

CENTRAL ILLINOIS FOODBANK, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

May 31, 2011 and 2010

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ECK, SCHAFER & PUNKE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report

Board of Directors
Central Illinois Foodbank, Inc.

We have audited the accompanying statements of financial position of Central Illinois Foodbank, Inc. (a not-for-profit organization) as of May 31, 2011 and 2010, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of the Organization's management. 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 *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Central Illinois Foodbank, Inc. as of May 31, 2011 and 2010, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 10, 2011, on our consideration of Central Illinois Foodbank, Inc.'s internal control over financial reporting and 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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.

Eck, Schaefer & Purke, LLP

Springfield, Illinois
August 10, 2011

Central Illinois Foodbank, Inc.

STATEMENTS OF FINANCIAL POSITION

May 31

	<u>2011</u>	<u>2010</u>
ASSETS		
Cash and cash equivalents	\$ 754,710	\$ 521,747
Certificates of deposit	312,782	309,187
Shared maintenance receivables, net	48,377	45,116
Pledges receivable, net	79,523	-
Contract receivable	-	3,902
Accrued interest	2,026	556
Inventory		
Contributed food	953,555	811,230
Purchased food	57,891	30,309
Prepaid expenses	3,353	5,417
Land, buildings and equipment, net	<u>486,708</u>	<u>396,463</u>
Total assets	<u>\$ 2,698,925</u>	<u>\$ 2,123,927</u>
LIABILITIES		
Accounts payable	\$ 6,698	\$ 31,415
Accrued compensation	31,617	25,194
Deferred revenue	54,000	-
Other liabilities	<u>475</u>	<u>549</u>
Total liabilities	92,790	57,158
NET ASSETS		
Unrestricted	2,448,145	2,066,769
Temporarily restricted	<u>157,990</u>	<u>-</u>
Total net assets	<u>2,606,135</u>	<u>2,066,769</u>
Total liabilities and net assets	<u>\$ 2,698,925</u>	<u>\$ 2,123,927</u>

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

Central Illinois Foodbank, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended May 31, 2011

	<u>Foodbank</u>	<u>Contributed Food</u>	<u>Total</u>
CHANGES IN UNRESTRICTED NET ASSETS			
Unrestricted revenues and other support			
Program service fees	\$ 759,802	\$ -	\$ 759,802
Grants and contracts	422,565	-	422,565
Contributions	714,840	-	714,840
Contributed food received	-	12,009,219	12,009,219
Interest	10,037	-	10,037
Other	<u>4,957</u>	<u>-</u>	<u>4,957</u>
Total unrestricted revenues and other support	1,912,201	12,009,219	13,921,420
EXPENSES			
Foodbank operations	1,584,900	-	1,584,900
Contributed food distributed	-	11,866,894	11,866,894
Depreciation	<u>88,250</u>	<u>-</u>	<u>88,250</u>
Total expenses	<u>1,673,150</u>	<u>11,866,894</u>	<u>13,540,044</u>
NET CHANGE IN UNRESTRICTED NET ASSETS	239,051	142,325	381,376
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS			
Contributions	<u>157,990</u>	<u>-</u>	<u>157,990</u>
NET CHANGE IN NET ASSETS	397,041	142,325	539,366
NET ASSETS AT BEGINNING OF YEAR	<u>1,255,539</u>	<u>811,230</u>	<u>2,066,769</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,652,580</u>	<u>\$ 953,555</u>	<u>\$ 2,606,135</u>

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

Central Illinois Foodbank, Inc.

STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

For the year ended May 31, 2010

	<u>Foodbank</u>	<u>Contributed Food</u>	<u>Total</u>
CHANGES IN UNRESTRICTED NET ASSETS			
Unrestricted revenues and other support			
Program service fees	\$ 616,740	\$ -	\$ 616,740
Grants and contracts	464,474	-	464,474
Contributions	701,831	-	701,831
Contributed food received	-	9,557,806	9,557,806
Interest	8,180	-	8,180
Other	<u>5,085</u>	<u>-</u>	<u>5,085</u>
Total unrestricted revenues and other support	1,796,310	9,557,806	11,354,116
EXPENSES			
Foodbank operations	1,266,936	-	1,266,936
Contributed food distributed	-	9,465,879	9,465,879
Depreciation	<u>81,213</u>	<u>-</u>	<u>81,213</u>
Total expenses	<u>1,348,149</u>	<u>9,465,879</u>	<u>10,814,028</u>
CHANGE IN NET ASSETS	448,161	91,927	540,088
NET ASSETS AT BEGINNING OF YEAR	<u>807,378</u>	<u>719,303</u>	<u>1,526,681</u>
NET ASSETS AT END OF YEAR	<u>\$ 1,255,539</u>	<u>\$ 811,230</u>	<u>\$ 2,066,769</u>

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

Central Illinois Foodbank, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended May 31, 2011

	<u>Programs</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 319,399	\$ 155,486	\$ 28,375	\$ 503,260
Fringe benefits	<u>48,912</u>	<u>21,068</u>	<u>3,798</u>	<u>73,778</u>
Total salaries and fringe benefits	368,311	176,554	32,173	577,038
Product costs	475,872	-	-	475,872
Contract labor	40,604	3,835	-	44,439
Freight	43,252	-	-	43,252
Insurance	37,812	-	-	37,812
Utilities	34,303	-	-	34,303
Payroll taxes	24,896	12,006	2,417	39,319
Membership fees	14,348	-	-	14,348
Repairs and maintenance	36,397	-	-	36,397
Vehicle fuel	52,370	-	-	52,370
Legal and professional	-	24,727	-	24,727
Postage	5,540	-	33,502	39,042
Communications	7,653	-	-	7,653
Supplies	12,254	446	205	12,905
Printing	3,060	-	87,879	90,939
Training and meetings	10,295	-	-	10,295
Rental fees	860	-	-	860
Special events	-	-	9,357	9,357
Advertising	11,601	-	-	11,601
Bad debts	10,672	-	-	10,672
Loss on asset disposal	3,545	-	-	3,545
Other	<u>3,778</u>	<u>4,302</u>	<u>74</u>	<u>8,154</u>
Total expenses before contributed food distributed and depreciation	1,197,423	221,870	165,607	1,584,900
Contributed food distributed	11,866,894	-	-	11,866,894
Depreciation	<u>88,250</u>	<u>-</u>	<u>-</u>	<u>88,250</u>
Total expenses	<u>\$13,152,567</u>	<u>\$ 221,870</u>	<u>\$ 165,607</u>	<u>\$13,540,044</u>

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

Central Illinois Foodbank, Inc.

STATEMENT OF FUNCTIONAL EXPENSES

For the year ended May 31, 2010

	<u>Programs</u>	<u>Management and General</u>	<u>Fund Raising</u>	<u>Total</u>
Salaries	\$ 305,031	\$ 165,867	\$ 37,672	\$ 508,570
Fringe benefits	<u>47,398</u>	<u>18,490</u>	<u>5,373</u>	<u>71,261</u>
Total salaries and fringe benefits	352,429	184,357	43,045	579,831
Product costs	311,408	-	-	311,408
Freight	43,689	-	-	43,689
Insurance	29,380	-	-	29,380
Utilities	29,775	-	-	29,775
Payroll taxes	25,046	13,178	2,989	41,213
Membership fees	14,377	-	-	14,377
Repairs and maintenance	36,644	-	-	36,644
Vehicle fuel	37,778	-	-	37,778
Legal and professional	-	15,245	-	15,245
Postage	4,984	-	17,745	22,729
Communications	6,167	-	-	6,167
Supplies	8,640	1,240	-	9,880
Printing	1,501	-	47,109	48,610
Training and meeting	9,395	-	-	9,395
Rental fees	2,857	-	-	2,857
Special events	-	-	6,889	6,889
Advertising	2,796	-	-	2,796
Finance charges	429	-	-	429
Loss on asset disposal	7,944	-	-	7,944
Other	<u>2,340</u>	<u>7,560</u>	<u>-</u>	<u>9,900</u>
Total expenses before contributed food distributed and depreciation	927,579	221,580	117,777	1,266,936
Contributed food distributed	9,465,879	-	-	9,465,879
Depreciation	<u>81,213</u>	<u>-</u>	<u>-</u>	<u>81,213</u>
Total expenses	<u>\$10,474,671</u>	<u>\$ 221,580</u>	<u>\$ 117,777</u>	<u>\$10,814,028</u>

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

Central Illinois Foodbank, Inc.

STATEMENTS OF CASH FLOWS

For the years ended May 31

	<u>2011</u>	<u>2010</u>
Operating activities		
Change in net assets	\$ 539,366	\$ 540,088
Adjustments to reconcile change in net assets to net cash flows from operating activities		
Change in discount of pledges receivable	3,000	-
Change in provision for uncollectible contributions	9,172	-
Inventory – contributed food	(142,325)	(91,927)
Depreciation	88,250	81,213
Loss on asset disposal	3,545	7,944
Changes in		
Shared maintenance receivables	(3,261)	(23,821)
Pledges receivable	(91,695)	-
Contract receivable	3,902	(3,902)
Accrued interest	(1,470)	3,192
Inventory – purchased food	(27,582)	(30,309)
Prepaid expenses	2,064	(2,599)
Accounts payable	(24,717)	18,260
Accrued compensation	6,423	(13,851)
Deferred revenue	54,000	-
Other liabilities	(74)	(822)
Net cash flows from operating activities	418,598	483,466
Investing activities		
Maturities of certificates of deposit	234,068	226,499
Purchase of certificates of deposit	(237,663)	(236,884)
Purchase of property and equipment	(182,040)	(161,549)
Net cash flows from investing activities	(185,635)	(171,934)
Net increase in cash and cash equivalents	232,963	311,532
Cash and cash equivalents at beginning of year	<u>521,747</u>	<u>210,215</u>
Cash and cash equivalents at end of year	<u>\$ 754,710</u>	<u>\$ 521,747</u>
Cash paid during the year for interest	<u>\$ -</u>	<u>\$ -</u>

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

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS

For the years ended May 31, 2011 and 2010

NOTE A - ORGANIZATION

Central Illinois Foodbank, Inc. (Foodbank) is a not-for-profit corporation organized under the laws of the State of Illinois. The objective of the Foodbank is to collect donated food and grocery items from growers, manufacturers, processors, wholesalers and retailers and redistribute those items to charitable agencies serving the poor, elderly, handicapped and children. The Foodbank also organizes food drives and other events to raise food for those in need, and works with private and public organizations to develop solutions to end hunger.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Use of Estimates

Management makes estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates.

2. 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.

3. Shared Maintenance Receivables

Shared maintenance receivables are stated at estimated net realizable value and include an allowance for doubtful accounts of \$ 1,290 and \$ 2,668 for 2011 and 2010, respectively.

4. 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 to be 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 unrestricted net assets.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2011 and 2010

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. Inventory

Food donated to the Foodbank is capitalized as inventory and accounted for as unrestricted contributions. Contributed food is valued at a weighted average wholesale price per pound of \$ 1.60 for 2011 and \$ 1.58 for 2010, as determined by the most recent information available from Feeding America. Purchased food, if any, is valued at invoice cost determined by the first-in, first-out method.

6. Land, Buildings and Equipment

Land, building and equipment are carried at cost, except for gifts or donations which are reported as contributions and stated at estimated 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. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain or loss is reflected in the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

7. Deferred Revenue

Deferred revenue consists of grant funds received for which allowed expenditures have not yet been incurred.

8. 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 related to the accounting for uncertainty in income taxes, 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, 2011 were reviewed, and it was determined that no provision for uncertain tax positions is required.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2011 and 2010

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. 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, temporarily restricted net assets are reclassified to unrestricted net assets 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 food received, as well as the related contributed food distributed expense, are computed by valuing such items at a weighted average wholesale price per pound of \$ 1.60 for 2011 and \$ 1.58 for 2010, 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 condition. 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. Grants recognized include amounts earned as a sub recipient of funds from the State of Illinois Department of Human Services for administering the Emergency Food Program of the United States Department of Agriculture Food and Nutrition Services; amounts earned for the purchase and distribution of food items in connection with the Emergency Food and Shelter Program of the Federal Emergency Management Agency; and private grants.

In the opinion of management, the Foodbank has complied with the conditions set forth in its government grant contracts that, in the event of noncompliance, would have a material effect on the financial statements.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2011 and 2010

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Classifications of Net Assets

Under accounting principles generally accepted in the United States of America, the Foodbank is required to classify its net assets and its revenues and expenses into one of three classes based on the existence or absence of donor-imposed restrictions. The three classes are as follows:

Unrestricted - Net assets which are free of donor-imposed restrictions; all revenues, expenses, gains, and losses that are not changes in permanently or temporarily restricted net assets.

Temporarily restricted - Net assets whose use is limited by donor-imposed stipulations that expire with the passage of time or that can be fulfilled or otherwise removed by actions of the Foodbank pursuant to those stipulations.

Permanently restricted - Net assets whose use is limited by donor-imposed stipulations that neither expire with the passage of time nor can be fulfilled or otherwise removed by actions of the Foodbank. The Foodbank had no permanently restricted net assets as of May 31, 2011 and 2010.

The solicitation, receipt, storage, and distribution of donated products constitute the principal operating activities of the Foodbank.

A description of unrestricted net assets and programs follows:

Foodbank

Operating - represents resources used to carry out the Foodbank operations over which the Board of Directors has discretionary control. It also includes the net investment in land, building, and equipment and the unexpended Board designated resources for future acquisitions of property and equipment to be used in operations.

The Foodbank administers two government food programs described below. As the administrator of these programs, the Foodbank is able to allocate a portion of its overhead to the programs' expenses:

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2011 and 2010

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Classifications of Net Assets - Continued

1. The Illinois Department of Human Services distribution of United States Department of Agriculture (USDA) food commodities programs - Under this arrangement, the Foodbank takes possession of USDA commodities and distributes them to certain qualified agencies without service fees.
2. The Emergency Food and Shelter National Board Program of the Federal Emergency Management Agency (FEMA) - Using FEMA grant money, the Foodbank purchases and distributes to eligible agencies, without service fees, foods high in protein and staples. These foods complement donated products.

Kids Cafe

Kids Cafe provides nutritious meals to low-income children who live in poverty-stricken neighborhoods and regularly go without much needed food. In an effort to address the issue of inadequate food and nutrition, the Foodbank collaborates with existing after-school programs that offer a safe and nurturing environment with educational activities for children. Kids Cafes are open year-round or during the summer, Monday through Friday.

11. Subsequent Events

The Foodbank assessed events that have occurred subsequent to May 31, 2011 through August 10, 2011, 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.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2011 and 2010

NOTE C - PLEDGES RECEIVABLE

Pledges receivable are contributions for the funding of a new building and are reflected at the present value of estimated future cash flows using a discount rate of 1.8% at May 31, 2011. Pledges receivable are included in temporarily restricted net assets and are as follows as of May 31, 2011:

Receivable in less than one year	\$ 24,176
Receivable in one to five years	<u>67,519</u>
	91,695
Less discount to net present value	(3,000)
Less allowance for uncollectible contributions	<u>(9,172)</u>
Pledges receivable - net	<u>\$ 79,523</u>

NOTE D - INVENTORY

Activities in contributed food inventory during the years ended May 31, 2011 and 2010 were as follows:

	2011		2010	
	<u>Pounds</u>	<u>Dollar Value</u>	<u>Pounds</u>	<u>Dollar Value</u>
Beginning inventory	513,437	\$ 811,230	482,754	\$ 719,303
Contributed food received	7,505,762	12,009,219	6,049,244	9,557,806
Contributed food distributed	<u>(7,423,227)</u>	<u>(11,866,894)</u>	<u>(6,018,561)</u>	<u>(9,465,879)</u>
Ending inventory	<u>595,972</u>	<u>\$ 953,555</u>	<u>513,437</u>	<u>\$ 811,230</u>

The Foodbank purchases food to supplement the contributed food. The Foodbank had \$ 57,891 and \$ 30,309 of purchased food inventory at May 31, 2011 and 2010, respectively.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2011 and 2010

NOTE E - LAND, BUILDINGS AND EQUIPMENT

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

	<u>2011</u>	<u>2010</u>
Land	\$ 55,500	\$ 55,500
Buildings	449,908	449,908
Office furniture and equipment	63,129	62,859
Equipment	124,558	116,558
Vehicles	<u>335,954</u>	<u>307,746</u>
Total	1,029,049	992,571
Less accumulated depreciation	<u>(542,341)</u>	<u>(596,108)</u>
Land, buildings and equipment, net	<u>\$ 486,708</u>	<u>\$ 396,463</u>

NOTE F - TEMPORARILY RESTRICTED NET ASSETS

During 2011, the Foodbank received contributions restricted for the funding of a new building. Temporarily restricted net assets at May 31, 2011 were \$ 157,990.

NOTE G - FUNCTIONAL EXPENSES

Expenses included in the Statement of Functional Expenses are presented for the Foodbank as a whole. Compensation and related expenses have been allocated on the basis of an estimate of time devoted to the applicable service areas.

NOTE H - CONCENTRATION OF FUNDING

Grant revenues from the State of Illinois Department of Human Services for administering the Emergency 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, 2011, has been approved by the State of Illinois Department of Human Services.

SUPPLEMENTARY INFORMATION

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.

We have audited the financial statements of Central Illinois Foodbank, Inc. (the "Organization") as of and for the year ended May 31, 2011, and have issued our report thereon dated August 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Organization's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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*.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Eck, Schafer & Pank, LLP

Springfield, Illinois
August 10, 2011

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Independent Auditors' Report on Compliance With Requirements That
Could Have a Direct and Material Effect on Each
Major Program and on Internal Control Over Compliance in Accordance
With OMB Circular A-133

Board of Directors
Central Illinois Foodbank, Inc.

Compliance

We have audited the compliance of Central Illinois Foodbank, Inc. (the "Organization") with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended May 31, 2011. The Organization's major federal programs are identified in the summary of auditors' results section of the accompany schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Organization's management. Our responsibility is to express an opinion on the Organization's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 opinion. Our audit does not provide a legal determination on the Organization's compliance with those requirements.

In our opinion, Central Illinois Foodbank, Inc. 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 May 31, 2011.

Internal Control Over Compliance

The management of the Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Directors, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Eck, Schaffer + Penke, LLP

Springfield, Illinois
August 10, 2011

Central Illinois Foodbank, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended May 31, 2011

Federal Grantor/Pass-through Grantor and Program Title	Federal CFDA Number	Expenditures
U.S. Department of Agriculture		
Passed through the Illinois Department of Human Services		
The Emergency Food Assistance Program	10.568	\$ 188,262
ARRA - The Emergency Food Assistance Program	10.568	112,863
The Emergency Food Assistance Program (Food Commodities)	10.569	<u>3,306,035</u>
		3,607,160
Passed through the Illinois State Board of Education		
Child and Adult Care Food Program	10.558	26,753
Summer Food Service Program for Children	10.559	<u>4,294</u>
		31,047
U.S. Department of Homeland Security		
Emergency Food and Shelter National Board Program	97.024	10,476
U.S. Department of Health and Human Services		
Passed through the Illinois Department of Human Services		
Temporary Assistance for Needy Families	93.558	42,508
ARRA - Temporary Assistance for Needy Families	93.558	16,351
Passed through Feeding Illinois		
ARRA - Temporary Assistance for Needy Families State Programs (Food Commodities)	93.714	<u>577,840</u>
		<u>636,699</u>
Total Federal Expenditures		<u>\$ 4,285,382</u>

See accompanying notes to schedule of expenditures of federal awards.

Central Illinois Foodbank, Inc.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended May 31, 2011

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. and is presented on the accrual basis of accounting. Generally, revenues are recognized to the extent that allowable expenditures have been incurred. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

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 a weighted average wholesale price per pound of \$ 1.60 for the year ended May 31, 2011, as determined by the most recent information available from Feeding America.

The Temporary Assistance for Need Families (major program) objective is to provide time-limited assistance to needy families with children so that the children can be cared for in their own homes or in the homes of relatives; end dependence of needy parents on government benefits by promoting job preparation, work, and marriage; prevent and reduce out-of-wedlock pregnancies, including establishing prevention and reduction goals; and encourage the formation and maintenance of two-parent families. Food commodities distributed are valued at a weighted average wholesale price per pound of \$ 1.60 for the year ended May 31, 2011, as determined by the most recent information available from Feeding America.

Central Illinois Foodbank, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended May 31, 2011

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified that are
not considered to be material weaknesses? _____ Yes X No

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 weaknesses? _____ Yes X No

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to
be reported in accordance with Section 510(a) of
Circular A-133? _____ 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
93.558, 93.714	Temporary Assistance for Needy Families Cluster

Dollar threshold used to distinguish between
type A and type B programs: \$ 300,000

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, 2011

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