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October 20, 2021

To the Audit Committee  
MANNA Food Bank, Inc.

We have audited the financial statements of MANNA Food Bank, Inc. for the year ended June 30, 2021, and have issued our report thereon dated October 20, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated May 28, 2021. Professional standards also require that we communicate to you the following information related to our audit.

### Significant Audit Matters

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by MANNA Food Bank, Inc. are described in Note 1 to the financial statements. As described in Note 1 to the financial statements, the Organization adopted the following FASB Accounting Standard Updates (ASUs) during the year ended June 30, 2021: ASU No. 2014-09, *Revenue from Contracts with Customers (Topic 606)*; ASU No. 2018-13, *Fair Value Measurement (Topic 820): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement*; and ASU No. 2020-03, *Codification Improvements to Financial Instruments*. No material changes resulted from the implementation of these standards. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were the valuation of food inventories and the related revenue and distributions; provision for uncollectible promises to give; impairment loss on assets available-for-sale; fair value of investments and beneficial interest in endowment funds; and depreciation.

The valuation of food inventories and related revenue and distributions is based on cost of purchased, valued by the USDA, or valued based on guidelines for determining the approximate average wholesale value of one pound of donated food at the national level for donated inventories or unvalued inventories obtained from the USDA. The provision for uncollectible promises to give is based on management's estimate of amounts to be collected in current and future periods. Impairment loss on asset available-for-sale is based on management's estimate of the net recoverable amount of the underlying asset. Fair value of investments is provided by investment brokers or provided by the community foundation which hold the endowment assets. Depreciation expense is based on the estimated useful lives of purchased assets. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were net assets; liquidity and availability of financial assets; contract assets and liabilities; food inventories; fair value measurements; and coronavirus pandemic impact.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. An uncorrected misstatement was noted to remove a conditional grant receivable, which would have resulted in a decrease in net assets of \$30,000. Management has determined that the effect is immaterial, both individually and in the aggregate to the financial statements as a whole.

In addition, Attachment "A" summarizes the misstatements identified as a result of our audit procedures or provided by management (PBC). Management has corrected all such misstatements.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 20, 2021.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the Organization’s financial statements or a determination of the type of auditors’ opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

With respect to the schedule of expenditures of federal and state awards (SEFSA) accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the requirements of the U.S. generally accepted accounting principles and Uniform Guidance, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the SEFSA to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Audit Committee, Board of Directors, and management of MANNA Food Bank, Inc. and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*CARTER, P.C.*

**MANNA Food Bank, Inc.**  
Financial Statement Effects of Corrected Audit Differences  
June 30, 2021

<u>Description (nature) of audit difference</u>	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Net Assets</u>	<u>Revenues and Other</u>	<u>Expenses</u>	<u>Change in Net Assets</u>
PBC - Reclassify CARES funding to deferred revenue	\$	\$ 650,449	\$ (650,449)	\$ (650,449)	\$	\$ (650,449)
PBC - Record 4th quarter CFWNC investment activity	116,678		116,678	116,678		116,678
PBC - Accrue additional accrued payroll		38,915	(38,915)		38,915	(38,915)
Adjust USDA food distributions for financial statement disclosure (\$3,676,879)						
Roll forward net assets				(222)		(222)
PBC - Recognize conditional purchase agreement in proper period	(1,000,000)	(1,000,000)				
Reclassify software development to intangible assets (\$246,730)						
Net audit differences	<u>\$ (883,322)</u>	<u>\$ (310,636)</u>	<u>\$ (572,686)</u>	<u>\$ (533,993)</u>	<u>\$ 38,915</u>	<u>\$ (572,908)</u>
Financial statement caption totals	<u>\$ 28,015,233</u>	<u>\$ 1,585,265</u>	<u>\$ 26,429,968</u>	<u>\$ 53,754,583</u>	<u>\$ 39,375,249</u>	<u>\$ 14,379,334</u>
Net audit differences over caption totals	<u>(3.15%)</u>	<u>(19.60%)</u>	<u>(2.17%)</u>	<u>(0.99%)</u>	<u>0.10%</u>	<u>(3.98%)</u>