

Feeding South Florida, Inc.

Compliance Section
For the Year Ended June 30, 2021



Feeding South Florida, Inc.

Compliance Section
For the Year Ended June 30, 2021

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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
Feeding South Florida, Inc.

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 Feeding South Florida, Inc. (a nonprofit organization) (the "Organization"), which comprise the statement of financial position as of June 30, 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, and have issued our report thereon dated April 14, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs under Section II as item 2020-01 that we consider to be a significant deficiency.

CPA's + Trusted Advisors

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization’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 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*.

Organization’s Response to Findings

The Organization’s response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs under Section II. The Organization’s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 14, 2022

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

To the Board of Directors
Feeding South Florida, Inc.

Report on Compliance for Each Major Federal Program

We have audited Feeding South Florida, Inc.'s (a nonprofit organization) (the "Organization") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2021. The Organization's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization'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 unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2021.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2020-01. Our opinion on each major federal program is not modified with respect to this matter.

The Organization's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The Organization's response was not subject to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of the Organization 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 Organization's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over compliance.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2020-01 and 2021-01 to be significant deficiencies.

The Organization's response to the internal control over compliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

We have audited the financial statements of Feeding South Florida, Inc. as of and for the year ended June 30, 2021, and have issued our report thereon dated February 28, 2022, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part the financial statements. Such information is the responsibility of management and was derived from and related 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 schedule of expenditures of federal awards and is fairly stated in all material respects in relation to the financial statements as a whole.

Purpose of this Report

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



KEEFE McCULLOUGH

Fort Lauderdale, Florida
April 14, 2022

Feeding South Florida, Inc.
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Federal Agency, Pass-through Entity Federal Program</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Agency Name:				
Indirect Programs:				
United States Department of Agriculture - Passed through State of Florida				
Department of Agriculture				
Food Distribution Cluster				
Emergency Food Assistance Program				
(Food Commodities)	10.569	022717	\$ 40,206,275	\$ 22,933,359
(Food Commodities - COVID-19)	10.569	026934	14,416,760	11,191,385
(Administrative Costs)	10.568	022717	1,602,045	-
(Administrative Costs - COVID-19)	10.568	026934	1,695,088	-
Commodity Supplemental Food Program				
(Food Commodities)	10.565	024306	1,935,707	1,793,579
(Administrative Costs)	10.565	024306	257,220	-
		Total Food Distribution Cluster	<u>60,113,095</u>	<u>35,918,323</u>
Trade Mitigation Program				
(Food Commodities)	10.178	026193	25,752,974	15,342,529
(Administrative Costs)	10.178	026193	400,000	-
		10.178 Total	<u>26,152,974</u>	<u>15,342,529</u>
Summer Food Service Program for Children	10.559	022349	<u>126,129</u>	<u>-</u>
Total United States Department of Agriculture			86,392,198	51,260,852

See notes to schedule of expenditures of federal awards.

Feeding South Florida, Inc.
 Schedule of Expenditures of Federal Awards
 (continued)
 For the Year Ended June 30, 2021

<u>Federal Agency, Pass-through Entity Federal Program</u>	<u>CFDA Number</u>	<u>Contract/Grant Number</u>	<u>Expenditures</u>	<u>Transfers to Subrecipients</u>
Federal Agency Name (continued):				
United States Department of Homeland Security - Passed through United Way Emergency Food and Shelter National Board Program	97.024	1594-00-015	<u>91,747</u>	<u>-</u>
Total expenditures of of Federal awards			\$ <u>86,483,945</u>	\$ <u>51,260,852</u>

See notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of Feeding South Florida, Inc. (the "Organization") under programs of the federal governments for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of the Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards*, (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, change in net assets, or cash flows of the Organization.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement, as applicable.

Note 3 - Indirect Cost Rate

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

Note 4 - Contingency

The grant and contract revenue amounts received are subject to audit and adjustment. If any expenditures or expenses are disallowed by the grantor agencies as a result of such an audit, any claim for reimbursement to the grantor/contract agencies would become a liability of the Organization. In the opinion of management, all grant and contract expenditures are in compliance with the terms of the agreements and applicable federal and state laws and other applicable regulations.

Note 5 – Food Distribution

Nonmonetary assistance for food commodities received from the United States Department of Agriculture ("USDA") are reported in the Schedule based on a cost study conducted for Feeding America. For the year ended June 30, 2021 government food commodities were valued at \$ 1.70 per pound. At June 30, 2021 the Organization had government food commodities totaling approximately \$ 1,629,000 in inventory.

**Feeding South Florida, Inc.
 Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2021**

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:

Unmodified Opinion

Internal control over financial reporting:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 X yes none reported

Noncompliance material to financial statements noted?

 yes X no

Federal Awards

Internal control over major federal programs:

Material weakness(es) identified?

 yes X no

Significant deficiency(ies) identified?

 X yes none reported

Type of auditor's report issued on compliance for major federal programs?

Unmodified Opinion

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?

 X yes no

Identification of major federal programs:

<u>CFDA No.</u>	<u>Federal Program or Cluster</u>
10.569	United States Department of Agriculture - Emergency Food Assistance Program (Food Commodities)
10.568	United States Department of Agriculture - Emergency Food Assistance Program (Administrative Costs)
10.565	United States Department of Agriculture - Commodity Supplemental Food Program

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

\$ 2,594,518

Auditee qualified as low-risk auditee?

 X yes no

SECTION II – FINANCIAL STATEMENT AUDIT FINDINGS

Finding number 2020-01 discussed in Section III is applicable under this section.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

United States Department of Agriculture - Emergency Food Assistance Program (Food Commodities) – CFDA 10.569 and Commodity Supplemental Food Program – CFDA 10.565

Significant Deficiencies

2020-01: Inventory Reconciliation Process:

Condition and Criteria: During the year, the Organization received a large increase in donated food and governmental food commodities to meet an increase in demand for food assistance in the community due to COVID-19. Due to staffing shortages and social distancing requirements during the early stages of the Pandemic, the Organization temporarily suspended monthly reconciliations of inventory counts to the general ledger. In addition, there was an increase in the amount of time between inventory receipts and distributions and when they were posted to the Organization’s inventory management system.

Cause: The Organization inventory adjustments were not posted timely and monthly reconciliations of inventory to the general ledger were not performed due to staffing shortages during the COVID-19 Pandemic.

Effect: There is a risk that governmental food commodities may not be timely reported to the Food Nutrition service and restitution may not be made for losses.

Recommendation: We recommend that the Organization perform a monthly reconciliation of its book inventory to the inventory summary, receipt summary and distribution summary reports provided by Primarius. We noted in the Organization’s TEFAP corrective action plan that the Organization will conduct quarterly, full inventory counts. We recommend that the quarterly inventory counts be reconciled to the book inventory and the quarterly reconciliations be signed off by the VP of Finance and CEO.

In addition, we recommend that inventory be tracked by federal program in order for management to accurately reconcile federal expenditures by program and that management continue to improve inventory related policies and procedures.

Management’s Response:

The Organization submits monthly inventory reports to the USDA Food and Nutrition Service to ensure tracking of all commodities. The Organization has a schedule of monthly inventory counts and inventory reconciliation. To enhance diligence and accuracy, different pick locations are also cycle counted daily with any variances rectified immediately. All physical counts are reviewed and approved by warehouse management and the finance department.

SECTION III – FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS (continued)

2021-01: Eligibility:

Condition and Criteria: During the year, there was an increase in demand for food assistance in the community due to COVID-19. Due to staffing shortages and social distancing, the Organization implemented a simplified process to determine TEFAP eligibility for drive-through no-touch food distribution sites that distributed food from both governmental and other (donated or purchased) sources.

Cause: The Organization has procedures in place to determine eligibility for TEFAP food recipients, however, the simplified application was not required for each participant receiving food from the drive through sites, and in some instances may not have collected enough information to determine eligibility in accordance with the income eligibility criteria established by the state agency.

Effect: There is a risk that TEFAP food commodities were distributed to recipients who were not eligible to receive TEFAP foods.

Recommendation: We recommend that the Organization implement a control process to ensure that the Organization’s forms contain sufficient information to determine eligibility in accordance with the criteria established by the state agency.

Management’s Response:

Drive through food recipients who did not declare TEFAP eligibility information or provided incomplete eligibility information on the simplified applications were provided food from other non-governmental sources. During 2021, the Organization distributed approximately 105 million pounds of donated and purchased food, primarily through these drive-through no-touch sites.

SECTION IV – INTERNAL CONTROL COMMENTS AND RECOMMENDATIONS

Finding numbers 2020-01 and 2021-01 discussed in Section II is applicable under this section.

SECTION V – STATUS OF PRIOR YEAR AUDIT FINDINGS

United States Department of Agriculture - Trade Mitigation Program – CFDA 10.178 and Coronavirus Pandemic 19 Program – CFDA 21.019

Finding 2020-01 discussed in section II is applicable under this section.

FEEDING SOUTH FLORIDA, INC.
2501 S.W 32ND TERRACE
PEMBROKE PARK, FL 33023

CORRECTIVE ACTION PLAN
April 14, 2022

U.S. Department of Agriculture

Feeding South Florida Inc. respectfully submits the following corrective action plan for the year ended June 30, 2021.

Keefe McCullough
6550 N. Federal Highway, 4th Floor
Fort Lauderdale, FL 33308

Audit Period: June 30, 2021

The finding from the June 30, 2021 schedule of findings and questioned costs is discussed below. The finding is numbered consistent with the number assigned in the schedule.

FINDINGS - FEDERAL SINGLE AUDIT

Finding number 2020-01 discussed below is applicable under this section.

FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARDS PROGRAM AUDITS

2020-01: Food Distribution Cluster – CFDA 10.565, 10.569

Condition and Criteria:

During the year, the Organization received a large increase in donated food and governmental food commodities to meet an increase in demand for food assistance in the community due to COVID-19. Due to staffing shortages and social distancing requirements during the early stages of the Pandemic, the Organization temporarily suspended monthly reconciliations of inventory counts to the general ledger. In addition, there was an increase in the amount of time between inventory receipts and distributions and when they were posted to the Organization's inventory management system.

Cause:

The Organization's inventory adjustments were not posted timely and monthly reconciliations of inventory to the general ledger were not performed due to staffing shortages during the COVID-19 Pandemic.

Effect:

There is a risk that donated food losses of governmental food commodities may not be timely reported to the Food Nutrition service and restitution may not be made for losses.

Recommendation:

We recommend that the Organization perform a monthly reconciliation of its book inventory to the inventory summary, receipt summary and distribution summary reports provided by Primarius. We noted in the Organization's TEFAP corrective action plan that the Organization will conduct quarterly, full inventory counts. We recommend that the quarterly inventory counts be reconciled to the book inventory and the quarterly reconciliations be signed off by the VP of Finance and CEO.

In addition, we recommend that inventory be tracked by federal program in order for management to accurately reconcile federal expenditures by program and that management continue to improve inventory related policies and procedures.

Management's Response:

The Organization submits monthly inventory reports to the USDA Food and Nutrition Service to ensure tracking of all commodities. The Organization has a schedule of monthly inventory counts and inventory reconciliation. To enhance diligence and accuracy, different pick locations are also cycle counted daily with any variances rectified immediately. All physical counts are reviewed and approved by warehouse management and the finance department.

2021-01: Food Distribution Cluster – CFDA 10.565, 10.569

Condition and Criteria: During the year, there was an increase in demand for food assistance in the community due to COVID-19. Due to staffing shortages and social distancing, the Organization implemented a simplified process to determine TEFAP eligibility for drive-through no-touch food distribution sites that distributed food from both governmental and other (donated or purchased) sources.

Cause: The Organization has procedures in place to determine eligibility for TEFAP food recipients, however, the simplified application was not required for each participant receiving food from the drive through sites, and in some instances may not have collected enough information to determine eligibility in accordance with the income eligibility criteria established by the state agency.

Effect: There is a risk that TEFAP food commodities were distributed to recipients who were not eligible to receive TEFAP foods.

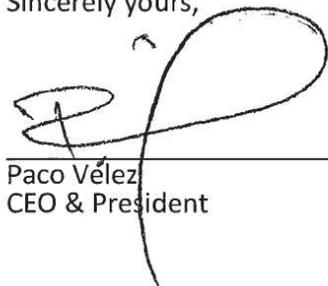
Recommendation: We recommend that the Organization implement a control process to ensure that the Organization's forms contain sufficient information to determine eligibility in accordance with the criteria established by the state agency.

Management's Response:

Drive through food recipients who did not declare TEFAP eligibility information or provided incomplete eligibility information on the simplified applications were provided food from other non-governmental sources. During 2021, the Organization distributed approximately 105 million pounds of donated and purchased food, primarily through these drive-through no-touch sites.

If the U.S. Department of Agriculture has questions regarding this plan, please call Paco Velez at 954-518-1818 or email at pvelez@feedingsouthflorida.org.

Sincerely yours,



Paco Velez
CEO & President