

**SECOND HARVEST FOOD BANK OF
NORTHEAST TENNESSEE, INC.**

FINANCIAL REPORT

June 30, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Second Harvest Food Bank of Northeast Tennessee, Inc.
Kingsport, Tennessee

Report on the Financial Statements

We have audited the accompanying financial statements of Second Harvest Food Bank of Northeast Tennessee, Inc. (the Food Bank) (a not-for-profit organization), which comprise the statements of financial position as of June 30, 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 the 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 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 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 Food Bank as of June 30, 2018, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The comparative schedule of assets, liabilities, and net assets, comparative schedule of revenues, comparative schedule of expenses, schedule of expenditures of state financial assistance, and the roster of management officials and board members are presented for purposes of additional analysis and are not a required part of the financial statements (also see below). The accompanying schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis, and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Prior period financial statements audited by a predecessor auditor

The financial statements of the prior period were audited by a predecessor auditor for the statements of financial position as of June 30, 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. The report was dated November 16, 2017 with an unmodified opinion on those statements and included an other matters section that indicated the accompanying information was fairly stated, in all material respects, in relation to the financial statements as a whole. The comparative schedules referred to in the *Supplementary Information section* above for the period ending June 30, 2017 were those included in the auditor's report dated November 16, 2017.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 27, 2018, on our consideration of the Food Bank's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts 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 Food Bank's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Food Bank's internal control over financial reporting and compliance.

Brown, Edwards & Company, S. L. P.

CERTIFIED PUBLIC ACCOUNTANTS

Kingsport, Tennessee
November 27, 2018

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

STATEMENT OF FINANCIAL POSITION

June 30, 2018

ASSETS

CURRENT ASSETS

Cash and cash equivalents:	\$ 1,174,718
Investments	673,919
Accounts receivable	126,484
Grants receivable	50,934
Inventories	873,617
Prepaid expenses	22,268
Total current assets	<u>2,921,940</u>

PROPERTY AND EQUIPMENT, net of accumulated depreciation	<u>2,412,352</u>
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Total assets	<u><u>\$ 5,334,292</u></u>
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable	\$ 85,658
Current portion of long-term debt (Note 7)	37,392
Employee deductions payable	1,337
Deferred revenue	19,798
Accrued expenses	56,416
Total current liabilities	<u>200,601</u>

LONG-TERM LIABILITIES

Long-term debt (Note 7)	467,408
Total liabilities	<u>668,009</u>

NET ASSETS

Unrestricted net assets	4,364,839
Temporary restricted net assets	<u>301,444</u>

Total net assets	<u>4,666,283</u>
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TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 5,334,292</u></u>
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The Notes to Financial Statements are an integral part of this statement.

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

STATEMENT OF ACTIVITIES
Year Ended June 30, 2018

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Revenues			
Cash contributions	\$ 1,026,044	\$ 912,557	\$ 1,938,601
Food and nonfood items donated	13,523,099	-	13,523,099
USDA commodities	1,454,541	-	1,454,541
Program service fees	1,160,869	-	1,160,869
Federal and state grants	233,475	100,000	333,475
Special events	409,865	-	409,865
Rental income	32,033	-	32,033
Investment income	21,874	-	21,874
Other in-kind donations	85,813	-	85,813
Other income	8,707	-	8,707
Net assets released from restrictions	950,780	(950,780)	-
	<u>18,907,100</u>	<u>61,777</u>	<u>18,968,877</u>
Total revenues			
Expenses			
Program services food distribution	18,091,778	-	18,091,778
Management and general	478,451	-	478,451
Fundraising	269,875	-	269,875
Payments to affiliate	8,304	-	8,304
	<u>18,848,408</u>	<u>-</u>	<u>18,848,408</u>
Total expenses			
Change in net assets	<u>58,692</u>	<u>61,777</u>	<u>120,469</u>
Balance, beginning	3,719,866	825,948	4,545,814
Prior period adjustment, reclassification	586,281	(586,281)	-
Balance, beginning, restated (Note 14)	<u>4,306,147</u>	<u>239,667</u>	<u>4,545,814</u>
Balance, ending	<u>\$ 4,364,839</u>	<u>\$ 301,444</u>	<u>\$ 4,666,283</u>

The Notes to Financial Statements are an integral part of this statement.

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

STATEMENT OF FUNCTIONAL EXPENSES

June 30, 2018

	Program Services	Supporting Services		Total
		Management and General	Fundraising	
Salaries and contract labor	\$ 604,855	\$ 306,132	\$ 81,869	\$ 992,856
Other employee costs	128,082	64,826	17,336	210,244
Total salaries and related expenses	732,937	370,958	99,205	1,203,100
Vehicle expense	123,087	-	-	123,087
Incoming freight charges	176,308	-	-	176,308
Travel and mileage	12,298	3,074	-	15,372
Insurance	9,016	9,182	-	18,198
Warehouse equipment repairs	8,488	-	-	8,488
Warehouse equipment and supplies	9,482	2,371	-	11,853
Sanitation/extermination	11,375	2,844	-	14,219
Building repairs and maintenance	6,800	1,700	-	8,500
Utilities	64,258	16,065	-	80,323
Professional fees	-	38,256	-	38,256
Postage	5,108	1,277	-	6,385
Printing and publications	3,714	929	-	4,643
Board and committees	-	1,069	-	1,069
Other administrative expense	49,497	-	12,374	61,871
Security system	1,659	415	-	2,074
Computer expense	18,976	4,744	-	23,720
Direct mail expense	-	-	151,218	151,218
Golf tournament, net	-	-	(177)	(177)
Community relations	7,254	7,255	7,255	21,764
Other program services	20,199	-	-	20,199
Shared maintenance grants expense	390,962	-	-	390,962
Depreciation	134,445	18,312	-	152,757
Cost of goods distributed - food	14,636,601	-	-	14,636,601
Cost of goods distributed - USDA	1,669,314	-	-	1,669,314
Total functional expenses	<u>\$ 18,091,778</u>	<u>\$ 478,451</u>	<u>\$ 269,875</u>	18,840,104
Unallocated payments to affiliated organizations				<u>8,304</u>
Total expenses				<u>\$ 18,848,408</u>

The Notes to Financial Statements are an integral part of this statement.

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

STATEMENT OF CASH FLOWS

June 30, 2018

OPERATING ACTIVITIES

Change in total net assets	\$ 120,469
Adjustments to reconcile change in total net assets to net cash provided by operating activities:	
Depreciation	152,757
Donated investments, property and equipment	(45,676)
Investment market appreciation	(11,678)
(Increase) decrease in assets:	
Accounts receivable	(11,335)
Grants receivable	16,308
Inventories	(56,263)
Prepaid expenses	(17,258)
Increase (decrease) in liabilities:	
Accounts payable	29,686
Employee deductions payable	(1,315)
Deferred revenue	(2,142)
Accrued expenses	22,896
	<hr/>
Net cash provided by operating activities	196,449

INVESTING ACTIVITIES

Purchases of investments	(112,642)
Acquisition of property and equipment	(117,973)
	<hr/>
Net cash used in investing activities	(230,615)

FINANCING ACTIVITIES

Proceeds from borrowing	504,800
Principal payments on long-term debt	(300,567)
	<hr/>
Net cash provided by financing activities	204,233

INCREASE IN CASH 170,067

CASH AND CASH EQUIVALENTS, beginning

1,004,651

CASH AND CASH EQUIVALENTS, ending

\$ 1,174,718

SUPPLEMENTAL DISCLOSURES

Interest paid	<hr/> <hr/> \$ 4,574
Noncash investing and financing activities	
Donated property and equipment	<hr/> \$ 41,392
Gifts of investment	<hr/> <hr/> \$ 4,284

The Notes to Financial Statements are an integral part of this statement.

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Nature of Business and Significant Accounting Policies

Nature of activities

Second Harvest Food Bank of Northeast Tennessee, Inc., (the Food Bank) is a Tennessee not-for-profit corporation organized for the purpose of distributing and providing food to other tax-exempt organizations. The Food Bank receives support from industry, churches, government, and individual contributors. Tennessee counties the Food Bank serves include Hancock, Hawkins, Greene, Sullivan, Washington, Unicoi, Carter, and Johnson.

Basis of accounting

The accompanying financial statements are presented on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are generally recognized when earned and expenses are recognized when incurred.

Basis of presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958, *Not-for-Profit Entities*. Under FASB ASC 958, the Food Bank is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Net assets and revenues, expenses, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, net assets and changes therein are classified as follows:

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that they be maintained permanently by the Food Bank. Generally, the donors of such assets permit the Food Bank to use all or part of the income generated by the assets. The Food Bank had no permanently restricted net assets at June 30, 2018.

Temporarily Restricted Net Assets – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Food Bank and/or the passage of time.

Unrestricted Net Assets – Net assets not subject to donor-imposed stipulations.

Revenues are reported as increases in unrestricted net assets unless the use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of temporary restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets.

(Continued)

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include those used in computing depreciation on property and equipment, the fair value of investments, and the valuation of inventories. Actual results could vary from the estimates that were used.

Cash and cash equivalents

The Food Bank's cash balances at June 30, 2018 include amounts on deposit with financial institutions in checking, saving, and money market accounts. For purposes of the Statement of Cash Flows, the Food Bank considers cash equivalents to include all highly liquid debt instruments purchased with a maturity of three months or less. In addition, the temporary cash accounts used by the investment manager are not classified as cash equivalents, but rather included in investments.

Investments

Investments at June 30, 2018 include long-term certificates of deposit and investments in marketable securities. The Food Bank records the investments in marketable securities with readily determinable market values and all investments in debt securities at their fair value. Unrealized gains and losses are included in the change in net assets in the accompanying Statements of Activities. Fair values for investment securities are based on quoted market prices, where available. If quoted market prices are not available, fair values are based on quoted market prices of comparable instruments. Gains and losses and investment income derived from investments are accounted for as unrestricted or temporarily restricted based on restrictions, if any, imposed by donors.

Accounts receivable

The Food Bank believes the balances in accounts receivable are collectible, and accordingly, no allowance has been established. Accounts overdue by more than sixty days are considered past due. Management determines when an account is uncollectible and should be written off. A list is maintained of the uncollectible accounts and those agencies cannot place orders for inventory distributions until the amount due has been paid.

Inventories

Inventories at June 30, 2018 include separately tracked balances for those items donated, purchased, and received from USDA commodities. Purchased inventory is valued at the lower of average cost (based on the First-In, First-Out (FIFO) method) or market value. Donated inventory is valued at the approximate average wholesale value of one pound per donated product. This value is provided by Feeding America, the national hunger-relief organization under which the Food Bank is affiliated, and is established by independent auditors. For the fiscal year ended June 30, 2018, the approximate average price per pound was \$1.67. This price is based on the receipt of food and non-food items.

(Continued)

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Inventories (Continued)

USDA commodities are valued using the Feeding America approximate wholesale value of one pound per donated product, excluding non-food items. For the fiscal year ended June 30, 2018, the approximate average price per pound was \$1.57.

Property and equipment

Property and equipment are recorded at cost when purchased and are depreciated using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	20-40 years
Equipment and furniture	5-15 years
Vehicles	5-10 years

Additions and betterments of \$500 or more and with a useful life of one year or more are capitalized, while maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed as incurred. At the time property and equipment are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss on disposal is recognized in operations for the fiscal year.

Donations of property and equipment are recorded as support at their estimated fair value. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Unless the donor has stipulated how long donated assets must be maintained, the Food Bank reports the expiration of donor restrictions when the donated or acquired assets are placed in service, and at that time, the assets are transferred from restricted net assets to unrestricted net assets.

Compensated absences

The Food Bank requires vacation to be taken by June 30 each year; therefore, no accrual for vacation pay has been recorded at June 30, 2018.

Cash contributions

Contributions are recognized when the donor makes a promise to give to the Food Bank that is, in substance, unconditional. Donor-restricted contributions are reported as increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. When the restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

The Food Bank receives some contributions for participating agencies, for which they have no variance power over the spending of the contribution. Therefore, the Food Bank becomes an agent for

(Continued)

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Cash contributions (Continued)

the contributor, and not a recipient of a contribution. As a result, the contribution decreases accounts receivable due from the agency. For the fiscal year ended June 30, 2018, \$68,325 was received by the Food Bank and offset with contribution revenue and accounts receivable for the benefit of the specified agency.

Shared maintenance fees

The Food Bank receives fees from participating agencies to assist in the costs of storing and distributing food. Those shared maintenance fees are based on predetermined rates of \$0.19 per pound or less, as determined by Feeding America. In some instances, the Food Bank awards shared maintenance grants to agencies, using contributions received in which the Food Bank has power over their use. All active agencies in good standing are eligible for shared maintenance grants. These grants are recorded as shared maintenance grant expense and totaled \$390,962 for the fiscal year ended June 30, 2018.

Shipping and handling/freight

The Food Bank expenses freight costs as incurred. At June 30, 2018, freight amounted to \$176,308, as shown on the Statements of Functional Expenses.

Functional allocation of expenses

The costs of providing programs have been summarized on a functional basis in the Statements of Activities based on estimates developed by management. Accordingly, certain costs have been allocated among the programs and supporting services benefitted. Additional detail is located within the Statements of Functional Expenses.

Some expenses relate solely to a single function and have been distributed entirely to that function. The other expenses have been allocated based on an estimate of usage or time devoted to the various functions. Salaries were allocated based on approximate hours for each function.

Income taxes

The Food Bank is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3). Internal Revenue Code Section 513(a) defines an unrelated trade or business of an exempt organization as any trade or business which is not substantially related to the exercise or performance of its exempt purpose. The rental income derived from rental of warehouse space and the parking lot are considered unrelated business income.

Note 2. Cash and Cash Equivalents

Total deposits held by the Food Bank at June 30, 2018 include \$528,068 held in commercial banks and \$698,293 held in credit unions. Total deposits at June 30, 2018, not insured by the Federal Deposit Insurance Corporation (FDIC) or National Credit Unions share Insurance Fund (NCUSIF) were \$221,855.

(Continued)

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 3. Investments

Fair value of assets measured on a recurring basis at June 30, 2018 are as follows:

	2018			
	<u>Total</u>	<u>Level one assets</u>	<u>Level two assets</u>	<u>Level three assets</u>
Investments				
Certificates of deposit	\$ 208,465	\$ 208,465	\$ -	\$ -
Mutual Funds - Bonds	100,456	100,456	-	-
Mutual Funds - Equities	164,230	164,230	-	-
Total Investments	<u>\$ 473,151</u>	<u>\$ 473,151</u>	<u>\$ -</u>	<u>\$ -</u>

In addition to the investments shown above, which are stated at fair value, the Food Bank's investments also include cash and cash equivalents totaling \$200,768 at June 30, 2018.

Note 4. Endowment

The Food Bank's endowment funds consist of a fund designated by the Board of Directors to function as an endowment (quasi-endowment). As required by accounting principles generally accepted in the United States of America (GAAP), net assets associated with endowment funds, including quasi-endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

Interpretation of relevant law

The Food Bank's Board of Directors, based on review of applicable laws, has interpreted the Uniform Prudent Management of Institutional Funds Act, as adopted by the State of Tennessee, as not applying to the Food Bank's endowment funds as they are quasi in nature only, and do not currently include donor-restricted endowment funds. As a result, the endowment funds are classified as unrestricted net assets in the amount of \$409,300.

Return objectives and risk parameters

The Food Bank has adopted an investment policy for endowment assets that attempts to provide long-term growth of principal while avoiding excessive risk. Under this policy, the endowment assets are invested in a manner that is intended to produce results that are comparable to the price and yield results of a weighted average of widely followed market indexes matching the asset allocation of the endowment investments.

Strategies employed for achieving objectives

To satisfy its long-term objectives, the Food Bank relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Food Bank targets a diversified asset allocation that places a greater emphasis on fixed income and equity-based investments to achieve its long-term return objective within prudent risk constraints.

(Continued)

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 4. Endowment (Continued)

Changes in endowment net assets for the fiscal year ended June 30, 2018 are as follows:

	<u>Unrestricted</u>
Endowment net assets, beginning of fiscal year	\$ 281,891
Investment return	
Investment income	5,368
Net appreciation	<u>11,806</u>
Total investment return	<u>17,174</u>
Contributions and principal added	<u>110,235</u>
Endowment net assets, end of fiscal year	<u>\$ 409,300</u>

Note 5. Inventories

Inventories are comprised of the following as of June 30, 2018:

Donated inventory	\$ 675,587
Purchased inventory	179,336
USDA commodity inventory	<u>18,694</u>
Total inventories	<u>\$ 873,617</u>

Note 6. Property and Equipment

Property and equipment are comprised of the following at June 30, 2018:

Land	\$ 283,622
Buildings	1,977,135
Furniture and equipment	14,153
Warehouse equipment	299,441
Office equipment	92,803
Motor vehicles	<u>784,728</u>
	3,451,882
Less: accumulated depreciation	<u>1,039,530</u>
Net property and equipment	<u>\$ 2,412,352</u>

Depreciation expense for the fiscal year ended June 30, 2018 was \$152,757.

(Continued)

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 7. Long-Term Debt

In October 2016, the Food Bank entered into a note payable to a financial institution in the aggregate principal amount of \$310,000, of which \$300,567 was outstanding as of June 30, 2017. Monthly payments of \$2,181 are due January 2017 through December 2031, and interest is payable at an annual rate of 3.27%. The Food Bank made their regularly scheduled payments for July 2017 through November 2017 and paid off the remaining balance in December 2017.

In November 2017, the Food Bank entered into a note payable to Powell Valley Electric Cooperative, Inc. in the aggregate principal amount of \$504,800. Monthly payments of \$4,674 are due starting November 2018 through October 2027, with no interest being payable for this loan. The note is secured by substantially all assets of the Food Bank.

Future maturities on long-term debt subsequent to June 30, 2018 are as follows:

<u>Fiscal year ending June 30</u>	<u>Principal Maturities</u>
2019	\$ 37,392
2020	56,088
2021	56,088
2022	56,088
2023	56,088
Thereafter	<u>243,056</u>
Total	<u>\$ 504,800</u>

Interest expense for the fiscal year ended June 30, 2018 (only for notes payable) was \$4,058, which is part of all interest paid for the year, which was \$4,574.

Note 8. Donated Services

No amounts have been reflected in the financial statements for donated services. The Food Bank generally pays for services requiring specific expertise. However, many individuals volunteer their time and perform a variety of tasks that assist the Food Bank with the food distribution program, campaign solicitations, warehouse space, and various committee assignments. For the fiscal year ended June 30, 2018, 31,538 hours were received from volunteers.

Note 9. Concentrations of Credit Risk

The Food Bank has concentrations of credit risk resulting from cash deposits being maintained in banks within the same geographic region, deposits being held in excess of FDIC or NCUSIF coverage, and its customer base being located in the same geographic region.

Note 10. Related Party Transactions

Some Board of Directors members are employed by companies doing business with the Food Bank. Their duties are not directly related to the transactions with the Food Bank.

(Continued)

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 11. Retirement Plan

The Food Bank has a 403(b) plan. Full-time employees are eligible to participate in the plan once they have reached the age of twenty-one and have completed twelve months of service. The Food Bank matches participating employee contributions up to three percent of the employee's wages. For the fiscal year ended June 30, 2018, retirement expense was \$12,829.

Note 12. Income Tax Status and Uncertain Tax Positions

The Food Bank is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Food Bank files informational income tax returns in the U.S. federal jurisdiction. The Food Bank's income tax filings are subject to audit by various taxing authorities. The Food Bank's open audit periods are 2014-2017.

The Food Bank follows the FASB ASC, which provides guidance on accounting for uncertainty in income taxes recognized in an organization's financial statements. As of June 30, 2018, the Food Bank had no uncertain tax positions that qualify for either recognition or disclosure in the Food Bank's financial statements. The Food Bank's practice is to recognize interest and penalties on unrecognized tax liabilities in tax expense in the financial statements. However, no interest or penalties were recorded during the fiscal year ended June 30, 2018.

Note 13. Subsequent Events

In accordance with FASB ASC 855, the Food Bank evaluated subsequent events through November 27, 2018, the date these financial statements were issued. There were no material subsequent events that required recognition or additional disclosure in these financial statements except as follows:

The Food Bank entered into an agreement in October 2018 to lease approximately 15,000 square feet at \$4,375 per month to a company for an initial term of six (6) months, which will automatically renew for an additional period of thirty (30) days on the same terms and conditions unless the tenant provides a thirty (30) day written notice to the Food Bank of its intention not to renew the initial term or renewal term, as the case may be.

Note 14. Prior Period Adjustment – Net Assets Reclassification

The Food Bank re-evaluated its presentation of Temporary Restricted Net Assets (TRNA) at June 30, 2017 to not include donated inventory as a component of TRNA in the amount of \$586,281. The donated inventory is now viewed as not being a donor restricted purpose that the Food Bank is limited for distribution, but a part of normal and immediate operations. In order to make the prior fiscal year ending June 30, 2017 presentation to be consistent with this year's presentation, the \$586,281 is moved to the Unrestricted Net Asset column in the financial statements in both the Statement of Financial Position and the Statement of Activities besides certain comparative schedules in the accompanying information. There is a zero net effect in total Net Assets and the Change in Net Assets for fiscal year June 30, 2017. The prior report prepared by predecessor auditors has not been re-issued for this matter.

(Continued)

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

NOTES TO FINANCIAL STATEMENTS

June 30, 2018

Note 15. Future Accounting Standards

In May 2014, the FASB issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers*. ASU 2014-09 clarifies the principles for recognizing revenue and establishes a common revenue standard for U.S. financial reporting purposes. The guidance in ASU 2014-09 affects any entity that either enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets unless those contracts are within the scope of other standards (for example, insurance contracts or lease contracts). ASU 2014-09 supersedes the revenue recognition requirements in ASC 605, *Revenue Recognition*, and most industry-specific accounting guidance. Additionally, ASU 2014-09 supersedes some guidance included in ASC 605-35, *Revenue Recognition—Construction-Type and Production-Type Contracts*. In addition, the existing requirements for the recognition of a gain or loss on the transfer of nonfinancial assets that are not in a contract with a customer (for example, assets within the scope of ASC 360, *Property, Plant, and Equipment*, and intangible assets within the scope of ASC 350, *Intangibles—Goodwill and Other*) are amended to be consistent with the guidance on recognition and measurement (including the constraint on revenue) in ASU 2014-09. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers (Topic 606): Deferral of the Effective Date* (ASU 2015-14) which defers the effective date of the new revenue recognition standard by one year. Accordingly, ASU 2014-09 will be effective for nonpublic entities for annual reporting periods beginning after December 15, 2018 and interim periods therein. The FASB has also issued ASU 2016-08, ASU 2016-10, ASU 2016-11, ASU 2016-12 and ASU 2016-20, all of which clarify certain implementation guidance within ASU 2014-09. The Food Bank is evaluating the potential impact of the adoption of this guidance, but does not anticipate that the adoption will significantly change the timing or amount of revenue recognized. Therefore, the Food Bank believes the adoption will be limited to expanded disclosures in its financial statements.

In August 2016, the FASB issued ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*, which affects all nonprofit organizations. The ASU significantly amends the standards for the presentation and accompanying disclosures of the financial statements of nonprofit organizations. The ASU is effective for fiscal years beginning after December 15, 2017, and interim periods within fiscal years beginning after December 15, 2018.

SUPPLEMENTARY INFORMATION

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

**COMPARATIVE SCHEDULE OF ASSETS, LIABILITIES, AND NET ASSETS
June 30, 2018 and 2017**

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents:	\$ 1,174,718	\$ 1,004,651
Investments	673,919	545,315
Accounts receivable	126,484	115,149
Grants receivable	50,934	67,242
Inventories	873,617	817,354
Prepaid expenses	22,268	5,010
Total current assets	<u>2,921,940</u>	<u>2,554,721</u>
 PROPERTY AND EQUIPMENT, net of accumulated depreciation	 <u>2,412,352</u>	 <u>2,405,744</u>
Total assets	<u><u>\$ 5,334,292</u></u>	<u><u>\$ 4,960,465</u></u>
 LIABILITIES AND NET ASSETS		
Accounts payable	\$ 85,658	\$ 55,972
Current portion of long-term debt (Note 5)	37,392	15,191
Employee deductions payable	1,337	2,652
Deferred revenue	19,798	21,940
Accrued expenses	56,416	33,520
Total current liabilities	<u>200,601</u>	<u>129,275</u>
 Long-term debt	 <u>467,408</u>	 <u>285,376</u>
Total liabilities	<u>668,009</u>	<u>414,651</u>
 NET ASSETS (Note 14)		
Unrestricted net assets	4,364,839	4,306,147
Temporarily restricted	301,444	239,667
Total net assets	<u>4,666,283</u>	<u>4,545,814</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 5,334,292</u></u>	 <u><u>\$ 4,960,465</u></u>

See Independent Auditor's Report.

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

COMPARATIVE SCHEDULE OF REVENUES

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	<u>Increase (Decrease)</u>
Revenues			
Cash contributions	\$ 1,938,601	\$ 1,758,690	\$ 179,911
Food and nonfood items donated	13,523,099	13,120,829	402,270
USDA commodities	1,454,541	2,721,329	(1,266,788)
Program service fees	1,160,869	1,255,486	(94,617)
Federal and state grants	333,475	272,236	61,239
Special events	409,865	367,431	42,434
Rental income	32,033	61,231	(29,198)
Investment income	21,874	14,171	7,703
Other in-kind donations	85,813	111,036	(25,223)
Other income	8,707	11,480	(2,773)
Total Revenues	<u>\$ 18,968,877</u>	<u>\$ 19,693,919</u>	<u>\$ (725,042)</u>

See Independent Auditor's Report.

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

COMPARATIVE SCHEDULE OF EXPENSES

Years Ended June 30, 2018 and 2017

	<u>2018</u>	<u>2017</u>	Increase (Decrease)
Salaries and contract labor	\$ 992,856	\$ 950,057	\$ 42,799
Other employee costs	210,244	193,233	17,011
Vehicle expense	123,087	104,888	18,199
Incoming freight charges	176,308	159,509	16,799
Travel and mileage	15,372	11,637	3,735
Insurance	18,198	23,091	(4,893)
Warehouse equipment repairs	8,488	14,419	(5,931)
Warehouse equipment and supplies	11,853	10,366	1,487
Sanitation/extermination	14,219	14,592	(373)
Building repairs and maintenance	8,500	11,568	(3,068)
Utilities	80,323	78,519	1,804
Professional fees	38,256	13,486	24,770
Postage	6,385	7,253	(868)
Printing and publications	4,643	4,519	124
Board and committees	1,069	1,973	(904)
Other administrative expense	61,871	62,091	(220)
Security system	2,074	1,004	1,070
Computer expense	23,720	19,166	4,554
Dues and subscriptions	-	265	(265)
Seminars and conventions	-	462	(462)
Farmers and chef	-	143	(143)
Direct mail expense	151,218	148,612	2,606
Golf tournament, net	(177)	7	(184)
Community relations	21,764	25,762	(3,998)
Other program services	20,199	21,053	(854)
Summer feeding	-	82	(82)
Shared maintenance grants expense	390,962	495,448	(104,486)
Depreciation	152,757	139,893	12,864
Payments to affiliated organizations	8,304	9,668	(1,364)
Cost of goods distributed			
- food donated and purchased	14,636,601	14,884,717	(248,116)
Cost of goods distributed			
- USDA Commodities	<u>1,669,314</u>	<u>2,926,122</u>	<u>(1,256,808)</u>
 Total expenses	 <u>\$ 18,848,408</u>	 <u>\$ 20,333,605</u>	 <u>\$ (1,485,197)</u>

See Independent Auditor's Report.

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2018

<u>Federal Grantor/Pass - Through Grantor/ Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Entity Identifying Number</u>	<u>Passed-through to Subrecipients</u>	<u>Federal Expenditures</u>
Department of Agriculture:				
Pass Through Payments TN Department of Agriculture:				
Emergency Food Assistance Program - Administrative Costs	10.568	66498	N/A	\$ 58,385
Emergency Food Assistance Program - Administrative Costs	10.568	62640	N/A	65,215
				<u>123,600</u>
Emergency Food Assistance Program - Food Commodities	10.569		1,669,314	<u>1,669,314</u>
Total Food Distribution Cluster				<u>1,792,914</u>
Pass Through Payments Tennessee Department of Human Services:				
Specialty Crop Block Grant Program	10.170	43770	N/A	3,427
Summer Food Services Program for Children	10.559	30126	N/A	129,106
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	44543	N/A	10,943
				<u>1,936,390</u>
Total Department of Agriculture				<u>1,936,390</u>
Total Expenditures of Federal Awards				<u>\$ 1,936,390</u>

(Continued)

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2018**

NOTE 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards and state financial assistance (the Schedule) include the federal and state grant activity of Second Harvest Food Bank of Northeast Tennessee Inc. under programs of the federal and state governments for the year ended June 30, 2018 on an accrual basis. The Organization has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

NOTE 2. Sub Recipients

For the fiscal year ended June 30, 2018, \$1,063,257 pounds of USDA commodities were distributed to subrecipient agencies, which equates to \$1,669,314 in value.

NOTE 3. Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed, based on the Feeding America value per pound. At June 30, 2018, Second Harvest Food Bank of Northeast Tennessee, Inc. had food commodities totaling \$18,694 in inventory.

NOTE 4. Federal Loans

The Food Bank received a loan totaling \$504,800 from the Powell Valley Electric Cooperative, Inc. acting through the Rural Business-Cooperative Service pursuant to the Rural Economic Development Loan and Grant Program. The funds have been advanced to the Food Bank and as of June 30, 2018, \$0 has been spent. The funds will be reported on the SEFA as they are expended. The ending balance on the loan at June 30, 2018 is \$504,800.

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE

For the Year Ended June 30, 2018

Granting Agency/Pass-Through Agency Grant Program	Contract/Grant Number	Expenditures
Grantor: Tennessee Department of Human Services		
Direct Appropriation Grant - Purchase of Food		\$ 100,000
Total State Awards		\$ 100,000

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

ROSTER OF MANAGEMENT OFFICIALS AND BOARD MEMBERS

June 30, 2018

Management Officials:

Rhonda Chafin	Executive Director
Tom Cromie	Senior Operations Director
Ann Rhem	Development Director
Beth Tanner	Comptroller
Chuck Burrell	Warehouse Manager
Leyla Cruz	Programs Manager
Michael Ledford	Logistics – Facilities Manager
Angie Sproles	Development Manager

Fiscal Year 2018 Board of Directors:

Chris Chandley	President
Shelley Huber	Past-President and Board Member
Matt Burns	Vice President
Cathy Crumley Byers	Secretary
Will Kelly	Treasurer
Derek Adkisson	Board Member
M. Valentina Escobar-Gonzalez	Board Member
Ray Feagins, Jr.	Board Member
Richard Van Hoever	Board Member
Robin M. King	Board Member
Lottie Ryans	Board Member
Margot Seay	Board Member
Dr. Morris H. Seligman, MD	Board Member
Matt Storey	Board Member
Sean Templeton	Board Member
Marty Underwood	Board Member

COMPLIANCE



**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

Second Harvest Food Bank of Northeast Tennessee, Inc.
Kingsport, Tennessee

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Second Harvest Food Bank of Northeast Tennessee, Inc., (the Food Bank) (a not-for-profit organization), which comprise the statement of financial position as of June 30, 2018, 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 November 27, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Food Bank's internal control over financial reporting (internal control) 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 Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Food Bank's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Food Bank's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Kingsport, Tennessee
November 27, 2018



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

To the Board of Directors
Second Harvest Food Bank of Northeast Tennessee, Inc.
Kingsport, Tennessee

Report on Compliance for the Major Federal Program

We have audited Second Harvest Food Bank of Northeast Tennessee, Inc.'s (the Food Bank) (a not-for-profit organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Food Bank's major federal program for the fiscal year ended June 30, 2018. The Food Bank's major federal program is 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 the Food Bank's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2, *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Food Bank's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on the Major Federal Program

In our opinion, the Food Bank complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2018.

Report on Internal Control over Compliance

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

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

Brown, Edwards & Company, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

Kingsport, Tennessee
November 27, 2018

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2018

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an **unmodified opinion** on the financial statements.
2. **No significant deficiencies** relating to the audit of the financial statements were reported in the 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 Accounting Standards*.
3. **No instances of noncompliance** material to the financial statements were disclosed during the audit.
4. **No significant deficiencies** relating to the audit of the major federal award program were reported in the Independent Auditor's Report on Compliance for the Major Program and on Internal Control Over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award program expresses an **unmodified opinion**.
6. The audit disclosed **no audit findings related to the major program**.
7. The programs tested as major programs include:

Food Distribution Cluster:

Emergency Food Assistance Program (Administrative Costs)	10.568
Emergency Food Assistance Program (Food Commodities)	10.569

8. The threshold for distinguishing Types A and B programs was **\$750,000**.
9. Second Harvest Food Bank of Northeast Tennessee, Inc. was determined to be a **low-risk auditee**.

B. FINDINGS – FINANCIAL STATEMENT AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None

SECOND HARVEST FOOD BANK OF NORTHEAST TENNESSEE, INC.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year Ended June 30, 2018**

Financial Statement Audit

There were no prior findings reported.

Major Federal Awards Programs

There were no prior findings reported.