

CENTRAL ILLINOIS FOODBANK, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

May 31, 2019 and 2018

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Independent Auditors' Report

Board of Directors
Central Illinois Foodbank, Inc.
Springfield, Illinois

Report on the Financial Statements

We have audited the accompanying financial statements of Central Illinois Foodbank, Inc., a nonprofit organization, which are comprised of the statements of financial position as of May 31, 2019 and 2018, and the related statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Illinois Foodbank, Inc. as of May 31, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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, as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 10, 2019, on our consideration of Central Illinois Foodbank, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Central Illinois Foodbank, Inc.'s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Illinois Foodbank, Inc.'s internal control over financial reporting and compliance.

Eck, Schaefer & Pankke, LLP

Springfield, Illinois
September 10, 2019

Central Illinois Foodbank, Inc.

STATEMENTS OF FINANCIAL POSITION

May 31

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 1,657,491	\$ 1,462,739
Certificates of deposit	1,010,050	805,740
Investments	203,480	-
Shared maintenance receivables, net	35,344	50,857
Grant receivable	105,141	8,168
Accrued interest	5,878	1,828
Prepaid expenses	10,905	-
Inventory		
Contributed food	1,033,902	1,001,796
Purchased food	44,087	122,730
Land, building and equipment, net	<u>3,230,855</u>	<u>3,356,453</u>
Total assets	<u>\$ 7,337,133</u>	<u>\$ 6,810,311</u>
LIABILITIES		
Accounts payable	\$ 26,526	\$ 32,239
Accrued compensation	70,497	71,553
Deferred revenue	110,354	161,299
Other liabilities	<u>148</u>	<u>152</u>
Total liabilities	207,525	265,243
NET ASSETS		
Without donor restrictions	6,929,608	6,445,068
With donor restrictions	<u>200,000</u>	<u>100,000</u>
Total net assets	<u>7,129,608</u>	<u>6,545,068</u>
Total liabilities and net assets	<u>\$ 7,337,133</u>	<u>\$ 6,810,311</u>

The accompanying notes are an integral part of these financial statements.

Central Illinois Foodbank, Inc.

STATEMENT OF ACTIVITIES

Year ended May 31, 2019

	<u>Without Donor Restrictions</u>		<u>With</u>	
	<u>Foodbank</u>	<u>Contributed</u>	<u>Donor</u>	
		<u>Food</u>	<u>Restrictions</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT				
Program service fees	\$ 922,473	\$ -	\$ -	\$ 922,473
Grants and contracts	728,542	-	-	728,542
Contributions	1,601,836	-	100,000	1,701,836
Contributed food received	-	12,095,938	-	12,095,938
Interest	11,391	-	1,209	12,600
Other	9,834	-	-	9,834
Unrealized gain on investments	882	-	-	882
Realized gain on investments	25	-	-	25
Net assets released from restrictions	<u>1,209</u>	<u>-</u>	<u>(1,209)</u>	<u>-</u>
Total revenues and other support	3,276,192	12,095,938	100,000	15,472,130
EXPENSES				
Foodbank operations	2,649,324	-	-	2,649,324
Contributed food distributed	-	12,063,832	-	12,063,832
Depreciation	<u>174,434</u>	<u>-</u>	<u>-</u>	<u>174,434</u>
Total expenses	<u>2,823,758</u>	<u>12,063,832</u>	<u>-</u>	<u>14,887,590</u>
CHANGE IN NET ASSETS	452,434	32,106	100,000	584,540
NET ASSETS AT BEGINNING OF YEAR	<u>5,443,272</u>	<u>1,001,796</u>	<u>100,000</u>	<u>6,545,068</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,895,706</u>	<u>\$ 1,033,902</u>	<u>\$ 200,000</u>	<u>\$ 7,129,608</u>

The accompanying notes are an integral part of these financial statements.

Central Illinois Foodbank, Inc.

STATEMENT OF ACTIVITIES

Year ended May 31, 2018

	<u>Without Donor Restrictions</u>		<u>With</u>	
	<u>Foodbank</u>	<u>Contributed</u>	<u>Donor</u>	<u>Total</u>
		<u>Food</u>	<u>Restrictions</u>	
REVENUES AND OTHER SUPPORT				
Program service fees	\$ 829,938	\$ -	\$ -	\$ 829,938
Grants and contracts	492,839	-	-	492,839
Contributions	1,311,721	-	100,000	1,411,721
Contributed food received	-	15,374,204	-	15,374,204
Interest	5,459	-	55	5,514
Other	7,218	-	-	7,218
Loss on disposal of land, building and equipment	(997)	-	-	(997)
Net assets released from restrictions	<u>55</u>	<u>-</u>	<u>(55)</u>	<u>-</u>
 Total revenues and other support	 2,646,233	 15,374,204	 100,000	 18,120,437
EXPENSES				
Foodbank operations	2,509,843	-	-	2,509,843
Contributed food distributed	-	15,598,487	-	15,598,487
Depreciation	<u>158,071</u>	<u>-</u>	<u>-</u>	<u>158,071</u>
 Total expenses	 <u>2,667,914</u>	 <u>15,598,487</u>	 <u>-</u>	 <u>18,266,401</u>
 CHANGE IN NET ASSETS	 (21,681)	 (224,283)	 100,000	 (145,964)
NET ASSETS AT BEGINNING OF YEAR	<u>5,464,953</u>	<u>1,226,079</u>	<u>-</u>	<u>6,691,032</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,443,272</u>	<u>\$ 1,001,796</u>	<u>\$ 100,000</u>	<u>\$ 6,545,068</u>

The accompanying notes are an integral part of these financial statements.

Central Illinois Foodbank, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended May 31, 2019

	Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 495,610	\$ 126,026	\$ 54,505	\$ 676,141
Payroll taxes	38,720	9,846	4,258	52,824
Fringe benefits	<u>98,513</u>	<u>16,234</u>	<u>6,783</u>	<u>121,530</u>
Total salaries and related expenses	632,843	152,106	65,546	850,495
Product costs	952,951	-	-	952,951
Contract labor	117,357	-	-	117,357
Freight	77,736	-	-	77,736
Insurance	59,661	1,237	-	60,898
Utilities	89,778	4,725	-	94,503
Membership fees	10,795	-	-	10,795
Repairs and maintenance	102,861	1,934	-	104,795
Waste management	38,494	-	-	38,494
Vehicle fuel	38,463	-	-	38,463
Vehicle lease	25,311	-	-	25,311
Legal and professional	-	21,421	-	21,421
Postage	5,800	-	47,624	53,424
Communications	9,846	518	-	10,364
Supplies	33,878	5,432	-	39,310
Printing	1,820	-	110,322	112,142
Training and meetings	8,288	-	-	8,288
Special events	-	-	16,233	16,233
Advertising	3,400	-	-	3,400
Other	<u>10,358</u>	<u>2,586</u>	<u>-</u>	<u>12,944</u>
Total expenses before contributed food distributed and depreciation	2,219,640	189,959	239,725	2,649,324
Contributed food distributed	12,063,832	-	-	12,063,832
Depreciation	<u>174,434</u>	<u>-</u>	<u>-</u>	<u>174,434</u>
Total expenses	<u>\$ 14,457,906</u>	<u>\$ 189,959</u>	<u>\$ 239,725</u>	<u>\$ 14,887,590</u>

The accompanying notes are an integral part of these financial statements.

Central Illinois Foodbank, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended May 31, 2018

	<u>Program Services</u>	<u>Management and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 479,067	\$ 129,895	\$ 56,743	\$ 665,705
Payroll taxes	36,913	10,009	4,372	51,294
Fringe benefits	<u>111,828</u>	<u>20,323</u>	<u>9,385</u>	<u>141,536</u>
Total salaries and related expenses	627,808	160,227	70,500	858,535
Product costs	785,347	-	-	785,347
Contract labor	144,371	-	-	144,371
Freight	119,595	-	-	119,595
Insurance	51,739	1,075	-	52,814
Utilities	93,181	4,904	-	98,085
Membership fees	10,795	-	-	10,795
Repairs and maintenance	104,068	1,927	-	105,995
Waste management	38,662	-	-	38,662
Vehicle fuel	38,040	-	-	38,040
Vehicle lease	8,496	-	-	8,496
Legal and professional	-	15,795	-	15,795
Postage	5,660	-	45,822	51,482
Communications	10,932	575	-	11,507
Supplies	17,279	4,320	-	21,599
Printing	1,687	-	113,502	115,189
Training and meetings	3,674	-	-	3,674
Special events	-	-	9,410	9,410
Advertising	5,965	-	-	5,965
Other	<u>11,590</u>	<u>2,897</u>	<u>-</u>	<u>14,487</u>
Total expenses before contributed food distributed and depreciation	2,078,889	191,720	239,234	2,509,843
Contributed food distributed	15,598,487	-	-	15,598,487
Depreciation	<u>158,071</u>	<u>-</u>	<u>-</u>	<u>158,071</u>
Total expenses	<u>\$ 17,835,447</u>	<u>\$ 191,720</u>	<u>\$ 239,234</u>	<u>\$ 18,266,401</u>

The accompanying notes are an integral part of these financial statements.

Central Illinois Foodbank, Inc.

STATEMENTS OF CASH FLOWS

Years ended May 31

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ 584,540	\$ (145,964)
Adjustments to reconcile the change in net assets to net cash flows from operating activities		
Change in provision for uncollectible shared maintenance receivables	-	362
Change in contributed food inventory	(32,106)	224,283
Depreciation	174,434	158,071
Loss on disposal of land, building and equipment	-	997
Contribution of investments from donor	(200,697)	-
Unrealized gain on investments	(882)	-
Realized gain on investments	(25)	-
Changes in certain assets and liabilities		
Shared maintenance receivables	15,513	(12,193)
Grant receivable	(96,973)	3,950
Accrued interest	(4,050)	(643)
Prepaid expenses	(10,905)	-
Inventory - purchased food	78,643	(101,711)
Accounts payable	(5,713)	(13,856)
Accrued compensation	(1,056)	6,703
Deferred revenue	(50,945)	53,919
Other liabilities	<u>(4)</u>	<u>(9)</u>
Net cash flows from operating activities	449,774	173,909
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of certificates of deposit	807,129	639,301
Purchase of certificates of deposit	(1,011,439)	(640,998)
Purchase of land, building and equipment	(48,836)	(166,877)
Purchase of investments	(132,848)	-
Proceeds from sale of investments	<u>130,972</u>	<u>-</u>
Net cash flows from investing activities	<u>(255,022)</u>	<u>(168,574)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	194,752	5,335
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,462,739</u>	<u>1,457,404</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,657,491</u>	<u>\$ 1,462,739</u>

The accompanying notes are an integral part of these financial statements.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS

May 31, 2019 and 2018

NOTE A - ORGANIZATION

Central Illinois Foodbank, Inc. (the Foodbank) is a not-for-profit corporation organized under the laws of the State of Illinois. The Foodbank's mission is to provide food, and develop awareness of and creative solutions for food insecurity. Annually, the Foodbank distributes approximately 9 million pounds of food to 160 food pantries, soup kitchens, children's organizations and programs and residential facilities in its twenty-one county region. In addition to providing food to feeding assistance partners, the Foodbank also provides food through the Kids Café, Summer Food and Healthy Foods Distribution Programs.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America.

2. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with an original maturity of three months or less.

4. Shared Maintenance Receivables

Shared maintenance receivables are stated at estimated net realizable value and include an allowance for doubtful accounts of \$ 5,362 for the years ended May 31, 2019 and 2018. Shared maintenance receivables are written-off when they are determined to be uncollectible.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2019 and 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Investment Valuation and Income Recognition

Investments in securities with readily-determinable fair values are reported at fair market value. Unrealized gains or losses are recognized reflecting the differences between cost or amortized cost and market value of the investments. Amortized cost includes adjustments for accretion of discounts and amortization of premiums of debt securities over the remaining periods until maturity of the securities. Realized gains or losses are recognized reflecting the difference between the proceeds from sale of the investments and the cost or amortized cost of the investments, using the specific identification method.

6. Promises to Give

Unconditional promises to give are recorded as received. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the year in which the promises are received. In the absence of donor specification that income and gains on donated funds are restricted, such income and gains are reported as an increase in net assets without donor restrictions.

7. Inventory

Food donated to the Foodbank is capitalized as inventory and accounted for as contributions without donor restriction. Contributed U.S. Department of Agriculture (USDA) donated food is valued at the most recently published cost-per-pound price in the USDA donated foods catalog. Contributed food from non-USDA sources is valued at a weighted average wholesale price per pound of \$ 1.62 and \$ 1.68 for the years ended May 31, 2019 and 2018, respectively, as determined by the most recent information available from Feeding America. Purchased food is valued at invoice cost determined by the first-in, first-out method.

8. Land, Building and Equipment

Land, building and equipment are carried at cost, except for gifts or donations which are reported as contributions and stated at estimated fair value at date of receipt. Depreciation of building and equipment is computed using the straight-line method over the estimated useful lives of the respective assets which range from three to thirty-nine years. The cost of routine maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized. The Foodbank's capitalization threshold is \$ 3,500 for vehicles, office furniture and equipment and \$ 5,000 for building and improvements.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2019 and 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Tax Status

The Foodbank is organized under Section 501(c)(3) of the Internal Revenue Code and is exempt from income taxes on related income under Section 501(a) of the Code.

The Foodbank follows accounting principles generally accepted in the United States of America which sets a minimum threshold for financial statement recognition of the benefit of a tax position taken or expected to be taken in a tax return. Tax positions for the open tax years as of May 31, 2019 were reviewed, and it was determined that no provision for uncertain tax positions is required.

10. Revenues and Support

The Foodbank reports contributions of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Restricted contributions whose restrictions are met in the same reporting period are generally reported as unrestricted contributions.

Revenues from contributed USDA food received, as well as the related contributed food distributed expense, are computed by valuing such items at the most recently published cost-per-pound price in the USDA donated foods catalog. Revenues from contributed food received from non-USDA sources, as well as the related contributed food distributed expense, are computed by valuing such items at a weighted average wholesale price per pound of \$ 1.62 and \$ 1.68 for the years ended May 31, 2019 and 2018, respectively, as determined by the most recent information available from Feeding America.

Revenues from fees and grants, primarily from government agencies, are recognized as they are earned through expenditure in accordance with the respective agreements. Any funding received in advance of expenditure is recorded as deferred revenue in the statement of financial position. Revenues from program service fees, primarily shared maintenance fees for storage and handling costs and purchased product costs, are recognized when charged to agencies and other foodbanks after they receive distributions of food items.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2019 and 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

11. Net Assets

Net assets, revenues, gain, and losses are classified based on the existence or absence of donor-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 restrictions.

Net Assets With Donor Restrictions - Net assets subject to donor-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. 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.

12. Functional Allocation of Expenses

The statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

13. Subsequent Events

The Foodbank assessed events that have occurred subsequent to May 31, 2019 through September 10, 2019, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements. No events have occurred that would require adjustment to or disclosure in the financial statements.

14. Reclassification

Certain reclassifications have been made to the 2018 numbers to conform to the 2019 presentation.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2019 and 2018

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

15. Change in Accounting Principle

In August 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) - *Presentation of Financial Statements of Not-for-Profit Entities*. The update addressed the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. Management implemented ASU 2016-14 for the year ended May 31, 2019 and has adjusted the presentation in these financial statements accordingly.

NOTE C - LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following table reflects the Foodbank's financial assets as of May 31, 2019 and 2018, reduced by amounts that are not available to meet general expenditures within one year of the statement of financial position date because of donor restrictions.

	<u>2019</u>	<u>2018</u>
Financial assets at year-end		
Cash and cash equivalents	\$ 1,657,491	\$ 1,462,739
Certificates of deposit	1,010,050	805,740
Investments	203,480	-
Shared maintenance receivables, net	35,344	50,857
Grant receivable	105,141	8,168
Accrued interest	<u>5,878</u>	<u>1,828</u>
Total financial assets	3,017,384	2,329,332
Donor restricted funds	<u>(200,000)</u>	<u>(100,000)</u>
Financial assets available to meet cash needs for general expenditures within one year	<u>\$ 2,817,384</u>	<u>\$ 2,229,332</u>

The Foodbank regularly monitors liquidity required to meet its operating needs and other contractual commitments. As part of its liquidity management, the Foodbank invests excess cash in certificates of deposit and investments.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2019 and 2018

NOTE D - CONCENTRATION OF CREDIT RISK

The Foodbank maintains its cash balances and certificates of deposit at various financial institutions in Springfield, Illinois. Accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$ 250,000. At May 31, 2019 and 2018, the Foodbank's cash balance on deposit and certificate of deposit at one of the financial institutions exceeded the insured limit by \$ 3,481 and \$ 6,520, respectively. The Foodbank did not experience any losses on excess amounts, and believes it is not subject to any significant risk on cash and cash equivalents and certificates of deposit.

NOTE E - INVESTMENTS

A summary of investments at May 31, 2019 follows:

	<u>Cost</u>	<u>Fair Value</u>
Money market	\$ 3,706	\$ 3,706
Equity mutual funds	139,101	138,737
Fixed income mutual funds	56,788	58,030
Fixed income corporate bonds	<u>3,003</u>	<u>3,007</u>
	<u>\$ 202,598</u>	<u>\$ 203,480</u>

NOTE F - FAIR VALUES OF FINANCIAL INSTRUMENTS

Accounting principles generally accepted in the United States of America defines fair value as 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. The fair value should be based on assumptions that market participants would use, including a consideration of non-performance risk.

The Foodbank assessed the inputs used to measure fair value using a three-tier hierarchy based on the extent to which inputs used in measuring fair value are observable in the market. Level 1 inputs include quoted prices for identical instruments and are the most observable. Level 2 inputs include quoted prices for similar assets and observable inputs such as interest rates, currency exchange rates, commodity rates, and yield curves. Level 3 inputs are not observable in the market and include management's judgments about the assumptions market participants would use in pricing the asset or liability.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2019 and 2018

NOTE F - FAIR VALUES OF FINANCIAL INSTRUMENTS - Continued

The Foodbank's fair value, by input level, was as follows at May 31, 2019:

	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Money market	\$ 3,706	\$ 3,706	\$ -	\$ -
Equity mutual funds	138,737	138,737	-	-
Fixed income mutual funds	58,030	58,030	-	-
Fixed income corporate bonds	<u>3,007</u>	<u>-</u>	<u>3,007</u>	<u>-</u>
	<u>\$ 203,480</u>	<u>\$ 200,473</u>	<u>\$ 3,007</u>	<u>\$ -</u>

NOTE G - INVENTORY

Activities in contributed food inventory during the years ended May 31, 2019 and 2018 were as follows:

	<u>2019</u>		<u>2018</u>	
	<u>Pounds</u>	<u>Dollar Value</u>	<u>Pounds</u>	<u>Dollar Value</u>
Beginning inventory	596,307	\$ 1,001,796	708,716	\$ 1,226,079
Contributed food received	8,819,063	12,095,938	9,172,405	15,374,204
Contributed food distributed	<u>(8,660,842)</u>	<u>(12,063,832)</u>	<u>(9,284,814)</u>	<u>(15,598,487)</u>
Ending inventory	<u>754,528</u>	<u>\$ 1,033,902</u>	<u>596,307</u>	<u>\$ 1,001,796</u>

The Foodbank purchases food to supplement the contributed food. The Foodbank had \$ 44,087 and \$ 122,730 of purchased food inventory at May 31, 2019 and 2018, respectively.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2019 and 2018

NOTE H - LAND, BUILDING AND EQUIPMENT

Land, building and equipment consists of the following at May 31:

	<u>2019</u>	<u>2018</u>
Land	\$ 115,000	\$ 115,000
Building and improvements	3,458,183	3,458,183
Office furniture and equipment	211,438	211,438
Equipment	161,404	140,273
Vehicles	<u>284,279</u>	<u>256,574</u>
Total	4,230,304	4,181,468
Less accumulated depreciation	<u>(999,449)</u>	<u>(825,015)</u>
Land, building and equipment, net	<u>\$ 3,230,855</u>	<u>\$ 3,356,453</u>

NOTE I - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purpose and period as of May 31:

	<u>2019</u>	<u>2018</u>
Not subject to spending policy or appropriation:		
Assets held in perpetuity	<u>\$ 200,000</u>	<u>\$ 100,000</u>

Investment income generated by the funds from the above donor restricted contributions provided nutritious food to children through programs provided by the Foodbank. Net assets of \$ 1,209 and \$ 55 were released during the years ended May 31, 2019 and 2018, respectively, for this purpose.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2019 and 2018

NOTE J - PENSION PLAN

The Foodbank has established a contributory pension plan under Section 403(b) of the Internal Revenue Service which allows employees to defer a percentage of their wages immediately. The Foodbank contributes 3.50% of the employee's wages once the employee completes one year of service. Contributions totaled \$ 19,808 and \$ 21,301 for the years ended May 31, 2019 and 2018, respectively.

NOTE K - CONCENTRATION OF FUNDING

Grant revenues from the State of Illinois Department of Human Services for administering the Emergency Assistance Food Program of the United States Department of Agriculture, Food Nutrition Services, is contingent upon the Foodbank's annual execution of a grant contract with the State of Illinois Department of Human Services; the Foodbank's compliance with the grant's provisions; and the availability of appropriated funds at both the federal and state levels. The Foodbank's participation in this program for the year ending May 31, 2020, has been approved by the State of Illinois Department of Human Services.

NOTE L - LEASE COMMITMENTS

During the year ended May 31, 2018, the Foodbank entered a lease agreement for a vehicle. In addition to a fixed monthly payment, the Foodbank will also pay variable charges based on mileage and refrigeration hours. The lease expires February 25, 2023. Lease expense was \$ 25,311 and \$ 8,496 for the years ended May 31, 2019 and 2018, respectively.

Future minimum lease commitments required under this lease for the years ended May 31, are as follows:

2020	\$ 20,040
2021	20,040
2022	20,040
2023	<u>13,360</u>
	<u>\$ 73,480</u>

SUPPLEMENTARY INFORMATION

Independent Auditors' Report on Supplementary Information

Board of Directors
Central Illinois Foodbank, Inc.
Springfield, Illinois

We have audited the financial statements of Central Illinois Foodbank, Inc. as of and for the year ended May 31, 2019, and have issued our report thereon dated September 10, 2019, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole.

The following schedule is presented for the purpose of additional analysis and is not a required part of the financial statements. The consolidated year-end financial report is required by the Illinois Department of Human Services (DHS). Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Eck, Schafar & Punke, LLP

Springfield, Illinois
September 10, 2019

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

Grantee Name	Central Illinois Foodbank, Inc.
ID Numbers	AUDIT:17039 Grantee:671716 DUNS:604293480 FEIN:371106465
Audit Period	6/1/2018 - 5/31/2019
Submitted	09/12/2019; Jane Kiel; Finance Director; jkiel@centralilfoodbank.org; 2175224022
Accepted	
Program Count	4

All Programs Total				
Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	338,711.00	337,430.00	676,141.00
Fringe Benefits	0.00	0.00	121,530.00	121,530.00
Travel	0.00	0.00	0.00	0.00
Equipment	0.00	0.00	0.00	0.00
Supplies	0.00	0.00	39,310.00	39,310.00
Contractual Services	0.00	0.00	117,357.00	117,357.00
Consultant (Professional Services)	0.00	0.00	21,421.00	21,421.00
Construction	0.00	0.00	0.00	0.00
Occupancy - Rent and Utilities	0.00	0.00	94,503.00	94,503.00
Research and Development	0.00	0.00	0.00	0.00
Telecommunications	0.00	0.00	10,364.00	10,364.00
Training and Education	0.00	0.00	8,288.00	8,288.00
Direct Administrative Costs	0.00	0.00	0.00	0.00
Miscellaneous Costs	0.00	2,101,529.00	11,586,255.00	13,687,784.00
All Grant Specific Categories	0.00	110,892.00	0.00	110,892.00
TOTAL DIRECT EXPENDITURES	0.00	2,551,132.00	12,336,458.00	14,887,590.00
Indirect Costs	0.00	0.00	0.00	0.00
TOTAL EXPENDITURES	0.00	2,551,132.00	12,336,458.00	14,887,590.00

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	Department Of Human Services (444)
Program Name	Emergency Food Assistance Program (Administrative Costs) (444-80-0166)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	338,711.00	0.00	338,711.00
TOTAL DIRECT EXPENDITURES	0.00	338,711.00	0.00	338,711.00

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	Department Of Human Services (444)
Program Name	Temporary Assistance for Needy Families (444-80-0205)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Miscellaneous Costs	0.00	36,955.00	0.00	36,955.00
TOTAL DIRECT EXPENDITURES	0.00	36,955.00	0.00	36,955.00

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	State Board Of Education (586)
Program Name	Child and Adult Care Food Program (586-18-0409)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Food costs and supplies	0.00	51,325.00	0.00	51,325.00
TOTAL DIRECT EXPENDITURES	0.00	51,325.00	0.00	51,325.00

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

State Agency	State Board Of Education (586)
Program Name	Summer Food Service Program for Children (586-18-0410)
Program Limitations	No
Mandatory Match	No
Indirect Cost Rate	0.00 Base:

Category	State	Federal	Other	Total
Food costs and supplies	0.00	59,567.00	0.00	59,567.00
TOTAL DIRECT EXPENDITURES	0.00	59,567.00	0.00	59,567.00

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

Program Name	Other grant programs and activities
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Category	State	Federal	Other	Total
Miscellaneous Costs	0.00	2,064,574.00	0.00	2,064,574.00
TOTAL DIRECT EXPENDITURES	0.00	2,064,574.00	0.00	2,064,574.00

**Illinois Grant Accountability and Transparency
Consolidated Year-End Financial Report**

Program Name	All other costs not allocated
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Category	State	Federal	Other	Total
Personal Services (Salaries and Wages)	0.00	0.00	337,430.00	337,430.00
Fringe Benefits	0.00	0.00	121,530.00	121,530.00
Supplies	0.00	0.00	39,310.00	39,310.00
Contractual Services	0.00	0.00	117,357.00	117,357.00
Consultant (Professional Services)	0.00	0.00	21,421.00	21,421.00
Occupancy - Rent and Utilities	0.00	0.00	94,503.00	94,503.00
Telecommunications	0.00	0.00	10,364.00	10,364.00
Training and Education	0.00	0.00	8,288.00	8,288.00
Miscellaneous Costs	0.00	0.00	11,586,255.00	11,586,255.00
TOTAL DIRECT EXPENDITURES	0.00	0.00	12,336,458.00	12,336,458.00

REPORTS ON FEDERAL AWARDS AND COMPLIANCE

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
Central Illinois Foodbank, Inc.
Springfield, Illinois

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 Central Illinois Foodbank, Inc. (a nonprofit organization), which are comprised of the statement of financial position as of May 31, 2019, 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 September 10, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Central Illinois Foodbank, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Central Illinois Foodbank, Inc.'s internal control. Accordingly, we do not express an opinion on the effectiveness of Central Illinois Foodbank, Inc.'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 Central Illinois Foodbank, Inc.'s financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Eck, Schaefer & Pender, LLP

Springfield, Illinois
September 10, 2019

Independent Auditors' Report on Compliance
For Each Major Program and on Internal Control
Over Compliance Required by the Uniform Guidance

Board of Directors
Central Illinois Foodbank, Inc.
Springfield, Illinois

Report on Compliance for Each Major Federal Program

We have audited Central Illinois Foodbank, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Central Illinois Foodbank, Inc.'s major federal programs for the year ended May 31, 2019. Central Illinois Foodbank, Inc.'s major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Central Illinois Foodbank, Inc.'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 Central Illinois Foodbank, Inc.'s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Central Illinois Foodbank, Inc. 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 for the year ended May 31, 2019.

Report on Internal Control Over Compliance

Management of Central Illinois Foodbank, Inc. 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 Central Illinois Foodbank, Inc.'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 Central Illinois Foodbank, Inc.'s internal control over compliance.

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

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

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.

Eck, Schaefer & Pank, LLP

Springfield, Illinois
September 10, 2019

Central Illinois Foodbank, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended May 31, 2019

<u>Federal Grantor/Pass-through Grantor and Program Title</u>	<u>CFDA Number</u>	<u>Pass-through Entity Identification Number</u>	<u>Passed through to Subrecipients</u>	<u>Federal Expenditures</u>
U.S. Department of Agriculture Passed through the Illinois Department of Human Services The Emergency Food Assistance Program Cluster				
The Emergency Food Assistance Program (Administrative Costs)	10.568	9FCSXH01394	\$ -	\$ 338,711
The Emergency Food Assistance Program (Food Commodities)	10.569	9FCSXH01394	2,064,574	2,064,574
Passed through the Illinois State Board of Education			2,064,574	2,403,285
Child and Adult Care Food Program	10.558	51084098P00	-	51,325
Summer Food Service Program for Children	10.559	51084098P00	-	59,567
U.S. Department of Health and Human Services Passed through the Illinois Department of Human Services			-	110,892
Temporary Assistance for Needy Families	93.558	9FCSXH01394	36,955	36,955
Total			\$ 2,101,529	\$ 2,551,132

See accompanying notes to schedule of expenditures of federal awards.

Central Illinois Foodbank, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended May 31, 2019

NOTE 1 - BASIS OF PRESENTATION AND MAJOR PROGRAM OBJECTIVES

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Central Illinois Foodbank, Inc. The information in this schedule is presented in accordance with the requirements of the Uniform Guidance. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

The Emergency Food Assistance Program (major program) objective is to help supplement the diets of low-income persons by making food commodities available to states for distribution through local organizations that provide food assistance to needy persons. Food commodities distributed are valued at the most recently published cost-per-pound price in the USDA donated foods catalog.

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. Central Illinois Foodbank, Inc. has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 3 - ADDITIONAL INFORMATION

A. Non-Cash Assistance

Central Illinois Foodbank, Inc. expended \$ 2,064,574 in food commodities during the year ended May 31, 2019. All food commodities were passed through to subrecipients.

B. Other Federal Assistance

Central Illinois Foodbank, Inc. did not receive any federal insurance, federal loans or loan guarantees during the year ended May 31, 2019.

Central Illinois Foodbank, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended May 31, 2019

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements audited were prepared in accordance with GAAP: Unmodified

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

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major 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

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.568, 10.569	The Emergency Food Assistance Program Cluster

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? X Yes _____ No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

No matters were reported.

Central Illinois Foodbank, Inc.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

For the year ended May 31, 2019

There were no prior audit findings required to be reported relative to Federal awards.