

CENTRAL ILLINOIS FOODBANK, INC.

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

May 31, 2018 and 2017

CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	3
FINANCIAL STATEMENTS	
STATEMENTS OF FINANCIAL POSITION	5
STATEMENTS OF ACTIVITIES	6
STATEMENTS OF FUNCTIONAL EXPENSES	8
STATEMENTS OF CASH FLOWS	10
NOTES TO FINANCIAL STATEMENTS	11
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 <i>GOVERNMENT AUDITING STANDARDS</i>	18
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	20
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	22
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	23
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	24
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	25

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, 2018 and 2017, 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

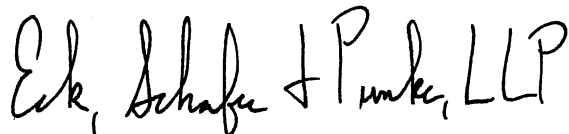
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Central Illinois Foodbank, Inc. as of May 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting 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 August 29, 2018, 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.



Springfield, Illinois
August 29, 2018

Central Illinois Foodbank, Inc.

STATEMENTS OF FINANCIAL POSITION

May 31

	<u>2018</u>	<u>2017</u>
ASSETS		
Cash and cash equivalents	\$ 1,462,739	\$ 1,457,404
Certificates of deposit	805,740	804,043
Shared maintenance receivables, net	50,857	39,026
Grant receivable	8,168	12,118
Accrued interest	1,828	1,185
Inventory		
Contributed food	1,001,796	1,226,079
Purchased food	122,730	21,019
Land, building and equipment, net	<u>3,356,453</u>	<u>3,348,644</u>
Total assets	<u>\$ 6,810,311</u>	<u>\$ 6,909,518</u>
LIABILITIES		
Accounts payable	\$ 32,239	\$ 46,095
Accrued compensation	71,553	64,850
Deferred revenue	161,299	107,380
Other liabilities	<u>152</u>	<u>161</u>
Total liabilities	265,243	218,486
NET ASSETS		
Unrestricted	6,445,068	6,691,032
Permanently restricted	<u>100,000</u>	<u>-</u>
Total net assets	6,545,068	6,691,032
Total liabilities and net assets	<u>\$ 6,810,311</u>	<u>\$ 6,909,518</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>Unrestricted</u>		<u>Temporarily</u>	<u>Permanently</u>	<u>Total</u>
	<u>Foodbank</u>	<u>Contributed</u> <u>Food</u>	<u>Restricted</u>	<u>Restricted</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	55	-	(55)	-	-
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	158,071	-	-	-	158,071
Total expenses	2,667,914	15,598,487	-	-	18,266,401
CHANGE IN NET ASSETS	(21,681)	(224,283)	-	100,000	(145,964)
NET ASSETS AT BEGINNING OF YEAR	5,464,953	1,226,079	-	-	6,691,032
NET ASSETS AT END OF YEAR	\$ 5,443,272	\$ 1,001,796	\$ -	\$ 100,000	\$ 6,545,068

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

Central Illinois Foodbank, Inc.

STATEMENT OF ACTIVITIES

Year ended May 31, 2017

	<u>Foodbank</u>	Contributed <u>Food</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT			
Program service fees	\$ 850,657	\$ -	\$ 850,657
Grants and contracts	505,839	-	505,839
Contributions	1,563,812	-	1,563,812
Contributed food received	-	18,327,786	18,327,786
Interest	4,860	-	4,860
Other	<u>35,464</u>	<u>-</u>	<u>35,464</u>
Total revenues and other support	2,960,632	18,327,786	21,288,418
EXPENSES			
Foodbank operations	2,527,039	-	2,527,039
Contributed food distributed	-	18,530,449	18,530,449
Depreciation	<u>132,418</u>	<u>-</u>	<u>132,418</u>
Total expenses	<u>2,659,457</u>	<u>18,530,449</u>	<u>21,189,906</u>
CHANGE IN NET ASSETS	301,175	(202,663)	98,512
NET ASSETS AT BEGINNING OF YEAR	<u>5,163,778</u>	<u>1,428,742</u>	<u>6,592,520</u>
NET ASSETS AT END OF YEAR	<u>\$ 5,464,953</u>	<u>\$ 1,226,079</u>	<u>\$ 6,691,032</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

	Program <u>Services</u>	Management <u>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.

STATEMENT OF FUNCTIONAL EXPENSES

Year ended May 31, 2017

	Program <u>Services</u>	Management <u>and General</u>	<u>Fundraising</u>	<u>Total</u>
Salaries	\$ 448,457	\$ 115,968	\$ 53,879	\$ 618,304
Payroll taxes	34,714	8,977	4,170	47,861
Fringe benefits	<u>94,103</u>	<u>18,497</u>	<u>9,238</u>	<u>121,838</u>
Total salaries and related expenses	577,274	143,442	67,287	788,003
Product costs	760,363	-	-	760,363
Contract labor	180,159	5,696	5,696	191,551
Freight	109,765	-	-	109,765
Insurance	50,451	1,167	-	51,618
Utilities	91,813	4,832	-	96,645
Membership fees	14,268	-	-	14,268
Repairs and maintenance	118,303	1,566	-	119,869
Waste management	89,322	-	-	89,322
Vehicle fuel	33,540	-	-	33,540
Legal and professional	-	16,549	-	16,549
Postage	6,354	-	45,805	52,159
Communications	13,386	704	-	14,090
Supplies	14,034	3,508	-	17,542
Printing	1,894	-	102,295	104,189
Training and meetings	9,847	-	-	9,847
Special events	-	-	12,268	12,268
Advertising	2,000	-	-	2,000
Other	<u>41,147</u>	<u>2,304</u>	<u>-</u>	<u>43,451</u>
Total expenses before contributed food distributed and depreciation	2,113,920	179,768	233,351	2,527,039
Contributed food distributed	18,530,449	-	-	18,530,449
Depreciation	<u>132,418</u>	<u>-</u>	<u>-</u>	<u>132,418</u>
Total expenses	<u>\$ 20,776,787</u>	<u>\$ 179,768</u>	<u>\$ 233,351</u>	<u>\$ 21,189,906</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>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	\$ (145,964)	\$ 98,512
Adjustments to reconcile the change in net assets to net cash flows from operating activities		
Change in provision for uncollectible shared maintenance receivables	362	(400)
Change in contributed food inventory	224,283	202,663
Depreciation	158,071	132,418
Loss on disposal of land, building and equipment	997	-
Changes in certain assets and liabilities		
Shared maintenance receivables	(12,193)	(10,144)
Grant receivable	3,950	(4,099)
Accrued interest	(643)	(170)
Inventory - purchased food	(101,711)	22,317
Prepaid expenses	-	771
Accounts payable	(13,856)	7,380
Accrued compensation	6,703	7,301
Deferred revenue	53,919	(26,707)
Other liabilities	<u>(9)</u>	<u>13</u>
Net cash flows from operating activities	173,909	429,855
CASH FLOWS FROM INVESTING ACTIVITIES		
Maturities of certificates of deposit	639,301	558,967
Purchase of certificates of deposit	(640,998)	(561,023)
Purchase of land, building and equipment	<u>(166,877)</u>	<u>(187,313)</u>
Net cash flows from investing activities	<u>(168,574)</u>	<u>(189,369)</u>
NET CHANGE IN CASH AND CASH EQUIVALENTS	5,335	240,486
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,457,404</u>	<u>1,216,918</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 1,462,739</u>	<u>\$ 1,457,404</u>

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

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS

May 31, 2018 and 2017

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 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. 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 and \$ 5,000 for the years ended May 31, 2018 and 2017, respectively. Shared maintenance receivables are written-off when they are determined to be uncollectible.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

5. 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 unrestricted net assets.

6. 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 \$ 1.68 and \$ 1.73 for the years ended May 31, 2018 and 2017, 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.

7. 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 and office furniture and equipment and \$ 5,000 for building and improvements.

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, 2018 were reviewed, and it was determined that no provision for uncertain tax positions is required.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2018 and 2017

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 \$ 1.68 and \$ 1.73 for the years ended May 31, 2018 and 2017, 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.

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 subject to donor-imposed stipulations that may or will be met, either by the occurrence of an event and/or the passage of time. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The Foodbank had no temporarily restricted net assets as of May 31, 2018 and 2017.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2018 and 2017

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

10. Classifications of Net Assets - Continued

Permanently restricted - Net assets subject to donor-imposed stipulations that they be maintained in perpetuity by the Foodbank. The Foodbank received a \$ 100,000 permanently restricted contribution during the year ended May 31, 2018. The investment income generated by the fund will be used for providing nutritious food to children. The Foodbank had no permanently restricted net assets as of May 31, 2017.

11. Allocated Costs

The Foodbank allocates its expenses on a functional basis among its various programs and support services. Expenses identified to a specific program or support service are allocated directly according to their natural expense classification. Other expenses common to several functions are allocated by various statistical bases, as determined by management.

12. Subsequent Events

The Foodbank assessed events that have occurred subsequent to May 31, 2018 through August 29, 2018, 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.

13. Reclassification

Certain reclassifications have been made to the 2017 numbers to conform to the 2018 presentation.

NOTE C - 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, 2018 and 2017, the Foodbank's cash balance on deposit and certificate of deposit at one of the financial institutions exceeded the insured limit by \$ 6,520 and \$ 1,599, 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.

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2018 and 2017

NOTE D - INVENTORY

Activities in contributed food inventory during the years ended May 31, 2018 and 2017 were as follows:

	<u>2018</u>		<u>2017</u>	
	<u>Pounds</u>	<u>Dollar Value</u>	<u>Pounds</u>	<u>Dollar Value</u>
Beginning inventory	708,716	\$ 1,226,079	855,534	\$ 1,428,742
Contributed food received	9,172,405	15,374,204	10,564,424	18,327,786
Contributed food distributed	<u>(9,284,814)</u>	<u>(15,598,487)</u>	<u>(10,711,242)</u>	<u>(18,530,449)</u>
Ending inventory	<u>596,307</u>	<u>\$ 1,001,796</u>	<u>708,716</u>	<u>\$ 1,226,079</u>

The Foodbank purchases food to supplement the contributed food. The Foodbank had \$ 122,730 and \$ 21,019 of purchased food inventory at May 31, 2018 and 2017, respectively.

NOTE E - LAND, BUILDING AND EQUIPMENT

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

	<u>2018</u>	<u>2017</u>
Land	\$ 115,000	\$ 115,000
Building and improvements	3,458,183	3,458,183
Office furniture and equipment	211,438	151,637
Equipment	140,273	132,506
Vehicles	<u>256,574</u>	<u>357,738</u>
Total	4,181,468	4,215,064
Less accumulated depreciation	<u>(825,015)</u>	<u>(866,420)</u>
Land, building and equipment, net	<u>\$ 3,356,453</u>	<u>\$ 3,348,644</u>

Central Illinois Foodbank, Inc.

NOTES TO FINANCIAL STATEMENTS - CONTINUED

May 31, 2018 and 2017

NOTE F - 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 \$ 21,301 and \$ 16,352 for the years ended May 31, 2018 and 2017, respectively.

NOTE G - 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, 2019, has been approved by the State of Illinois Department of Human Services.

NOTE H - 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 \$ 8,496 for the year ended May 31, 2018.

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

2019	\$ 20,040
2020	20,040
2021	20,040
2022	20,040
2023	<u>13,360</u>
	<u>\$ 93,520</u>

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, 2018, 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 29, 2018.

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 & Pankay LLP

Springfield, Illinois
August 29, 2018

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, 2018. 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, 2018.

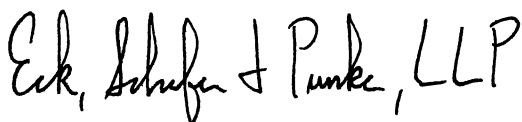
Report on Internal Control Over Compliance

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.



Springfield, Illinois
August 29, 2018

Central Illinois Foodbank, Inc.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended May 31, 2018

<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	8FCSWH01394	\$ -	\$ 175,196
The Emergency Food Assistance Program (Food Commodities)	10.569	8FCSWH01394	3,678,941	3,678,941
Passed through the Illinois State Board of Education			3,678,941	3,854,137
Child and Adult Care Food Program	10.558	51084098P00	-	65,670
Summer Food Service Program for Children	10.559	51084098P00	-	58,959
U.S. Department of Health and Human Services Passed through the Illinois Department of Human Services			-	124,629
Temporary Assistance for Needy Families	93.558	8FCSWH01394	42,874	42,874
Total			\$ 3,721,815	\$ 4,021,640

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, 2018

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 a weighted average wholesale price per pound of \$ 1.68 for the year ended May 31, 2018, as determined by the most recent information available from Feeding America.

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 \$ 3,678,941 in food commodities during the year ended May 31, 2018. 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, 2018.

Central Illinois Foodbank, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended May 31, 2018

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, 2018

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