

GLEANERS FOOD BANK OF INDIANA, INC.
**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**
YEARS ENDED SEPTEMBER 30, 2022 AND 2021



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INDEPENDENT AUDITORS' REPORT

Board of Directors
Gleaners Food Bank of Indiana, Inc.
Indianapolis, Indiana

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Gleaners Food Bank of Indiana, Inc. (Gleaners) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022 and 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Gleaners, as of September 30, 2022 and 2021, 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.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of Gleaners and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Gleaners' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Gleaners' ability to continue as a going concern for a reasonable period of time.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinion on the financial statements as a whole. The accompanying combining schedules and 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* are presented for purposes of additional analysis and are 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 GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 23, 2023, on our consideration of Gleaners' 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 Gleaners' 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 Gleaners' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Indianapolis, Indiana
February 23, 2023

GLEANERS FOOD BANK OF INDIANA, INC.
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2022 AND 2021

	<u>2022</u>	<u>2021</u>
ASSETS		
Cash and Cash Equivalents	\$ 5,443,992	\$ 4,546,838
Accounts Receivable	2,912,926	1,202,716
Grants Receivable	1,432,828	1,545,017
Contributions Receivable, Net	2,095,673	2,116,208
Inventories	10,960,965	6,759,617
Prepaid Expenses	185,743	119,475
Investments	18,177,820	23,105,356
Beneficial Interest in Assets Held by Community Foundation	980,122	1,040,287
Property and Equipment, Net	<u>15,410,076</u>	<u>13,801,155</u>
Total Assets	<u><u>\$ 57,600,145</u></u>	<u><u>\$ 54,236,669</u></u>
LIABILITIES AND NET ASSETS		
LIABILITIES		
Accounts Payable	\$ 4,762,122	\$ 3,436,734
Accrued Expenses and Other Liabilities	1,073,013	672,419
Deferred Revenue	<u>5,147,569</u>	<u>1,895,860</u>
Total Liabilities	10,982,704	6,005,013
NET ASSETS		
Without Donor Restrictions:		
Undesignated	26,577,058	29,650,446
Board-Designated	<u>980,122</u>	<u>1,040,287</u>
Total Without Donor Restrictions	<u>27,557,180</u>	<u>30,690,733</u>
With Donor Restrictions	<u>19,060,261</u>	<u>17,540,923</u>
Total Net Assets	<u>46,617,441</u>	<u>48,231,656</u>
Total Liabilities and Net Assets	<u><u>\$ 57,600,145</u></u>	<u><u>\$ 54,236,669</u></u>

See accompanying Notes to Financial Statements.

GLEANERS FOOD BANK OF INDIANA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Government Grants and Contracts	\$ 1,890,979	\$ -	\$ 1,890,979
Shared Contributions	2,086,570	-	2,086,570
Gifts and Donations	7,258,735	13,382,857	20,641,592
Stock Gifts	350,191	-	350,191
Donated Goods and Services	1,250	-	1,250
Interest and Dividends	85,069	51,682	136,751
Purchased Food Sales	28,964,663	-	28,964,663
Miscellaneous Income	3,223,784	-	3,223,784
Donated Food Contributions	125,512,384	-	125,512,384
Net Assets Released from Restriction	9,890,199	(9,890,199)	-
Total Revenue, Support, and Gains	<u>179,263,824</u>	<u>3,544,340</u>	<u>182,808,164</u>
EXPENSES AND LOSSES			
Program Services:	50,339,423	-	50,339,423
Supporting Services:			
Management and General	916,135	-	916,135
Fundraising	<u>3,577,779</u>	<u>-</u>	<u>3,577,779</u>
Total Supporting Services	4,493,914	-	4,493,914
Donated Food Distributions	<u>126,928,188</u>	<u>-</u>	<u>126,928,188</u>
Total Expenses and Losses	<u>181,761,525</u>	<u>-</u>	<u>181,761,525</u>
CHANGE IN NET ASSETS BEFORE OTHER GAINS AND LOSSES	(2,497,701)	3,544,340	1,046,639
Net Realized and Unrealized Loss on Investments	(502,397)	(2,025,002)	(2,527,399)
Change in Fair Value of Beneficial Interest in Assets Held by Community Foundation	<u>(133,455)</u>	<u>-</u>	<u>(133,455)</u>
CHANGE IN NET ASSETS	(3,133,553)	1,519,338	(1,614,215)
Net Assets - Beginning of Year	<u>30,690,733</u>	<u>17,540,923</u>	<u>48,231,656</u>
NET ASSETS - END OF YEAR	<u><u>\$ 27,557,180</u></u>	<u><u>\$ 19,060,261</u></u>	<u><u>\$ 46,617,441</u></u>

See accompanying Notes to Financial Statements.

GLEANERS FOOD BANK OF INDIANA, INC.
STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS			
Government Grants and Contracts	\$ 4,595,725	\$ -	\$ 4,595,725
Shared Contributions	1,262,406	-	1,262,406
Gifts and Donations	13,774,162	11,808,747	25,582,909
Stock Gifts	345,601	-	345,601
Donated Goods and Services	22,702	-	22,702
Interest and Dividends	21,846	303,504	325,350
Purchased Food Sales	11,303,662	-	11,303,662
Freight Income	632,153	-	632,153
Miscellaneous Income	2,554,080	-	2,554,080
Forgiveness - Paycheck Protection Program Loan	775,000	-	775,000
Donated Food Contributions	129,786,261	-	129,786,261
Net Assets Released from Restrictions	11,103,280	(11,103,280)	-
Total Revenue, Support, and Gains	176,176,878	1,008,971	177,185,849
EXPENSES AND LOSSES			
Program Services:			
Food Distributions	31,270,033	-	31,270,033
Kids and Seniors	841,053	-	841,053
Total Program Services	32,111,086	-	32,111,086
Supporting Services:			
Management and General	1,182,083	-	1,182,083
Fundraising	3,655,304	-	3,655,304
Total Supporting Services	4,837,387	-	4,837,387
Donated Food Distributions	130,068,283	-	130,068,283
Total Expenses and Losses	167,016,756	-	167,016,756
CHANGE IN NET ASSETS BEFORE OTHER GAINS AND LOSSES	9,160,122	1,008,971	10,169,093
Net Realized and Unrealized Gain on Investments	49,175	2,096,392	2,145,567
Change in Fair Value of Beneficial Interest in Assets Held by Community Foundation	161,934	-	161,934
CHANGE IN NET ASSETS	9,371,231	3,105,363	12,476,594
Net Assets - Beginning of Year	21,319,502	14,435,560	35,755,062
NET ASSETS - END OF YEAR	<u>\$ 30,690,733</u>	<u>\$ 17,540,923</u>	<u>\$ 48,231,656</u>

See accompanying Notes to Financial Statements.

GLEANERS FOOD BANK OF INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2022
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED SEPTEMBER 30, 2021)

		Support Services			
	Program Services	Management and General	Fundraising	2022 Total	2021 Total
Salaries and Wages	\$ 6,491,818	\$ 481,881	\$ 1,194,410	\$ 8,168,109	7,469,280
Payroll Taxes and Benefits	1,122,627	36,032	323,755	1,482,414	1,472,321
Fees for Services	30,450	51,594	9,666	91,710	101,395
Transportation	2,363,256	-	1,030	2,364,286	984,361
Warehouse Supplies	1,220,379	2,075	-	1,222,454	848,005
Supplies	240,322	50,221	1,573	292,116	110,787
Promotional and Professional Services	71,121	193,218	399,398	663,737	2,199,271
Postage	44	243	14,171	14,458	9,786
Computer	190,888	-	393,433	584,321	362,475
Equipment Rental and Maintenance	123,134	-	-	123,134	155,952
Occupancy	1,000,437	20,493	37,157	1,058,087	718,755
Telephone	43,327	27,849	11,731	82,907	96,214
Travel, Conferences, and Meetings	65,313	23,110	8,541	96,964	572,389
Program Distribution Expense	6,764,100	-	-	6,764,100	4,028,089
Special Events and Projects	19,580	22,404	1,164,307	1,206,291	156,164
Food Acquisition and Cost of Goods Sold	29,322,180	-	-	29,322,180	16,753,457
Depreciation	1,270,447	4,864	18,607	1,293,918	822,224
Miscellaneous	-	2,151	-	2,151	87,548
Total Functional Expenses Before Donated Food Distributions	50,339,423	916,135	3,577,779	54,833,337	36,948,473
Donated Food Distributions	126,928,188	-	-	126,928,188	130,068,283
Total Functional Expenses	<u>\$ 177,267,611</u>	<u>\$ 916,135</u>	<u>\$ 3,577,779</u>	<u>\$ 181,761,525</u>	<u>\$ 167,016,756</u>
Percentage of Total Expenses	<u>97.5%</u>	<u>0.5%</u>	<u>2.0%</u>	<u>100.0%</u>	

See accompanying Notes to Financial Statements.

GLEANERS FOOD BANK OF INDIANA, INC.
STATEMENT OF FUNCTIONAL EXPENSES
YEAR ENDED SEPTEMBER 30, 2021

		Support Services		
	Program Services	Management and General	Fundraising	2021 Total
Salaries and Wages	\$ 5,716,612	\$ 589,235	\$ 1,163,433	7,469,280
Payroll Taxes and Benefits	944,197	244,841	283,283	1,472,321
Fees for Services	37,773	62,692	930	101,395
Transportation	981,075	3,286	-	984,361
Warehouse Supplies	847,975	-	30	848,005
Supplies	91,063	15,539	4,185	110,787
Promotional and Professional Services	206,027	188,047	1,805,197	2,199,271
Postage	350	26	9,410	9,786
Computer	211,148	-	151,327	362,475
Equipment Rental and Maintenance	154,933	1,019	-	155,952
Occupancy	644,484	17,728	56,543	718,755
Telephone	48,747	34,966	12,501	96,214
Travel, Conferences, and Meetings	554,172	16,924	1,293	572,389
Program Distribution Expense	4,028,089	-	-	4,028,089
Special Events and Projects	816	-	155,348	156,164
Food Acquisition and Cost of Goods Sold	16,753,457	-	-	16,753,457
Depreciation	807,310	3,090	11,824	822,224
Miscellaneous	82,858	4,690	-	87,548
Total Functional Expenses Before Donated Food Distributions	32,111,086	1,182,083	3,655,304	36,948,473
Donated Food Distributions	130,068,283	-	-	130,068,283
Total Functional Expenses	<u>\$ 162,179,369</u>	<u>\$ 1,182,083</u>	<u>\$ 3,655,304</u>	<u>\$ 167,016,756</u>
Percentage of Total Expenses	<u>97.1%</u>	<u>0.7%</u>	<u>2.2%</u>	<u>100.0%</u>

See accompanying Notes to Financial Statements.

GLEANERS FOOD BANK OF INDIANA, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2022 AND 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Operating and Support Activities	\$ 52,357,759	\$ 42,485,150
Cash Paid to Suppliers and Employees	(55,059,213)	(34,765,526)
Miscellaneous Receipts	3,223,784	2,554,080
Investment Income	136,751	325,350
Net Cash Provided by Operating Activities	659,081	10,599,054
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Property and Equipment	(2,454,965)	(5,996,510)
Proceeds from Sale of Property and Equipment	16,000	-
Purchase of Investments	(9,933,497)	(13,822,710)
Proceeds from Sale of Investments	12,683,825	8,793,340
Addition to Beneficial Interest in Assets Held by Community Foundation	(73,290)	(351,489)
Net Cash Provided (Used) by Investing Activities	238,073	(11,377,369)
NET CHANGE IN CASH AND CASH EQUIVALENTS	897,154	(778,315)
Cash and Cash Equivalents - Beginning of Year	4,546,838	5,325,153
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 5,443,992</u>	<u>\$ 4,546,838</u>
SUPPLEMENTAL NONCASH DISCLOSURES		
Property and Equipment Additions in Accounts Payable	<u>\$ 488,402</u>	<u>\$ -</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in Net Assets	\$ (1,614,215)	\$ 12,476,594
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities:		
Depreciation	1,293,918	822,224
Provision for Bad Debts	-	45,491
Loss on Disposal of Property and Equipment	24,528	-
Realized and Unrealized (Gain) Loss on Investments	2,527,399	(2,145,567)
Change in Fair Value of Beneficial Interest in Assets Held by Community Foundation	133,455	(161,934)
Donated Stock	(350,191)	(345,601)
Extinguishment of Debt	-	(775,000)
Changes in Operating Assets and Liabilities:		
Accounts Receivable	(1,710,210)	437,723
Contributions and Grants Receivable	132,724	(1,743,222)
Inventory	(4,201,348)	874,086
Prepayments	(66,268)	(101,040)
Accounts Payable	836,986	1,461,628
Accrued Liabilities and Other Payables	400,594	(35,098)
Deferred Revenue	3,251,709	(211,230)
Net Cash Provided by Operating Activities	<u>\$ 659,081</u>	<u>\$ 10,599,054</u>

See accompanying Notes to Financial Statements.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Gleaners Food Bank of Indiana, Inc. (Gleaners) vision: Food for every table. Hope for every future. Gleaners' mission: To lead the fight against hunger. One in five people in Indiana face food insecurity. For 23% of Hoosiers, that means worry about their next meal and often making heartbreaking decisions about what bills to pay: food, medicine, rent, health care costs, utilities, clothing and school supplies for children, etc. Since the COVID-19 pandemic began in March 2020, food insecurity has risen dramatically around the globe. Programs and services have had to adjust to accommodate this increased need.

Our programs focus on feeding families healthy, nutritious food, including fresh fruits and vegetables, lean meat and protein, dairy, and shelf-stable options that can be used to create meals. Mobile pantries, school-based pantries, and a growing network of agency partners and community centers join together to meet the growing need. Most recently home delivery and curbside pickup options have been developed to serve those with challenges of accessing food distribution.

Programs focused on nutrition, including Summer Nutrition Club for Kids, Cooking Matters and NutritionHub.org are geared toward improving the overall health of those we serve. SNAP Outreach, including a SNAP Hotline, assist clients with application and qualifications for financial assistance for food purchases. Our ultimate goal is to provide food for today and hope for tomorrow, offering those who are ready a hand up to a path of self-sufficiency.

As Indiana's leading hunger-relief organization, Gleaners sources and distributes food, both purchased and rescued, to hungry Hoosiers. In addition, Fresh Connect Central, a regional fresh food distributor operated by Gleaners for Feeding America, expands our reach as we secure perishable food for foodbanks throughout the Midwest United States.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Cash and Cash Equivalents

Gleaners considers certain liquid investments with original maturities of three months or less to be cash equivalents. Cash equivalents managed within the investment portfolio are considered investments. At September 30, 2022 and 2021, cash equivalents consisted primarily of money market accounts.

Gleaners primarily maintains its cash and cash equivalents in various accounts at various financial institutions. Balances on deposit are insured by the Federal Deposit Insurance Corporation (FDIC) up to specified limits. At times, amounts on deposit may exceed insured limits or include unsecured accounts. To date, Gleaners has not experienced losses in any of these accounts.

Investments and Investment Return

Investments in equity securities having a readily determinable fair value and in all debt securities are carried at fair value. Investment return includes dividend, interest and other investment income; realized and unrealized gains and losses on investments carried at fair value; and realized gains and losses on other investments.

Investment return that is initially restricted by donor stipulation and for which the restriction will be satisfied in the same year is recorded as with donor restriction and then released from restriction. Other investment return is reflected in the statements of activities as without or with donor restriction based upon the existence and nature of any donor or legally imposed restrictions.

Accounts Receivable

Accounts receivable are amounts due to Gleaners by agencies for share fees, grocery sales, and produce sales charged to those agencies. Accounts receivable are stated at the amounts billed to agencies. Gleaners provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information, and existing economic conditions. Accounts receivable are ordinarily due 30 days after the issuance of the invoice.

Inventory

Inventory consists primarily of donated food and nonfood product valued at the approximate average wholesale value of one pound of donated product at the national level. This value is outlined in the Product Valuation Survey Methodology (December 31, 2021, prepared by Feeding America, a national food bank network nonprofit Corporation). RSM, a major international CPA firm, performed agreed-upon procedures in accordance with standards established by the American Institute of Certified Public Accountants, to assist in determining the approximate average wholesale value of one pound of donated product at the national level as of December 31, 2021. RSM's report is available upon request. According to this report, at December 31, 2021 and 2020, the average wholesale value of one pound of donated product at the national level was \$1.92 and \$1.79, respectively. For reporting purposes, Gleaners uses the rate in effect at the beginning of the fiscal year to price inventory for the fiscal year. Accordingly, the rate utilized for the inventory values as of September 30, 2022 and 2021 was \$1.92 and \$1.79, respectively.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Inventory (Continued)

The valuation of inventory is performed for purposes of measuring program activity and does not reflect a net realizable value. Under Internal Revenue Code Section 170(e)[3], donated inventory cannot be available for sale; also, Feeding America restricts the amount charged for share contribution to affiliate agencies to nineteen cents per pound.

Purchased food inventory is stated at the lower of the average purchase cost or net realization value. At September 30, 2022 and 2021, purchased food inventory was \$2,326,477 and \$914,109, respectively.

Property and Equipment

Property and equipment are stated at cost, less accumulated depreciation. Depreciation is charged to expense using the straight-line method over the estimated useful life of each asset ranging from 5 to 39 years.

Long-Lived Asset Impairment

Gleaners evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset is less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value. No asset impairment was recognized during the years ended September 30, 2022 and 2021.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)

Contributions

Gifts of cash and other assets received without donor stipulations are reported as without donor restriction revenue and net assets. Gifts received with a donor stipulation that limits their use are reported as with donor restriction revenue and net assets. When a donor stipulated time restriction ends or purpose restriction is accomplished, with donor restriction net assets are reclassified to without donor restriction net assets and reported in the statements of activities as Net Assets Released from Restrictions. Gifts that are originally restricted by the donor and for which the restriction is met in the same time period are recorded as with donor restriction and then released from restriction.

Gifts of land, buildings, equipment, and other long-lived assets are reported as without donor restriction revenue and net assets unless explicit donor stipulations specify how such assets must be used, in which case the gifts are reported as with donor restriction revenue and net assets. Absent explicit donor stipulations for the time long-lived assets must be held, expirations of restrictions resulting in reclassification of net assets with donor restrictions as net assets without donor restriction are reported when the long-lived assets are placed in service.

Unconditional gifts expected to be collected within one year are reported at their net realizable value. Unconditional gifts expected to be collected in future years are reported at fair value determined using the discounted present value of estimated future cash flows technique. Conditional gifts, which are conditioned upon certain performance requirements and/or incurrence of qualifying expenses, are not recognized until the conditions on which they depend are substantially met. As of September 30, 2022 and 2021 and 2020, Gleaners deferred \$5,147,569, \$1,895,860, and \$1,912,081, respectively, of such conditional funding. There are no such conditional gifts as of September 30, 2022 and 2021 that had not been received.

In-Kind Contributions

In addition to receiving cash contributions, Gleaners receives in-kind contributions. Gleaners records the value of donated goods or services when there is an objective basis available to measure their value. The valued donated stocks, materials, and equipment are reflected as contributions at their estimated values at date of receipt, based upon market values provided by the donors. Gleaners receives food from wholesale and retail donors as well as through federal USDA programs, which are valued based upon rates as described previously in the inventory section of Note 1, and do not include donor restrictions. All in-kind contributions are treated as noncash transactions for the purpose of the statements of cash flows. Gleaners received the following contributions of nonfinancial assets for the years ended September 30:

	2022	2021
Donated Food Contributions	\$ 125,512,384	\$ 129,786,261
Stock Gifts	350,191	345,601
Goods and Services	1,250	22,702
Total	<u>\$ 125,863,825</u>	<u>\$ 130,154,564</u>

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Government Grants

Support funded by grants is recognized as Gleaners performs the contracted services or incurs outlays eligible for reimbursement under the grant agreements. Grant activities and outlays are subject to audit and acceptance by the granting agency and, as a result of such audit, adjustments could be required. Amounts received prior to incurring qualifying expenditures are reported as Deferred Revenue in the statements of financial position. As of September 30, 2022 and 2021 and 2020, Gleaners deferred \$-0, \$-0-, and \$195,009, respectively, of such conditional funding.

Taxes on Income

Gleaners has received a determination from the U.S. Treasury Department stating that it qualifies under the provisions of Section 501(c)(3) of the Internal Revenue Code as a tax-exempt organization; however, Gleaners would be subject to tax on income unrelated to its tax-exempt purpose. For the years ended September 30, 2022 and 2021, \$-0- was accrued for unrelated business income tax in accompanying financial statements related to estimated taxes on lease income.

Professional accounting standards require Gleaners to recognize a tax liability only if it is more likely than not the tax position would not be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax liability that is greater than 50% likely of being realized on examination. For tax positions not meeting the more likely than not test, no tax liability is recorded. Gleaners has examined this issue and has determined that there are no material contingent tax liabilities or questionable tax positions. The U.S. federal and state income tax returns of Gleaners are subject to examination by the IRS and state taxing authorities, generally for three years after they were filed.

Functional Allocation of Expenses

Expenses have been classified as program services, management and general and fundraising based on the actual direct expenditures and cost allocation based on estimates of time and usage by Gleaners personnel and programs. The expenses that are allocated include maintenance, informational technology, and transportation which are allocated by square footage, headcount, and routes, respectively.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

**NOTE 1 PRINCIPAL ACTIVITY AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
(CONTINUED)**

Pending Accounting Pronouncement

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Updates (ASU) 2016-02, *Leases* (Topic 842). This update increases transparency and comparability among organizations by recognizing lease assets and lease liabilities on the balance sheet and disclosing key information about leasing arrangements. ASU 2016-02 is effective for fiscal years beginning after December 15, 2021, with early adoption permitted. Gleaners is evaluating the effects of this new standard.

Change in Accounting Principles

In September 2020, FASB issued Accounting Standards (ASU) 2020-07, *Not-for-Profit Entities (Topic 958): Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*. This ASU was issued to improve the transparency of contributed nonfinancial assets through enhancements to presentation and disclosure. The amendment to this ASU requires Not-for-Profits to (1) present contributed nonfinancial assets as a separate line item in the statement of activities, apart from contributions of cash and other financial assets and (2) include a disclosure of the disaggregation of the amount of contributed nonfinancial assets recognized by category that depicts the type of contributed nonfinancial assets.

Reclassifications

Certain reclassifications of amounts previously reported have been made to the accompanying financial statements to maintain consistency between periods presented. The reclassifications had no impact on previously reported net assets.

Subsequent Events

We have evaluated subsequent events through February 23, 2023, the date the financial statements were available to be issued.

NOTE 2 LIQUIDITY AND AVAILABILITY

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

	<u>2022</u>	<u>2021</u>
Cash and Cash Equivalents	\$ 5,443,992	\$ 4,546,838
Accounts and Grants Receivable, Net	4,345,754	2,747,733
Contributions Receivable	1,613,303	548,559
Investments	7,167,456	10,121,671
Accumulated Endowment Earnings Available for Appropriation, Included in Investments	1,510,364	3,483,685
Total	<u>\$ 20,080,869</u>	<u>\$ 21,448,486</u>

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

Gleaners' endowment funds consist of donor-restricted endowments and funds designated by the board as endowments. Income from donor-restricted endowments is subject to time restriction, with the exception of the amounts available for general use based upon the spending policy as described in Note 9. Donor-restricted endowment funds are not available for general expenditure.

Gleaners' board-designated endowment of \$980,122 and \$1,040,287 as of September 30, 2022 and 2021, respectively, is subject to an annual spending rate of 5% as described in Note 9.

Gleaners entered into a \$500,000 and \$1,250,000 line of credit agreement with banks, as further described in Note 6, that Gleaners can utilize for future operational needs.

NOTE 3 CONTRIBUTIONS RECEIVABLE

Contributions receivable, net of present value discount, consisted of the following:

	2022	2021
Amounts Due in:		
Less than One Year	\$ 645,369	\$ 1,119,454
One to Five Years	1,450,304	996,754
Total	<u>\$ 2,095,673</u>	<u>\$ 2,116,208</u>

NOTE 4 INVESTMENTS

Gleaners' investments consisted of the following:

	2022	2021
Money Market Mutual Funds	\$ 5,972,836	\$ 523,951
United States Treasuries	857,294	3,110,897
Fixed Income:		
Corporate Bonds	1,580,822	2,692,165
Municipal Bonds	828,041	2,435,276
Equity Securities	2,225,871	2,504,484
Exchange Traded products (ETPs):		
Equity ETPs	1,483,534	1,803,318
Fixed Income ETPs	311,286	244,641
Other ETPs	171,973	180,536
Mutual Funds and Exchange-Traded Funds:		
Fixed Income Funds	929,183	3,770,154
Equity Funds	3,816,980	5,839,934
Total Investments	<u>\$ 18,177,820</u>	<u>\$ 23,105,356</u>

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 4 INVESTMENTS (CONTINUED)

Total investment return is comprised of the following:

	Without Donor Restriction	With Donor Restrictions	Total
<u>September 30, 2022</u>			
Dividends and Interest	\$ 85,069	\$ 51,682	\$ 136,751
Net Realized and Unrealized Loss	(502,397)	(2,025,002)	(2,527,399)
Total Return on Investments	<u>\$ (417,328)</u>	<u>\$ (1,973,320)</u>	<u>\$ (2,390,648)</u>
<u>September 30, 2021</u>			
Dividends and Interest	\$ 21,846	\$ 303,504	\$ 325,350
Net Realized and Unrealized Gain	49,175	2,096,392	2,145,567
Total Return on Investments	<u>\$ 71,021</u>	<u>\$ 2,399,896</u>	<u>\$ 2,470,917</u>

NOTE 5 PROPERTY AND EQUIPMENT

Property and equipment at September 30 consists of:

	2022	2021
Land and Improvements	\$ 9,417,498	\$ 9,197,671
Building Improvements	8,645,478	7,224,655
Building Improvements in Process	200,000	21,132
Furniture and Equipment	361,539	361,411
Warehouse Equipment	4,331,117	3,637,957
Computer Equipment, Hardware, and Software	1,534,922	1,227,491
Subtotal	24,490,554	21,670,317
Less: Accumulated Depreciation and Amortization	(9,080,478)	(7,869,162)
Property and Equipment, Net	<u>\$ 15,410,076</u>	<u>\$ 13,801,155</u>

NOTE 6 LINE OF CREDIT

In May 2014, Gleaners entered into a \$500,000 line of credit agreement with a bank that is renewed annually. The line bears interest at a variable rate of 2.90% points over the one-month ICE Benchmark Administration (ICE) LIBOR rate and is secured by all person properties and fixtures of Gleaners. The line had an outstanding balance of \$-0- as of September 30, 2022 and 2021.

In January 2020, Gleaners entered into a \$1,250,000 line of credit agreement with a bank that remains in effect until April 2023. The line bears interest at 4.75% and is secured by Gleaners' operational building. The line had an outstanding balance of \$-0- as of September 30, 2022 and 2021.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 7 LOAN PAYABLE UNDER PAYCHECK PROTECTION PROGRAM

In May 2020, Gleaners received a loan from Huntington National Bank in the amount of \$775,000 through the Paycheck Protection Program (the PPP Loan) established by the CARES Act. The loan is subject to a note dated April 23, 2020. Gleaners applied for and has been notified that \$775,000 in eligible expenditures for payroll and other expenses described in the CARES Act has been forgiven effective March 5, 2021. Loan forgiveness is reflected in other income in the accompanying statements of activities during the year ended September 30, 2021.

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

	2022	2021
Subject to Expenditure for Specified Purpose:		
Children's Programs	\$ 100,983	\$ 490,970
Property and Equipment Acquisition	4,462,000	587,253
Mobile Pantry	135,000	60,505
Food Purchase	681,811	1,117,302
Other Purposes	574,430	185,000
Total	<u>5,954,224</u>	<u>2,441,030</u>
Subject to the Passage of Time:		
For Periods after September 30	<u>2,095,673</u>	<u>2,116,208</u>
Total	2,095,673	2,116,208
Endowment:		
Subject to Endowment Spending Policy, Appropriation and Expenditure:		
General Operations	<u>1,510,364</u>	<u>3,483,685</u>
Total	1,510,364	3,483,685
Investment in Perpetuity, the Income of Which is Expendable to Support:		
General Operations	<u>9,500,000</u>	<u>9,500,000</u>
Total	<u>9,500,000</u>	<u>9,500,000</u>
Total Net Assets With Donor Restrictions	<u><u>\$ 19,060,261</u></u>	<u><u>\$ 17,540,923</u></u>

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 8 NET ASSETS WITH DONOR RESTRICTIONS (CONTINUED)

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purpose or by occurrence of the passage of time or other events specified by the donors as follows for the years ended September 30:

	2022	2021
Satisfaction of Purpose Restrictions:		
Children's Programs	\$ 1,330,313	\$ 588,416
Property and Equipment Acquisition	2,339,952	1,942,974
Mobile Pantry	441,882	156,291
Food Purchase	1,557,293	3,008,995
Produce Cooperative Operations	3,090,435	2,860,810
Senior (Non-Mobile)	17,411	40,448
Board Designated Endowment New Contribution	73,290	351,489
Marketing Awareness Activities	500,000	620,000
Strategic Planning	487,123	-
COVID-19 Relief	-	1,470,272
Other Purposes	52,500	63,585
Total	<u>\$ 9,890,199</u>	<u>\$ 11,103,280</u>

NOTE 9 ENDOWMENT

Gleaners' endowment consists of two funds, one is a donor-restricted endowment fund, and the other is a fund designated by the governing body to function as endowments (board-designated endowment fund). As required by U.S. GAAP, net assets associated with endowment funds, including board-designated endowment funds, are classified and reported based on the existence or absence of donor-imposed restrictions.

The board-designated endowment fund has been established as a fund with the Central Indiana Community Foundation (CICF) and is reported as a beneficial interest in assets held by community foundation in the statements of financial position. By establishing the fund, Gleaners had granted certain variance powers to CICF, including the right to reject gifts to the fund that are not in compliance with the CICF gift acceptance policy and the ability to re-direct the fund in the event that Gleaners or its successors cease to exist.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 ENDOWMENT (CONTINUED)

Gleaners' governing body has interpreted the State of Indiana Prudent Management of Institutional Funds Act (SPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Gleaners classifies as net assets with donor restrictions (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. The remaining portion of donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by Gleaners in a manner consistent with the standard of prudence prescribed by SPMIFA. In accordance with SPMIFA, Gleaners considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The composition of net assets by type of endowment fund at September 30, 2022 and 2021 was:

	Without Donor Restriction	With Donor Restrictions	Total
<u>September 30, 2022</u>			
Donor-Restricted Endowment Funds	\$ -	\$ 11,010,364	\$ 11,010,364
Board-Designated Endowment Funds	980,122	-	980,122
Total	<u>\$ 980,122</u>	<u>\$ 11,010,364</u>	<u>\$ 11,990,486</u>
<u>September 30, 2021</u>			
Donor-Restricted Endowment Funds	\$ -	\$ 12,983,685	\$ 12,983,685
Board-Designated Endowment Funds	1,040,287	-	1,040,287
Total	<u>\$ 1,040,287</u>	<u>\$ 12,983,685</u>	<u>\$ 14,023,972</u>

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 ENDOWMENT (CONTINUED)

Changes in endowment net assets for the years ended September 30, 2022 and 2021 were:

	Without Donor Restriction	With Donor Restrictions	Total
<u>September 30, 2022</u>			
Endowment Net Assets - Beginning of Year	\$ 1,040,287	\$ 12,983,685	\$ 14,023,972
Investment Loss, Net	(104,618)	(1,973,321)	(2,077,939)
Contributions Received	73,289	-	73,289
Appropriation of Endowment Assets for Expenditure	(28,836)	-	(28,836)
Endowment Net Assets - End of Year	<u>\$ 980,122</u>	<u>\$ 11,010,364</u>	<u>\$ 11,990,486</u>
<u>September 30, 2021</u>			
Endowment Net Assets - Beginning of Year	\$ 526,864	\$ 10,583,789	\$ 11,110,653
Investment Return, Net	161,934	2,399,896	2,561,830
Contributions Received	351,489	-	351,489
Appropriation of Endowment Assets for Expenditure	-	-	-
Endowment Net Assets - End of Year	<u>\$ 1,040,287</u>	<u>\$ 12,983,685</u>	<u>\$ 14,023,972</u>

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level Gleaners is required to retain as a fund of perpetual duration pursuant to donor stipulation or SPMIFA. Gleaners did not have any such funds at September 30, 2022 and 2021.

For the donor-restricted endowment, Gleaners has adopted investment and spending policies that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Endowment assets include those assets of donor-restricted endowment funds Gleaners must hold in perpetuity or for donor-specified periods, as well as those of board-designated endowment funds. Under Gleaners' policies, endowment assets are invested in a manner that is intended to produce results that provide long-term growth while assuming a moderate level of investment risk. Gleaners expects its endowment funds to provide an average rate of return of approximately 5% to 7% annually over time. Actual returns in any given year may vary from this amount.

To satisfy its long-term rate of return objectives, Gleaners relies on a total return strategy for the donor-restricted endowment in which investment returns are achieved through both current yield (investment income such as dividends and interest) and capital appreciation (both realized and unrealized). Gleaners targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 9 ENDOWMENT (CONTINUED)

For the donor-restricted endowment, Gleaners has a policy (the spending policy) of appropriating for expenditure each year up to 5% of its endowment fund's average fair value as of December 31 of the prior year-end, provided the fair value of the endowment is greater than the historical dollar value. If the fair value of the endowment is less than the historical dollar value, Gleaners has a policy to limit spending to 2%. Additionally, if the appropriation for current year expenditure would reduce the fair value of the endowment to less than the historical dollar value, Gleaners has a policy to limit spending to the greater of the excess of the fair value over the historical dollar value or 2%. For the board-designated endowment, Gleaners can distribute up to 5% of the endowment's previous year fund balance for expenditure. In establishing this policy, Gleaners considered the long-term expected return on its endowment. Accordingly, over the long term, Gleaners expects the current spending policy to allow its endowment to grow at an average of 1% to 3% annually. This is consistent with Gleaners' objective to maintain the purchasing power of endowment assets held in perpetuity or for a specified term, as well as to provide additional real growth through new gifts and investment return.

NOTE 10 DISCLOSURE ABOUT FAIR VALUE OF ASSETS AND LIABILITIES

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

Level 3 – Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 DISCLOSURE ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Recurring Measurements

The following tables present the fair value measurements of assets recognized in the accompanying statements of financial position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at September 30, 2022 and 2021:

	2022			
	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Mutual Funds	\$ 5,972,836	\$ -	\$ -	\$ 5,972,836
United States Treasuries	-	857,294	-	857,294
Fixed Income:				
Corporate Bonds	-	1,580,822	-	1,580,822
Municipal Bonds	-	828,041	-	828,041
Equity Securities	2,225,871	-	-	2,225,871
Exchange Traded Products (ETPs):				
Equity ETPs	1,483,534	-	-	1,483,534
Fixed Income ETPs	311,286	-	-	311,286
Other ETPs	171,973	-	-	171,973
Mutual Funds and Exchange-Traded Funds:				
Fixed Income Funds	929,183	-	-	929,183
Equity Funds	3,816,980	-	-	3,816,980
Total Investments	14,911,663	3,266,157	-	18,177,820
Beneficial Interest in Assets Held by Others	-	-	980,122	980,122
Total	<u>\$ 14,911,663</u>	<u>\$ 3,266,157</u>	<u>\$ 980,122</u>	<u>\$ 19,157,942</u>
	2021			
	Level 1	Level 2	Level 3	Total
Investments:				
Money Market Mutual Funds	\$ 523,951	\$ -	\$ -	\$ 523,951
United States Treasuries	-	3,110,897	-	3,110,897
Fixed Income:				
Corporate Bonds	-	2,692,165	-	2,692,165
Municipal Bonds	-	2,435,276	-	2,435,276
Equity Securities	2,504,484	-	-	2,504,484
Exchange Traded Products (ETPs):				
Equity ETPs	1,803,318	-	-	1,803,318
Fixed Income ETPs	244,641	-	-	244,641
Other ETPs	180,536	-	-	180,536
Mutual Funds and Exchange-Traded Funds:				
Fixed Income Funds	3,770,154	-	-	3,770,154
Equity Funds	5,839,934	-	-	5,839,934
Total Investments	14,867,018	8,238,338	-	23,105,356
Beneficial Interest in Assets Held by Others	-	-	1,040,287	1,040,287
Total	<u>\$ 14,867,018</u>	<u>\$ 8,238,338</u>	<u>\$ 1,040,287</u>	<u>\$ 24,145,643</u>

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 10 DISCLOSURE ABOUT FAIR VALUE OF ASSETS AND LIABILITIES (CONTINUED)

Recurring Measurements (Continued)

Following is a description of the valuation methodologies and inputs used for assets measured at fair value on a recurring basis and recognized in the accompanying statements of financial position, as well as the general classification of such assets pursuant to the valuation hierarchy. There have been no significant changes in the valuation techniques during the year ended September 30, 2022. Fair value determinations for Level 3 measurements of securities are the responsibility of the chief financial officer. The chief financial officer determines the reasonableness of the assumptions used and reviews the methodology to ensure the estimated fair value complies with accounting standards generally accepted in the United States of America.

Cash Equivalents

Fair value is estimated based upon quoted market prices in an active market.

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy. Gleaners currently does not have any Level 3 investments.

Beneficial Interest in Assets Held by Others

Fair value is estimated based upon the fair value of the underlying assets included in the CICF long-term and short-term pooled funds.

Level 3 Reconciliation

The following is a reconciliation of the beginning and ending balances of recurring fair value measurements recognized in the accompanying statements of financial position using significant unobservable (Level 3) inputs:

	2022	2021
Balance - Beginning of Year	\$ 1,040,287	\$ 526,864
New Contributions	73,290	351,489
Approved Withdrawals	(28,836)	-
Interest and Dividends	8,507	3,895
Net Change in Fair Value	(113,126)	158,039
Balance - End of Year	<u>\$ 980,122</u>	<u>\$ 1,040,287</u>

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 11 RETIREMENT PLAN

Gleaners provides a retirement plan described in Section 403(b) of the Internal Revenue Code of 1986, as amended. The plan permits each participant to voluntarily elect to have Gleaners make a contribution to the plan on their behalf by reducing the amount of compensation otherwise payable to the participant. Gleaners' employer matching contribution is equal to 100% of the first 3% of employee contributions. Gleaners' employer matching contribution was \$134,502 and \$85,067 for the years ended September 30, 2022 and 2021, respectively.

NOTE 12 FRESH CONNECT CENTRAL

In November of 2017, with funding support from Feeding America, Gleaners launched Fresh Connect Central (FCC). FCC is a Feeding America member-driven initiative operated by Gleaners Food Bank in Indianapolis, Indiana. Members consist of other Feeding America member food banks throughout the Midwest. These members work together to pool resources to source and share full truckloads of produce, protein, and dairy items received directly from farmers, growers, and producers throughout the United States. The products received by FCC are gross produce that a farmer donates or sells at low cost, rather than leaving it unharvested.

FCC is committed to reducing the cost of produce acquisition by member food banks, thereby increasing the volume of produce distributed by food banks through:

- Centrally planning, negotiating, and purchasing pre-market, bulk and cased produce
- Managing and maintaining order fulfillment and associated operations, hosted on site at Gleaners Food Bank
- Developing relationships with various sources - grower direct, brokers, etc.
- Facilitating collaboration and planning among members

Gleaners is the sponsoring member and host of FCC, leveraging its logistics expertise, physical space, and resources on behalf of all FCC members. FCC operations are conducted entirely within the physical footprint of Gleaners Food Bank and in parallel with the food banks standard operation.

FCC staff is comprised of employees who are employed by Gleaners. While some positions are funded through grant support, FCC employees work on behalf of both organizations.

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2022

NOTE 12 FRESH CONNECT CENTRAL (CONTINUED)

Because Gleaners relies on its facilities and staff to support the cooperative and sourcing operations, Gleaners charges members a Shared Maintenance Fee (generally .01-.05 per pound) on each load distributed.

The financial activity for FCC, which is included in Gleaners financial statements for 2022 and 2021 can be found in the supplementary information combining schedules .

NOTE 13 CONCENTRATIONS

During the year ended September 30, 2022, approximately 39% of total gifts and donations were received from two donors. During the year ended September 30, 2021, approximately 31% of total gifts and donations were received from two donors.

NOTE 14 RISKS AND UNCERTAINTIES

The World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic and related governmental responses are continuing to have significant effects on global markets, supply chains, businesses, and communities. Specific to Gleaners, these factors may impact various parts of its future operations and financial results, including, but not limited to, increase in costs for changes in operations, reduced volunteer hours, and decrease in food donations. Management believes Gleaners is taking appropriate actions to mitigate the negative impact. However, the full impact is unknown and cannot be reasonably estimated as these events continue to evolve.

GLEANERS FOOD BANK OF INDIANA, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2022

	Gleaners Food Bank	Fresh Connect Central	Eliminations	Combined
ASSETS				
Cash and Cash Equivalents	\$ 4,522,734	\$ 921,258	\$ -	\$ 5,443,992
Accounts Receivable	475,094	2,437,832	-	2,912,926
Grants Receivable	1,322,097	110,731	-	1,432,828
Contributions Receivable, Net	2,095,673	-	-	2,095,673
Inventories	7,594,164	3,366,801	-	10,960,965
Prepaid Expenses	185,743	-	-	185,743
Investments	18,177,820	-	-	18,177,820
Inter-Program Activity	(50,605)	50,605	-	-
Beneficial Interest in Assets Held by Community Foundation	980,122	-	-	980,122
Property and Equipment, Net	15,409,948	128	-	15,410,076
Total Assets	<u>\$ 50,712,790</u>	<u>\$ 6,887,355</u>	<u>\$ -</u>	<u>\$ 57,600,145</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ 2,094,841	\$ 2,667,281	\$ -	\$ 4,762,122
Accrued Expenses and Other Liabilities	1,073,013	-	-	1,073,013
Deferred Revenue	4,983,334	164,235	-	5,147,569
Total Liabilities	8,151,188	2,831,516	-	10,982,704
NET ASSETS				
Without Donor Restrictions:				
Undesignated	22,521,219	4,055,839	-	26,577,058
Board-Designated	980,122	-	-	980,122
Total Without Donor Restrictions	23,501,341	4,055,839	-	27,557,180
With Donor Restrictions	19,060,261	-	-	19,060,261
Total Net Assets	42,561,602	4,055,839	-	46,617,441
Total Liabilities and Net Assets	<u>\$ 50,712,790</u>	<u>\$ 6,887,355</u>	<u>\$ -</u>	<u>\$ 57,600,145</u>

GLEANERS FOOD BANK OF INDIANA, INC.
COMBINING STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2021

	Gleaners Food Bank	Fresh Connect Central	Eliminations	Combined
ASSETS				
Cash and Cash Equivalents	\$ 4,181,803	\$ 365,035	\$ -	\$ 4,546,838
Accounts Receivable	278,948	923,768	-	1,202,716
Grants Receivable	1,545,017	-	-	1,545,017
Contributions Receivable, Net	2,116,208	-	-	2,116,208
Inventories	5,598,070	1,161,547	-	6,759,617
Prepaid Expenses	119,475	-	-	119,475
Investments	23,105,356	-	-	23,105,356
Beneficial Interest in Assets Held by Community Foundation	1,040,287	-	-	1,040,287
Inter-Program Activity	(1,546,918)	1,546,918	-	-
Property and Equipment, Net	13,801,155	-	-	13,801,155
Total Assets	<u>\$ 50,239,401</u>	<u>\$ 3,997,268</u>	<u>\$ -</u>	<u>\$ 54,236,669</u>
LIABILITIES AND NET ASSETS				
LIABILITIES				
Accounts Payable	\$ 2,280,373	\$ 1,156,361	\$ -	\$ 3,436,734
Accrued Expenses and Other Liabilities	672,419	-	-	672,419
Deferred Revenue	988,091	907,769	-	1,895,860
Total Liabilities	3,940,883	2,064,130	-	6,005,013
NET ASSETS				
Without Donor Restrictions:				
Undesignated	27,717,308	1,933,138	-	29,650,446
Board-Designated	1,040,287	-	-	1,040,287
Total Without Donor Restrictions	28,757,595	1,933,138	-	30,690,733
With Donor Restrictions	17,540,923	-	-	17,540,923
Total Net Assets	46,298,518	1,933,138	-	48,231,656
Total Liabilities and Net Assets	<u>\$ 50,239,401</u>	<u>\$ 3,997,268</u>	<u>\$ -</u>	<u>\$ 54,236,669</u>

GLEANERS FOOD BANK OF INDIANA, INC.
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2022

	Gleaners Food Bank			Fresh Connect Central				Combined		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS										
Government Grants and Contracts	\$ 1,730,250	\$ -	\$ 1,730,250	\$ 160,729	\$ -	\$ 160,729	\$ -	\$ 1,890,979	\$ -	\$ 1,890,979
Shared Contributions	329,838	-	329,838	1,756,732	-	1,756,732	-	2,086,570	-	2,086,570
Gifts and Donations	4,168,300	13,382,857	17,551,157	3,090,435	-	3,090,435	-	7,258,735	13,382,857	20,641,592
Stock Gifts	350,191	-	350,191	-	-	-	-	350,191	-	350,191
Donated Goods and Services	1,250	-	1,250	-	-	-	-	1,250	-	1,250
Interest and Dividends	85,069	51,682	136,751	-	-	-	-	85,069	51,682	136,751
Purchased Food Sales	5,173,850	-	5,173,850	23,790,813	-	23,790,813	-	28,964,663	-	28,964,663
Miscellaneous Income	832,297	-	832,297	2,391,487	-	2,391,487	-	3,223,784	-	3,223,784
Donated Food Contributions	68,590,377	-	68,590,377	60,293,043	-	60,293,043	(3,371,036)	125,512,384	-	125,512,384
Net Assets Released from Restriction	9,890,199	(9,890,199)	-	-	-	-	-	9,890,199	(9,890,199)	-
Total Revenue, Support, and Gains	91,151,621	3,544,340	94,695,961	91,483,239	-	91,483,239	(3,371,036)	179,263,824	3,544,340	182,808,164
EXPENSES AND LOSSES										
Program Services	23,265,322	-	23,265,322	30,445,137	-	30,445,137	(3,371,036)	50,339,423	-	50,339,423
Supporting Services:										
Management and General	916,135	-	916,135	-	-	-	-	916,135	-	916,135
Fundraising	3,577,779	-	3,577,779	-	-	-	-	3,577,779	-	3,577,779
Total Supporting Services	4,493,914	-	4,493,914	-	-	-	-	4,493,914	-	4,493,914
Donated Food Distributions	68,012,787	-	68,012,787	58,915,401	-	58,915,401	-	126,928,188	-	126,928,188
Total Expenses and Losses	95,772,023	-	95,772,023	89,360,538	-	89,360,538	(3,371,036)	181,761,525	-	181,761,525
CHANGE IN NET ASSETS BEFORE OTHER GAINS AND LOSSES	(4,620,402)	3,544,340	(1,076,062)	2,122,701	-	2,122,701	-	(2,497,701)	3,544,340	1,046,639
Net Realized and Unrealized Gain on Investments	(502,397)	(2,025,002)	(2,527,399)	-	-	-	-	(502,397)	(2,025,002)	(2,527,399)
Change in Fair Value of Beneficial Interest in Assets Held by Community Foundation	(133,455)	-	(133,455)	-	-	-	-	(133,455)	-	(133,455)
CHANGE IN NET ASSETS	(5,256,254)	1,519,338	(3,736,916)	2,122,701	-	2,122,701	-	(3,133,553)	1,519,338	(1,614,215)
Net Assets - Beginning of Year	28,757,595	17,540,923	46,298,518	1,933,138	-	1,933,138	-	30,690,733	17,540,923	48,231,656
NET ASSETS - END OF YEAR	<u>\$ 23,501,341</u>	<u>\$ 19,060,261</u>	<u>\$ 42,561,602</u>	<u>\$ 4,055,839</u>	<u>\$ -</u>	<u>\$ 4,055,839</u>	<u>\$ -</u>	<u>\$ 27,557,180</u>	<u>\$ 19,060,261</u>	<u>\$ 46,617,441</u>

GLEANERS FOOD BANK OF INDIANA, INC.
COMBINING STATEMENT OF ACTIVITIES
YEAR ENDED SEPTEMBER 30, 2021

	Gleaners Food Bank			Fresh Connect Central				Combined		
	Without Donor Restrictions	With Donor Restrictions	Total	Without Donor Restrictions	With Donor Restrictions	Total	Eliminations	Without Donor Restrictions	With Donor Restrictions	Total
REVENUE, SUPPORT, AND GAINS										
Government Grants and Contracts	\$ 4,595,725	\$ -	\$ 4,595,725	\$ -	\$ -	\$ -	\$ -	\$ 4,595,725	\$ -	\$ 4,595,725
Shared Contributions	378,994	-	378,994	883,412	-	883,412	-	1,262,406	-	1,262,406
Gifts and Donations	10,914,102	11,808,747	22,722,849	2,860,060	-	2,860,060	-	13,774,162	11,808,747	25,582,909
Stock Gifts	345,601	-	345,601	-	-	-	-	345,601	-	345,601
Donated Goods and Services	22,702	-	22,702	-	-	-	-	22,702	-	22,702
Interest and Dividends	21,846	303,504	325,350	-	-	-	-	21,846	303,504	325,350
Purchased Food Sales	3,635,343	-	3,635,343	7,668,319	-	7,668,319	-	11,303,662	-	11,303,662
Freight Income	56,549	-	56,549	575,604	-	575,604	-	632,153	-	632,153
Miscellaneous Income	755,867	-	755,867	1,798,213	-	1,798,213	-	2,554,080	-	2,554,080
Forgiveness - Paycheck Protection Program Loan	775,000	-	775,000	-	-	-	-	775,000	-	775,000
Donated Food Contributions	74,579,049	-	74,579,049	55,207,212	-	55,207,212	-	129,786,261	-	129,786,261
Net Assets Released from Restriction	11,103,280	(11,103,280)	-	-	-	-	-	11,103,280	(11,103,280)	-
Total Revenue, Support, and Gains	107,184,058	1,008,971	108,193,029	68,992,820	-	68,992,820	-	176,176,878	1,008,971	177,185,849
EXPENSES AND LOSSES										
Program Services	17,991,162	-	17,991,162	14,119,924	-	14,119,924	-	32,111,086	-	32,111,086
Supporting Services:										
Management and General	1,182,083	-	1,182,083	-	-	-	-	1,182,083	-	1,182,083
Fundraising	3,655,304	-	3,655,304	-	-	-	-	3,655,304	-	3,655,304
Total Supporting Services	4,837,387	-	4,837,387	-	-	-	-	4,837,387	-	4,837,387
Donated Food Distributions	75,753,775	-	75,753,775	54,314,508	-	54,314,508	-	130,068,283	-	130,068,283
Total Expenses and Losses	98,582,324	-	98,582,324	68,434,432	-	68,434,432	-	167,016,756	-	167,016,756
CHANGE IN NET ASSETS BEFORE OTHER GAINS AND LOSSES	8,601,734	1,008,971	9,610,705	558,388	-	558,388	-	9,160,122	1,008,971	10,169,093
Net Realized and Unrealized Gain on Investments	49,175	2,096,392	2,145,567	-	-	-	-	49,175	2,096,392	2,145,567
Change in Fair Value of Beneficial Interest in Assets Held by Community Foundation	161,934	-	161,934	-	-	-	-	161,934	-	161,934
CHANGE IN NET ASSETS	8,812,843	3,105,363	11,918,206	558,388	-	558,388	-	9,371,231	3,105,363	12,476,594
Net Assets - Beginning of Year	19,944,752	14,435,560	34,380,312	1,374,750	-	1,374,750	-	21,319,502	14,435,560	35,755,062
NET ASSETS - END OF YEAR	<u>\$ 28,757,595</u>	<u>\$ 17,540,923</u>	<u>\$ 46,298,518</u>	<u>\$ 1,933,138</u>	<u>\$ -</u>	<u>\$ 1,933,138</u>	<u>\$ -</u>	<u>\$ 30,690,733</u>	<u>\$ 17,540,923</u>	<u>\$ 48,231,656</u>



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

Board of Directors
Gleaners Food Bank of Indiana, Inc.
Indianapolis, Indiana

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 Gleaners Food Bank of Indiana, Inc. (Gleaners) (a nonprofit organization), which comprise the statement of financial position as of September 30, 2022, 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 February 23, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Gleaners' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Gleaners' internal control. Accordingly, we do not express an opinion on the effectiveness of Gleaners' 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.

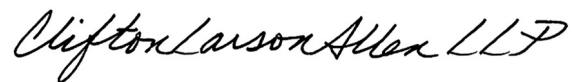
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "CliftonLarsonAllen LLP". The signature is written in a cursive, flowing style.

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 23, 2023



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

Board of Directors
Gleaners Food Bank of Indiana, Inc.
Indianapolis, Indiana

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Gleaners Food Bank of Indiana, Inc.'s (Gleaners) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Gleaners' major federal programs for the year ended September 30, 2022. Gleaners' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Gleaners 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 September 30, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Gleaners and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Gleaners' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Gleaners' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Gleaners' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Gleaners compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Gleaners' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Gleaners' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

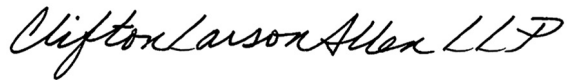
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

Board of Directors
Gleaners Food Bank of Indiana, Inc.

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Indianapolis, Indiana
February 23, 2023

GLEANERS FOOD BANK OF INDIANA, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2022

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal ALN Number	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Federal Expenditures
U.S. Department of Agriculture				
Pass-Through Indiana Department of Health:				
Food Distribution Cluster:				
Emergency Food Assistance Program - Cash	10.568	58092	\$ 20,472	\$ 1,023,594
Emergency Food Assistance Program - Noncash	10.569	N/A	5,951,093	11,426,099
Pass-Through Indiana Department of Health:				
Farm to Food Bank Project:				
Emergency Food Assistance Program - Cash	10.568	53960	-	160,729
Total Food Distribution Cluster			5,971,565	12,610,422
Pass-Through Indiana Department of Health:				
SNAP Cluster:				
Supplemental Nutrition Assistance Program	10.551	45789	-	97,690
Total SNAP Cluster			-	97,690
Total U.S. Department of Agriculture			5,971,565	12,708,112
U.S. Department of Treasury				
Pass-Through Consolidated City of Indianapolis and Marion County, Indiana, by and through its Office of Public Health and Safety (COVID-19) Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	-	568,443
Total Expenditures of Federal Awards			\$ 5,971,565	\$ 13,276,555

See accompanying Notes to Schedule of Expenditures of Federal Awards

GLEANERS FOOD BANK OF INDIANA, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2022

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Gleaners under programs of the federal government for the year ended September 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Gleaners, it is not intended to and does not present the financial position, changes in net assets or cash flows of Gleaners.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance for all awards. Under these principles, certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 INDIRECT COST RATE

Gleaners has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**GLEANERS FOOD BANK OF INDIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2022**

Section 1 – Summary of Auditors' Results

Financial Statements

1. Type auditors' report issued: Unmodified

2. Internal control over financial reporting:
 - Material weakness(es) identified? _____ yes X no

 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

3. Noncompliance material to financial statements noted? _____ yes X no

Federal Awards

1. Internal control over major federal programs:
 - Material weakness(es) identified? _____ yes X no

 - Significant deficiency(ies) identified that are not considered to be material weakness(es)? _____ yes X none reported

2. Type of auditor's report issued on compliance for major federal programs: Unmodified

3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of Major Federal Programs

CDFA-Number(s)

10.568, 10.569

Name of Federal Program or Cluster

Food Distribution Cluster

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

\$ 750,000

Auditee qualified as low-risk auditee?

 X yes no

GLEANERS FOOD BANK OF INDIANA, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED SEPTEMBER 30, 2022

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2CFR 200.516(a).

