u>	<u>\$ 2,579,637</u>

Investment return, net of fees, consisted of the following for the years ended June 30, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Interest and dividends	\$ 35,019	\$ 25,087
Investment fees	(8,643)	(8,098)
Gain on investments:		
Net realized gain	3,635	5,068
Net unrealized gain	5,301	53,834
	<u> </u>	<u> </u>
Investment return, net	<u>\$ 35,312</u>	<u>\$ 75,891</u>

PROPERTY AND EQUIPMENT

Property and equipment consisted of the following for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Land	\$ 6,101	\$ 6,101
Building	4,037,610	3,893,525
Furniture and equipment	923,458	780,987
Vehicles	739,423	729,423
Construction in progress	-	52,961
	<u> </u>	<u> </u>
Total property and equipment	5,706,592	5,462,997
Less accumulated depreciation	(2,619,449)	(2,376,701)
	<u> </u>	<u> </u>
Property and equipment, net	<u>\$ 3,087,143</u>	<u>\$ 3,086,296</u>

MARION-POLK FOOD SHARE, INC.

(A Not-for-Profit Organization)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)

UNEARNED REVENUE

As of June 30, 2020, and 2019, the Food Share had received revenues to be used in subsequent periods as follows:

	<u>2020</u>	<u>2019</u>
Chef's Nite Out	\$ 15,000	\$ 18,000
Farm to Table	16,000	40,904
	<u>\$ 31,000</u>	<u>\$ 58,904</u>

ENDOWMENTS

The Food Share follows the guidance of Accounting Standards Codification (ASC) Topic 958, *Not-For-Profit Entities*, for an organization that is subject to an enacted version of the State Prudent Management of Institutional Funds Act (SPMIFA), which was passed in Oregon. This guidance addresses net asset classification and required disclosures of donor-restricted and board designated endowments.

Donor Restricted Endowment

A permanent endowment was established by the Food Share with permanently restricted funds from donors. These funds have been invested with the Oregon Community Foundation (the "Foundation") in a pooled component fund as a permanent investment.

Board Designated Quasi-Endowment

A quasi-endowment was established by the Food Share board with designated unrestricted net assets. These funds were also invested with the Foundation in a pooled component fund and treated as a permanent investment. Under the quasi-endowment agreement, the Foundation is obligated to return the investment to the Food Share upon written request of a majority of its board of directors if in the sole judgment of the Foundation it would not be inconsistent with the objects and purposes of the Food Share or the charitable, educational, and scientific needs of the state of Oregon.

MARION-POLK FOOD SHARE, INC.*(A Not-for-Profit Organization)**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)***ENDOWMENTS (Continued)**

Endowment net assets, and changes in endowment net assets, consisted of the following at June 30, 2020:

<i>Composition of Endowment Net Assets by Type of Fund</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>
Board designated quasi-endowment fund	\$ 663,925	\$ -
Donor-restricted endowment fund	-	248,507
	<hr/>	<hr/>
Total endowment net assets	\$ 663,925	\$ 248,507
	<hr/> <hr/>	<hr/> <hr/>
 <i>Changes in Endowment Net Assets</i>		
Endowment net assets, beginning of year	\$ 696,992	\$ 259,876
Investment income	4,770	1,767
Net appreciation (realized and unrealized)	(2,054)	(439)
Contributions	-	370
Appropriations of endowment assets for expenditure	(29,472)	(10,735)
Investment fees	(6,311)	(2,332)
	<hr/>	<hr/>
Endowment net assets, end of year	\$ 663,925	\$ 248,507
	<hr/>	<hr/>
Without donor restriction amount not yet withdrawn		(7,727)
		<hr/>
Perpetual in nature donor restricted endowment, end of year		\$ 240,780
		<hr/> <hr/>

Endowment net assets, and changes in endowment net assets, consisted of the following at June 30, 2019:

<i>Composition of Endowment Net Assets by Type of Fund</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>
Board designated quasi-endowment fund	\$ 696,992	\$ -
Donor-restricted endowment fund	-	259,876
	<hr/>	<hr/>
Total endowment net assets	\$ 696,992	\$ 259,876
	<hr/> <hr/>	<hr/> <hr/>
 <i>Changes in Endowment Net Assets</i>		
Endowment net assets, beginning of year	\$ 683,041	\$ 252,420
Investment income	5,088	1,871
Net appreciation (realized and unrealized)	43,686	15,701
Contributions	-	2,585
Appropriations of endowment assets for expenditure	(28,900)	(10,526)
Investment fees	(5,923)	(2,175)
	<hr/>	<hr/>
Endowment net assets, end of year	\$ 696,992	259,876
	<hr/>	<hr/>
Without donor restriction amount not yet withdrawn		(19,466)
		<hr/>
Perpetual in nature donor restricted endowment, end of year		\$ 240,410
		<hr/> <hr/>

MARION-POLK FOOD SHARE, INC.

(A Not-for-Profit Organization)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)

ENDOWMENTS (Continued)

The Food Share has interpreted SPMIFA as requiring the preservation of the fair value of the original gift as of the date of the gift absent explicit donor stipulations to the contrary. As a result of this interpretation, the Food Share classifies as net assets with donor restrictions that are perpetual in nature (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, if any.

The remaining portion of the donor-restricted endowment fund that is not classified in net assets with donor restrictions that are perpetual in nature is classified in net assets with purpose restrictions until those amounts are appropriated for expenditure by the Food Share.

In accordance with SPMIFA, the Food Share considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment fund: the purpose, duration, and preservation of the endowment fund, general economic conditions, the possible effects of inflation and deflation, the expected total return of investments, other resources of the Food Share, and the investment policies of the Food Share.

The Food Share appropriates for expenditure distributions of a reasonable rate of return based on a payout rate set by the Foundation. The payout rate is set for the coming year based on a 10-year projection of investment return. Currently, if the projected 10-year return is 9% or above, the payout will be 4.5%; if the projected return is below 9%, the payout will be 4%. The payout is calculated using a 13-quarter trailing average of fund market value. This is consistent with the Food Share's objective to maintain the purchasing power of the endowments held in perpetuity.

To satisfy its long-term objectives, the Food Share and the Foundation follow a total-return strategy in which investment decisions are made with the intent of maximizing the long-term total return of the portfolio, combining capital appreciation (realized and unrealized) and current yield (interest and dividends). Funds are invested in a diverse allocation of equities, fixed-income instruments, and alternative investment classes such as hedge funds, distressed debt, private investments and cash. The Food Share expects the investment return to exceed the results of appropriate benchmarks without putting the assets at imprudent risk.

FAIR VALUE MEASUREMENTS

The Food Share follows ASC 820-10 which defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements. Fair value is the price that would be received to sell an asset or paid to transfer the liability in an orderly transaction between market participants.

The fair value hierarchy maximizes the use of observable inputs and minimizes the use of unobservable inputs when measuring fair value and distinguishes three levels of inputs that may be utilized when measuring fair value, including: level 1 inputs (using quoted prices in active markets for identical assets or liabilities), level 2 inputs (using inputs other than level 1 prices such as quoted prices for similar assets and liabilities in active markets or inputs that are observable for the asset or liability), and level 3 inputs (unobservable inputs supported by little or no market activity based on our own assumptions used to measure assets and liabilities). A financial asset or liability's classification within the above hierarchy is determined based on the lowest level input that is significant to the fair value measurement.

MARION-POLK FOOD SHARE, INC.*(A Not-for-Profit Organization)**NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)**YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)***FAIR VALUE MEASUREMENTS (Continued)**

Certain of the Food Share's financial instruments are stated at cost, which approximates fair value. This includes cash and cash equivalents, receivables, accounts payable and accrued expenses.

Investments in pooled component funds are valued at the net asset value per unit as provided by the Foundation. Net asset value is based on fair market value of the underlying assets of the funds using quoted market prices when available and alternative valuation methods as provided in individual trust or pooled fund agreements when quoted market prices are not available.

The fair value of investments at June 30, 2020 were:

	<u>Level 1</u>	<u>Level 2</u>	<u>Fair Value</u>
Certificates of deposit	\$ 3,862,307	\$ -	\$ 3,862,307
Pooled component funds	-	912,432	912,432
	<u>\$ 3,862,307</u>	<u>\$ 912,432</u>	<u>\$ 4,774,739</u>
Total investments	<u>\$ 3,862,307</u>	<u>\$ 912,432</u>	<u>\$ 4,774,739</u>

The fair value of investments at June 30, 2019 were:

	<u>Level 1</u>	<u>Level 2</u>	<u>Fair Value</u>
Mutual funds	\$ 204,131	\$ -	\$ 204,131
Certificates of deposit	1,418,639	-	1,418,639
Pooled component funds	-	956,867	956,867
	<u>\$ 1,622,770</u>	<u>\$ 956,867</u>	<u>\$ 2,579,637</u>
Total investments	<u>\$ 1,622,770</u>	<u>\$ 956,867</u>	<u>\$ 2,579,637</u>

PAYCHECK PROTECTION PROGRAM NOTE

On April 15, 2020 the Food Share issued a promissory note (the Note) to a bank for \$605,000. The Note bears interest at 1% per annum and is payable in equal monthly payments over 18 months beginning November 15, 2020. The Note is also fully guaranteed by the U.S. Small Business Administration under the Paycheck Protection Program (PPP) created by the Coronavirus Aid, Relief, and Economic Security Act of March 2020. Other terms of the Note and PPP provide for the Note to be forgiven under certain conditions, particularly if the Food Share maintains its payroll at historical levels.

Management has concluded the loan represents, in substance, a grant that is expected to be forgiven. It has been accounted for in accordance with ASC 958-605 as provided by TQA 3200.18. At June 30, 2020, management believed the Food Share had met the conditions for at least 80% of the Note to be forgiven. Forgiveness of 80% of the Note was therefore recognized in these consolidated financial statements. As management expects it will meet the conditions that will lead to forgiveness of the entire Note, no interest expense has yet been accrued. The refundable advance portion of the note was \$121,000 as of June 30, 2020.

MARION-POLK FOOD SHARE, INC.

(A Not-for-Profit Organization)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)

NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions were as follows for the years ended June 30:

	<u>2020</u>	<u>2019</u>
Perpetual in nature	\$ 240,780	\$ 240,410
Purpose restrictions		
Food procurement	306,588	150,917
Community gardens/youth farm	88,992	42,028
Management and general	38,741	25,000
	<u>434,321</u>	<u>217,945</u>
<i>Total Purpose Restrictions</i>	<u>\$ 675,101</u>	<u>\$ 458,355</u>

PENSION PLAN

The Food Share sponsors a simplified employee pension plan (SEP). The plan covers substantially all employees meeting years of service requirements. Contributions are determined annually and are based on a percent of compensation. Pension expense was \$98,790 and \$81,445 for 2020 and 2019, respectively.

SUPPORT AND REVENUE RECOGNITION

For the years ended June 30, 2020 and 2019, \$3,030,253 and \$1,530,498 of food and groceries donated by USDA and passed through Oregon Food Bank are included in government support on the statement of activities.

CONTINGENCIES

Most government support is subject to periodic legislative renewal that is not assured. Amounts received or receivable from contracting agencies are subject to audit and potential adjustment. A liability for repayment of those funds would be recognized when an adjustment becomes probable and estimable. It is the opinion of management that the Food Share has substantially complied with all regulations affecting such payments and that no significant adjustments will be made.

RELATED PARTIES

An officer of the Food Share served as a director for Oregon Food Bank (OFB), the state-wide food bank. OFB donated 3,410,153 pounds of food and passed through \$546,845 of grants to the Food Share in 2020. Similarly, OFB donated 4,068,174 pounds of food and passed through \$371,518 of grants to the Food Share in 2019. The Food Share also distributed 130,272 pounds and 107,323 pounds of food to OFB in 2020 and 2019, respectively.

MARION-POLK FOOD SHARE, INC.

(A Not-for-Profit Organization)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (Continued)

YEAR ENDED JUNE 30, 2020 (With Comparative Totals for 2019)

AWARE ACQUISITION

The Food Share entered into a management services agreement with All Woodburn Area Resources Enlisted, Inc. (AWARE) food pantry on October 30, 2019 and assumed operational control. During the fiscal year ended June 30, 2020, the Food Share was given the authority to appoint the board of directors of AWARE. This included the transfer of AWARE's assets totaling \$38,831 to the Food Share.

The Food Share was paid \$9,611 for these management services during the current year.

SUBSEQUENT EVENTS

Management has evaluated subsequent events through September 25, 2020, the date on which the consolidated financial were available to be issued. As a result of the recent coronavirus pandemic (COVID-19), numerous sectors of the economy are suffering damage and long-term economic and business consequences of this remain unknown.

COMPLIANCE SECTION



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

www.gmscpa.com

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

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

Board of Directors
Marion-Polk Food Share, Inc.
Salem, Oregon

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Marion-Polk Food Share, Inc. (the Food Share) (a nonprofit organization) which comprise the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, 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 September 25, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Food Share's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Food Share's internal control. Accordingly, we do not express an opinion on the effectiveness of the Food Share'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 Food Share'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 may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

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


CERTIFIED PUBLIC ACCOUNTANTS
September 25, 2020



GROVE, MUELLER & SWANK, P.C.

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

www.gmscpa.com

(503) 581-7788 • FAX (503) 581-0152

475 Cottage Street NE, Suite 200 • Salem, Oregon 97301-3814

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

Board of Directors
Marion-Polk Food Share, Inc.
Salem, Oregon

Report on Compliance for Each Major Federal Program

We have audited Marion-Polk Food Share, Inc.'s (the Food Share's) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Food Share's major federal programs for the year ended June 30, 2020. The Food Share'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 the Food Share's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Food Share's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

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

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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


CERTIFIED PUBLIC ACCOUNTANTS
September 25, 2020

MARION-POLK FOOD SHARE, INC.
 (A Not-for-Profit Organization)
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2020

<u>Federal Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Expenditures</u>
<u>U.S. Department of Agriculture</u>			
<i>Food Distribution Cluster</i>			
Passed through Oregon Food Bank			
Commodity Supplemental Food Program	10.565	unknown	\$ 5,791
Emergency Food Assistance Program - Administration	10.568	unknown	130,865
Emergency Food Assistance Program - Food Commodities	10.569	unknown	3,012,138
<i>Total Food Distribution Cluster</i>			<u>3,148,794</u>
Food Purchase Distribution Program	10.178	unknown	85,146
Total U.S. Department of Agriculture			<u>3,233,940</u>
<u>U.S. Department of Homeland Security</u>			
Direct			
Emergency Food and Shelter National Board Program	97.024		89,525
<u>U.S. General Services Administration</u>			
Passed through Oregon Department of Administrative Services			
Donation of Federal Surplus Personal Property	39.003	ARK44917, ARK45143	2,237
<i>Total Federal Expenditures</i>			<u>\$ 3,325,702</u>

See notes to schedule of expenditures of federal awards.

MARION-POLK FOOD SHARE, INC.

(A Not-for-Profit Organization)

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2020

BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (SEFA) includes the federal award activity of Marion-Polk Food Share, Inc (the Food Share) under programs of the federal government for the year ended June 30, 2020. The information in the SEFA 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 SEFA presents only a selected portion of the operations of the Food Share, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Food Share.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the SEFA 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.

The Food Share has not elected to use the 10 percent de minimis indirect cost rate as allowed under Uniform Guidance.

MARION-POLK FOOD SHARE, INC.
 (A Not-for-Profit Organization)
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 YEAR ENDED JUNE 30, 2020

SUMMARY OF AUDITORS' RESULTS

Consolidated Financial Statements

Type of Auditors' report issues:	Unmodified
Internal control reporting:	
• Material weakness(es) identified?	No
• Significant deficiencies identified?	None reported
Noncompliance material to consolidated financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies?	None reported
Type of Auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?	No

Identification of major program:

CFDA Numbers

Name of Federal Program or Cluster

10.565, 10.568, 10.569

Food Distribution Cluster

Dollar threshold used to distinguish between type A and type B programs:	\$750,000
Auditee qualified as low risk auditee?	Yes

CONSOLIDATED FINANCIAL STATEMENT FINDINGS

None.

FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.