

CENTRAL ILLINOIS FOODBANK, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

May 31, 2013 and 2012

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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, 2013 and 2012, and the related statements of activities, functional expenses and of 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. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of 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 auditor considers 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, 2013 and 2012, 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 is presented for the purposes of additional analysis as required by OMB 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 statement 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 August 15, 2013, 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 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.

A handwritten signature in black ink that reads "Eck, Schaffer & Panka, LLP". The signature is cursive and fluid, with "Eck, Schaffer & Panka" on the top line and "LLP" on the bottom line.

Springfield, Illinois
August 15, 2013

Central Illinois Foodbank, Inc.

STATEMENTS OF FINANCIAL POSITION

May 31

	<u>2013</u>	<u>2012</u>
ASSETS		
Cash and cash equivalents	\$ 865,015	\$ 1,161,818
Certificates of deposit	320,274	315,266
Shared maintenance receivables, net	36,239	52,823
Pledges receivable, net	30,483	55,649
Unconditional promise to give	-	775,000
Accrued interest	542	3,338
Inventory		
Contributed food	1,102,664	980,320
Purchased food	56,117	46,660
Prepaid expenses	3,714	5,834
Land, buildings and equipment, net	<u>2,752,393</u>	<u>394,928</u>
Total assets	<u><u>\$ 5,167,441</u></u>	<u><u>\$ 3,791,636</u></u>
LIABILITIES		
Accounts payable	\$ 350,440	\$ 22,658
Accrued compensation	50,361	38,166
Deferred revenue	23,455	-
Other liabilities	<u>629</u>	<u>374</u>
Total liabilities	424,885	61,198
NET ASSETS		
Unrestricted	4,712,074	2,801,530
Temporarily restricted	<u>30,482</u>	<u>928,908</u>
Total net assets	<u><u>4,742,556</u></u>	<u><u>3,730,438</u></u>
Total liabilities and net assets	<u><u>\$ 5,167,441</u></u>	<u><u>\$ 3,791,636</u></u>

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

Central Illinois Foodbank, Inc.

STATEMENT OF ACTIVITIES

For the year ended May 31, 2013

	<u>Foodbank</u>	<u>Contributed Food</u>	<u>Total</u>
CHANGES IN UNRESTRICTED NET ASSETS			
Unrestricted revenues and other support			
Program service fees	\$ 917,770	\$ -	\$ 917,770
Grants and contracts	287,434	-	287,434
Contributions	1,569,894	-	1,569,894
Contributed food received	-	13,997,498	13,997,498
Interest	4,722	-	4,722
Other	3,630	-	3,630
Total unrestricted revenues and other support	2,783,450	13,997,498	16,780,948
Net assets released from restrictions	<u>1,153,800</u>	<u>-</u>	<u>1,153,800</u>
Total unrestricted revenues and reclassifications	3,937,250	13,997,498	17,934,748
EXPENSES			
Foodbank operations	2,053,047	-	2,053,047
Contributed food distributed	-	13,875,154	13,875,154
Depreciation	<u>96,003</u>	<u>-</u>	<u>96,003</u>
Total expenses	<u>2,149,050</u>	<u>13,875,154</u>	<u>16,024,204</u>
NET CHANGE IN UNRESTRICTED NET ASSETS	1,788,200	122,344	1,910,544
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS			
Contributions - cash	255,374	-	255,374
Net assets released from restrictions	<u>(1,153,800)</u>	<u>-</u>	<u>(1,153,800)</u>
NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>(898,426)</u>	<u>-</u>	<u>(898,426)</u>
NET CHANGE IN NET ASSETS	889,774	122,344	1,012,118
NET ASSETS AT BEGINNING OF YEAR	<u>2,750,118</u>	<u>980,320</u>	<u>3,730,438</u>
NET ASSETS AT END OF YEAR	<u>\$ 3,639,892</u>	<u>\$ 1,102,664</u>	<u>\$ 4,742,556</u>

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

Central Illinois Foodbank, Inc.

STATEMENT OF ACTIVITIES

For the year ended May 31, 2012

	<u>Foodbank</u>	<u>Contributed Food</u>	<u>Total</u>
CHANGES IN UNRESTRICTED NET ASSETS			
Unrestricted revenues and other support			
Program service fees	\$ 927,185	\$ -	\$ 927,185
Grants and contracts	388,363	-	388,363
Contributions	891,082	-	891,082
Contributed food received	-	12,997,486	12,997,486
Interest	7,810	-	7,810
Other	<u>5,296</u>	<u>-</u>	<u>5,296</u>
Total unrestricted revenues and other support	2,219,736	12,997,486	15,217,222
Net assets released from restrictions	<u>10,272</u>	<u>-</u>	<u>10,272</u>
Total unrestricted revenue and reclassifications	2,230,008	12,997,486	15,227,494
EXPENSES			
Foodbank operations	1,805,948	-	1,805,948
Contributed food distributed	-	12,970,721	12,970,721
Depreciation	<u>97,440</u>	<u>-</u>	<u>97,440</u>
Total expenses	<u>1,903,388</u>	<u>12,970,721</u>	<u>14,874,109</u>
NET CHANGE IN UNRESTRICTED NET ASSETS	326,620	26,765	353,385
CHANGES IN TEMPORARILY RESTRICTED NET ASSETS			
Contribution - building	775,000	-	775,000
Contributions - cash	6,190	-	6,190
Net assets released from restrictions	<u>(10,272)</u>	<u>-</u>	<u>(10,272)</u>
NET CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	<u>770,918</u>	<u>-</u>	<u>770,918</u>
NET CHANGE IN NET ASSETS	1,097,538	26,765	1,124,303
NET ASSETS AT BEGINNING OF YEAR	<u>1,652,580</u>	<u>953,555</u>	<u>2,606,135</u>
NET ASSETS AT END OF YEAR	<u>\$ 2,750,118</u>	<u>\$ 980,320</u>	<u>\$ 3,730,438</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, 2013

	Programs	Management and General	Fund Raising	Total
Salaries	\$ 349,867	\$ 184,381	\$ 24,417	\$ 558,665
Fringe benefits	<u>64,223</u>	<u>23,462</u>	<u>5,106</u>	<u>92,791</u>
Total salaries and fringe benefits	414,090	207,843	29,523	651,456
Contributions	101,000	-	-	101,000
Product costs	680,379	-	-	680,379
Contract labor	51,034	10,037	-	61,071
Freight	45,842	-	-	45,842
Insurance	50,464	-	-	50,464
Utilities	59,635	-	-	59,635
Payroll taxes	27,041	13,775	1,965	42,781
Membership fees	6,939	-	-	6,939
Repairs and maintenance	62,480	-	-	62,480
Vehicle fuel	59,431	-	-	59,431
Legal and professional	-	23,749	-	23,749
Postage	6,303	-	40,150	46,453
Communications	8,974	-	-	8,974
Supplies	11,442	371	-	11,813
Printing	2,037	-	96,358	98,395
Training and meetings	4,399	-	-	4,399
Rental fees	136	-	-	136
Special events	-	-	25,632	25,632
Advertising	4,189	-	-	4,189
Bad debts	385	-	-	385
Other	<u>3,159</u>	<u>4,281</u>	<u>4</u>	<u>7,444</u>
Total expenses before contributed food distributed and depreciation	1,599,359	260,056	193,632	2,053,047
Contributed food distributed	13,875,154	-	-	13,875,154
Depreciation	<u>96,003</u>	<u>-</u>	<u>-</u>	<u>96,003</u>
Total expenses	<u>\$ 15,570,516</u>	<u>\$ 260,056</u>	<u>\$ 193,632</u>	<u>\$ 16,024,204</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, 2012

	Programs	Management and General	Fund Raising	Total
Salaries	\$ 347,377	\$ 164,831	\$ 32,200	\$ 544,408
Fringe benefits	<u>58,218</u>	<u>22,365</u>	<u>5,660</u>	<u>86,243</u>
Total salaries and fringe benefits	405,595	187,196	37,860	630,651
Product costs	639,028	-	-	639,028
Contract labor	21,948	3,080	-	25,028
Freight	63,799	-	-	63,799
Insurance	35,658	-	-	35,658
Utilities	31,844	-	-	31,844
Payroll taxes	26,976	12,752	2,537	42,265
Membership fees	14,765	-	-	14,765
Repairs and maintenance	53,209	-	-	53,209
Vehicle fuel	61,522	-	-	61,522
Legal and professional	-	21,158	-	21,158
Postage	5,452	-	39,167	44,619
Communications	8,570	-	-	8,570
Supplies	9,498	612	494	10,604
Printing	1,326	-	83,564	84,890
Training and meetings	8,808	-	-	8,808
Rental fees	110	-	-	110
Special events	-	-	10,292	10,292
Advertising	2,415	-	-	2,415
Bad debts	3,500	-	-	3,500
Other	<u>5,799</u>	<u>7,414</u>	<u>-</u>	<u>13,213</u>
Total expenses before contributed food distributed and depreciation	1,399,822	232,212	173,914	1,805,948
Contributed food distributed	12,970,721	-	-	12,970,721
Depreciation	<u>97,440</u>	<u>-</u>	<u>-</u>	<u>97,440</u>
Total expenses	<u>\$ 14,467,983</u>	<u>\$ 232,212</u>	<u>\$ 173,914</u>	<u>\$ 14,874,109</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>2013</u>	<u>2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$1,012,118	\$1,124,303
Adjustments to reconcile the change in net assets to net cash flows from operating activities		
Change in discount of pledges receivable	(300)	(2,200)
Change in provision for uncollectible contributions	(2,829)	(2,900)
Inventory – contributed food	(122,344)	(26,765)
Depreciation	96,003	97,440
Changes in certain assets and liabilities		
Shared maintenance receivables	16,584	(4,446)
Pledges receivable	28,295	28,974
Unconditional promise to give	-	(775,000)
Accrued interest	2,796	(1,312)
Inventory – purchased food	(9,457)	11,231
Prepaid expenses	2,120	(2,481)
Accounts payable	51,985	15,960
Accrued compensation	12,195	6,549
Deferred revenue	23,455	(54,000)
Other liabilities	255	(101)
Net cash flows from operating activities	<u>1,110,876</u>	<u>415,252</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of certificates of deposit	315,266	154,722
Purchase of certificates of deposit	(320,274)	(157,206)
Purchase of property and equipment	<u>(1,402,671)</u>	<u>(5,660)</u>
Net cash flows from investing activities	<u>(1,407,679)</u>	<u>(8,144)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	(296,803)	407,108
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,161,818</u>	<u>754,710</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 865,015</u>	<u>\$1,161,818</u>
SUPPLEMENTAL CASH FLOWS INFORMATION		
Building and land received in satisfaction of unconditional promise to give	\$ 775,000	\$ -
Purchase of property and equipment included in accounts payable	275,797	-

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, 2013 and 2012

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 \$ 5,820 and \$ 3,690 for 2013 and 2012, 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, 2013 and 2012

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 \$ 1.69 for 2013 and \$ 1.66 for 2012, 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.

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 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, 2013 were reviewed, and it was determined that no provision for uncertain tax positions is required. The Foodbank's information income tax returns for years subsequent to fiscal year 2009 are open, by statute, for review by authorities.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2013 and 2012

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 \$ 1.69 for 2013 and \$ 1.66 for 2012, 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, 2013 and 2012

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, 2013 and 2012.

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, 2013 and 2012

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.

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 1.05% and .75% at May 31, 2013 and 2012, respectively. Pledges receivable are included in temporarily restricted net assets and were as follows as of May 31:

	<u>2013</u>	<u>2012</u>
Receivable in less than one year	\$ 17,047	\$ 21,583
Receivable in one to five years	<u>17,379</u>	<u>41,138</u>
	34,426	62,721
Less discount to net present value	(500)	(800)
Less allowance for uncollectible contributions	<u>(3,443)</u>	<u>(6,272)</u>
Pledges receivable, net	<u>\$ 30,483</u>	<u>\$ 55,649</u>

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2013 and 2012

NOTE D - UNCONDITIONAL PROMISE TO GIVE

On March 20, 2012, a donor contributed land and a building to the Foodbank. The Foodbank took possession of the land and building during the year ended May 31, 2013, when the donor vacated the property.

NOTE E - INVENTORY

Activities in contributed food inventory during the years ended May 31, 2013 and 2012 were as follows:

	2013		2012	
	Pounds	Dollar Value	Pounds	Dollar Value
Beginning inventory	590,554	\$ 980,320	595,972	\$ 953,555
Contributed food received	8,272,060	13,997,498	7,829,811	12,997,486
Contributed food distributed	(8,210,150)	(13,875,154)	(7,835,229)	(12,970,721)
Ending inventory	<u>652,464</u>	<u>\$ 1,102,664</u>	<u>590,554</u>	<u>\$ 980,320</u>

The Foodbank purchases food to supplement the contributed food. The Foodbank had \$ 56,117 and \$ 46,660 of purchased food inventory at May 31, 2013 and 2012, respectively.

NOTE F - LAND, BUILDINGS AND EQUIPMENT

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

	2013	2012
Land	\$ 170,500	\$ 55,500
Buildings	449,908	449,908
Office furniture and equipment	60,647	61,067
Equipment	122,308	122,308
Vehicles	335,954	335,954
Construction in progress	<u>2,337,528</u>	<u>-</u>
Total	3,476,845	1,024,737
Less accumulated depreciation	(724,452)	(629,809)
Land, buildings and equipment, net	<u>\$ 2,752,393</u>	<u>\$ 394,928</u>

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

For the years ended May 31, 2013 and 2012

NOTE G - TEMPORARILY RESTRICTED NET ASSETS

At May 31, 2013 the Foodbank had \$ 30,482 of temporarily restricted net assets due to donor restricted contributions for the funding of a new building.

At May 31, 2012, temporarily restricted net assets totaled \$ 928,908, which included temporarily restricted net assets of \$ 775,000 due to a timing restriction on a contributed building and donor restricted contributions of \$ 153,908 for the funding of a new building.

NOTE H - 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 I - 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, 2013, has been approved by the State of Illinois Department of Human Services.

NOTE J - SUBSEQUENT EVENT

The Foodbank assessed events that have occurred subsequent to May 31, 2013 through August 15, 2013, the date the financial statements were available to be issued, for potential recognition and disclosure in the financial statements.

On July 11, 2013, the Foodbank was notified it will receive a \$ 300,000 grant from the Harry and Jeanette Weinberg Foundation, Inc. The grant will cover costs incurred to improve the new building to better serve the Foodbank's needs. Qualifying improvements include the addition of multiple cold storage zones, creation of greater storage capacity and improving space for repackaging product.

SUPPLEMENTARY INFORMATION

ECK, SCHAFER & PUNKE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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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 comprise the statement of financial position as of May 31, 2013, 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 August 15, 2013.

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, Schaper & Penke, LLP

Springfield, Illinois

August 15, 2013

ECK, SCHAFER & PUNKE, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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Independent Auditors' Report on Compliance For Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133

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 Circular A-133 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, 2013. 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 the requirements of laws, regulations, contracts, and grants 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 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 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, 2013.

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 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 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Eck, Schaper & Penke, LLP

Springfield, Illinois
August 15, 2013

Central Illinois Foodbank, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended May 31, 2013

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 (Administrative Costs)	10.568	\$ 131,755
The Emergency Food Assistance Program (Food Commodities)	10.569	<u>2,309,546</u>
		2,441,301
Passed through the Illinois State Board of Education		
Child and Adult Care Food Program	10.558	42,911
U.S. Department of Homeland Security		
Emergency Food and Shelter National Board Program	97.024	14,847
U.S. Department of Health and Human Services		
Passed through the Illinois Department of Human Services		
Temporary Assistance for Needy Families	93.558	<u>42,950</u>
Total Federal Expenditures		\$ <u>2,542,009</u>

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, 2013

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 \$ 1.69 for the year ended May 31, 2013, as determined by the most recent information available from Feeding America.

Central Illinois Foodbank, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended May 31, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

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

Type of auditors' 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 OMB Circular A-133? Yes No

Identification of major programs:

CFDA Number(s) Name of Federal Program or Cluster

10.568, 10.569 The Emergency Food Assistance Program Cluster

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

Auditee qualified as low-risk auditee? 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, 2013

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