

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

FINANCIAL STATEMENTS

PERIOD FROM JANUARY 1, 2015 TO JUNE 30, 2015 AND
YEAR ENDED DECEMBER 31, 2014



SKODA MINOTTI

CPAs, BUSINESS & FINANCIAL ADVISORS

Delivering on the Promise.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

PERIOD FROM JANUARY 1, 2015 TO JUNE 30, 2015 AND
YEAR ENDED DECEMBER 31, 2014

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INDEPENDENT AUDITORS' REPORT

TO THE BOARD OF DIRECTORS
FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

Report on the Financial Statements

We have audited the accompanying financial statements of Feeding America Tampa Bay, Inc. dba Feeding Tampa Bay (the "Food Bank," a Florida not-for-profit corporation), which comprise the statements of financial position as of June 30, 2015 and December 31, 2014, and the related statements of activities, functional expenses and cash flows for the period from January 1, 2015 to June 30, 2015 and the year ended December 31, 2014, 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.

Auditor's 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 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 auditor's 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.

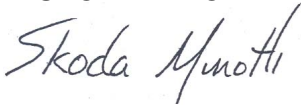
Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Feeding America Tampa Bay, Inc. dba Feeding Tampa Bay as of June 30, 2015 and December 31, 2014, and the changes in its net assets and its cash flows for the period from January 1, 2015 to June 30, 2015 and the year ended December 31, 2014, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Donated food at June 30, 2015 and December 31, 2014 as reflected in the accompanying statements of financial position is reported at fair value of \$1,153,370 and \$1,137,382, respectively, consistent with industry practice used by other member food banks of the Feeding America network. Since the Food Bank only charges a small handling fee when distributing donated food to agencies, the actual cash received for donated food is substantially less than the values shown. The change in donated food for the period from January 1, 2015 to June 30, 2015 was an increase of \$15,988 and is included in the overall increase in unrestricted net assets for the period of \$92,170 as reported in the accompanying statement of activities. The change for the year without the effect for donated food would be an increase in unrestricted net assets of \$76,182. The change in donated food for the year ended December 31, 2014 was a decrease of \$36,856 and is included in the overall decrease in unrestricted net assets for 2014 of \$18,050 as reported in the accompanying statement of activities. The change for the year without the effect for donated food would be an increase in unrestricted net assets of \$18,806.

SKODA MINOTTI



Tampa, Florida
October 19, 2015

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2015 AND DECEMBER 31, 2014

ASSETS		
	2015	2014
CURRENT ASSETS		
Cash	\$ 27,442	\$ 98,956
Cash, restricted for Kids' Programs	56,224	128,473
Cash, restricted for Mobile Pantry	48,500	60,750
Cash, restricted - other	113,000	151,255
Agency receivables	32,971	80,643
Other receivables	163,313	88,713
Donated food inventory	1,153,370	1,137,382
Purchased inventory	52,463	44,699
Prepaid expenses	23,673	26,973
	<u>1,670,956</u>	<u>1,817,844</u>
PERMANENTLY RESTRICTED CASH	35,000	35,000
PROPERTY AND EQUIPMENT, NET	1,235,190	1,248,100
OTHER ASSETS	30,268	66,527
	<u>\$ 2,971,414</u>	<u>\$ 3,167,471</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 185,089	\$ 179,119
Agency deposits	78,024	82,809
Line of credit	10,141	223,000
Current portion of long-term debt	11,029	10,814
	<u>284,283</u>	<u>495,742</u>
LONG-TERM LIABILITIES		
Long-term debt	244,091	249,671
Other liabilities	111,537	59,971
Total liabilities	<u>639,911</u>	<u>805,384</u>
COMMITMENTS		
NET ASSETS		
Unrestricted - other	925,409	849,227
Unrestricted - donated food inventory	1,153,370	1,137,382
Temporarily restricted - Kids' Programs	56,224	128,473
Temporarily restricted - Mobile Pantry	48,500	60,750
Temporarily restricted - other	113,000	151,255
Permanently restricted	35,000	35,000
	<u>2,331,503</u>	<u>2,362,087</u>
	<u>\$ 2,971,414</u>	<u>\$ 3,167,471</u>

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

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

STATEMENT OF ACTIVITIES

PERIOD FROM JANUARY 1, 2015 TO JUNE 30, 2015

	UNRESTRICTED		TEMPORARILY RESTRICTED			Permanently restricted	Total
	Other	Donated Food Inventory	Kids' Programs	Mobile Pantry	Other		
SUPPORT AND REVENUES							
Shared maintenance fees	\$ 372,061	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 372,061
Contributions	504,696	-	37,500	50,000	-	-	592,196
Special events	279,206	-	-	-	-	-	279,206
Grants	-	-	-	-	180,500	-	180,500
Donated food	-	31,684,051	-	-	-	-	31,684,051
Other revenues	204,757	-	-	-	(176,270)	-	28,487
USDA revenue	230,536	-	-	-	-	-	230,536
Net assets released from restriction - satisfied by payments	214,484	-	(109,749)	(62,250)	(42,485)	-	-
	<u>1,805,740</u>	<u>31,684,051</u>	<u>(72,249)</u>	<u>(12,250)</u>	<u>(38,255)</u>	<u>-</u>	<u>33,367,037</u>
EXPENSES							
Program services							
Product distribution - other	1,365,896	-	-	-	-	-	1,365,896
Product distribution and waste - donated food	-	31,561,026	-	-	-	-	31,561,026
Kids' Programs	46,150	63,599	-	-	-	-	109,749
Mobile Pantry	18,812	43,438	-	-	-	-	62,250
Supporting services							
Administrative	101,504	-	-	-	-	-	101,504
Fundraising	197,196	-	-	-	-	-	197,196
	<u>1,729,558</u>	<u>31,668,063</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,397,621</u>
CHANGE IN NET ASSETS	76,182	15,988	(72,249)	(12,250)	(38,255)	-	(30,584)
NET ASSETS, JANUARY 1, 2015	<u>849,227</u>	<u>1,137,382</u>	<u>128,473</u>	<u>60,750</u>	<u>151,255</u>	<u>35,000</u>	<u>2,362,087</u>
NET ASSETS, JUNE 30, 2015	<u>\$ 925,409</u>	<u>\$ 1,153,370</u>	<u>\$ 56,224</u>	<u>\$ 48,500</u>	<u>\$ 113,000</u>	<u>\$ 35,000</u>	<u>\$ 2,331,503</u>

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

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2014

	UNRESTRICTED		TEMPORARILY RESTRICTED			Permanently restricted	Total
	Other	Donated Food Inventory	Kids' Programs	Mobile Pantry	Other		
SUPPORT AND REVENUES							
Shared maintenance fees	\$ 898,185	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 898,185
Contributions	1,350,291	-	195,028	101,251	-	-	1,646,570
Special events	220,409	-	-	-	-	-	220,409
Grants	25,940	-	-	-	352,578	-	378,518
Donated food	-	68,375,839	-	-	-	-	68,375,839
Membership fees	120	-	-	-	-	-	120
Other revenues	169,241	-	-	-	-	-	169,241
USDA revenue	328,860	-	-	-	-	-	328,860
Transfer (to) from other programs	-	-	(20,000)	33,060	(13,060)	-	-
Net assets released from restriction - satisfied by payments	748,324	-	(256,046)	(118,305)	(373,973)	-	-
	<u>3,741,370</u>	<u>68,375,839</u>	<u>(81,018)</u>	<u>16,006</u>	<u>(34,455)</u>	<u>-</u>	<u>72,017,742</u>
EXPENSES							
Program services							
Product distribution - other	2,901,502	-	-	-	-	-	2,901,502
Product distribution and waste - donated food	-	68,179,915	-	-	-	-	68,179,915
Kids' Programs	107,668	148,378	-	-	-	-	256,046
Mobile Pantry	36,553	84,402	-	-	-	-	120,955
Supporting services							
Administrative	224,255	-	-	-	-	-	224,255
Fundraising	452,586	-	-	-	-	-	452,586
	<u>3,722,564</u>	<u>68,412,695</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>72,135,259</u>
CHANGE IN NET ASSETS	18,806	(36,856)	(81,018)	16,006	(34,455)	-	(117,517)
NET ASSETS, JANUARY 1, 2014	830,421	1,174,238	209,491	44,744	185,710	35,000	2,479,604
NET ASSETS, DECEMBER 31, 2014	<u>\$ 849,227</u>	<u>\$ 1,137,382</u>	<u>\$ 128,473</u>	<u>\$ 60,750</u>	<u>\$ 151,255</u>	<u>\$ 35,000</u>	<u>\$ 2,362,087</u>

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

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

STATEMENT OF FUNCTIONAL EXPENSES

PERIOD FROM JANUARY 1, 2015 TO JUNE 30, 2015

	PROGRAM SERVICES				SUPPORTING SERVICES			Total expenses
	Product distribution	Kids' Programs	Mobile Pantry	Total	Admin	Fundraising	Total	
Donated food	\$ 31,561,026	\$ 63,599	\$ 43,438	\$ 31,668,063	\$ -	\$ -	\$ -	\$ 31,668,063
Salaries and related expenses	744,761	45,392	13,932	804,085	43,808	87,619	131,427	935,512
Rent	135,165	-	-	135,165	8,628	-	8,628	143,793
Office and warehouse supplies	97,786	593	1,394	99,773	19,557	4,889	24,446	124,219
Transportation	144,508	-	3,486	147,994	-	-	-	147,994
Fundraising expense	-	-	-	-	-	81,751	81,751	81,751
Depreciation and amortization	128,881	165	-	129,046	3,986	-	3,986	133,032
Loss on disposal of property and equipmen	354	-	-	354	-	-	-	354
Utilities	52,107	-	-	52,107	3,326	-	3,326	55,433
Membership fees	13,934	-	-	13,934	2,787	697	3,484	17,418
Online order system	2,100	-	-	2,100	-	-	-	2,100
Computer expense	9,856	-	-	9,856	1,971	493	2,464	12,320
Travel	3,227	-	-	3,227	9,975	1,467	11,442	14,669
Telephone	6,314	-	-	6,314	2,104	2,104	4,208	10,522
Postage	309	-	-	309	309	2,474	2,783	3,092
Public relations and development	4,968	-	-	4,968	1,944	14,688	16,632	21,600
Insurance	15,200	-	-	15,200	3,040	760	3,800	19,000
Interest expense	6,288	-	-	6,288	-	-	-	6,288
Taxes and licenses	138	-	-	138	69	254	323	461
	<u>\$ 32,926,922</u>	<u>\$ 109,749</u>	<u>\$ 62,250</u>	<u>\$ 33,098,921</u>	<u>\$ 101,504</u>	<u>\$ 197,196</u>	<u>\$ 298,700</u>	<u>\$ 33,397,621</u>

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

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED DECEMBER 31, 2014

	PROGRAM SERVICES				SUPPORTING SERVICES			Total expenses
	Product distribution	Kids' Programs	Mobile Pantry	Total	Admin	Fundraising	Total	
Donated food	\$ 68,179,915	\$ 148,378	\$ 84,402	\$ 68,412,695	\$ -	\$ -	\$ -	\$ 68,412,695
Salaries and related expenses	1,486,176	105,901	27,070	1,619,147	87,421	174,844	262,265	1,881,412
Rent	289,049	-	-	289,049	18,450	-	18,450	307,499
Office and warehouse supplies	334,317	1,383	2,709	338,409	66,864	16,716	83,580	421,989
Transportation	334,416	-	6,774	341,190	-	-	-	341,190
Fundraising expense	-	-	-	-	-	214,143	214,143	214,143
Depreciation and amortization	233,652	384	-	234,036	7,226	-	7,226	241,262
Utilities	97,423	-	-	97,423	6,218	-	6,218	103,641
Membership fees	35,242	-	-	35,242	7,048	1,762	8,810	44,052
Online order system	3,420	-	-	3,420	-	-	-	3,420
Computer expense	18,203	-	-	18,203	3,641	910	4,551	22,754
Travel	4,037	-	-	4,037	12,479	1,835	14,314	18,351
Telephone	13,706	-	-	13,706	4,569	4,569	9,138	22,844
Postage	469	-	-	469	469	3,754	4,223	4,692
Public relations and development	10,667	-	-	10,667	4,174	31,538	35,712	46,379
Insurance	26,884	-	-	26,884	5,377	1,344	6,721	33,605
Interest expense	13,202	-	-	13,202	-	-	-	13,202
Taxes and licenses	639	-	-	639	319	1,171	1,490	2,129
	<u>\$ 71,081,417</u>	<u>\$ 256,046</u>	<u>\$ 120,955</u>	<u>\$ 71,458,418</u>	<u>\$ 224,255</u>	<u>\$ 452,586</u>	<u>\$ 676,841</u>	<u>\$ 72,135,259</u>

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

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

STATEMENTS OF CASH FLOWS

PERIOD FROM JANUARY 1, 2015 TO JUNE 30, 2015 AND
YEAR ENDED DECEMBER 31, 2014

	<u>2015</u>	<u>2014</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (30,584)	\$ (117,517)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Add back items not affecting cash:		
Depreciation and amortization	133,032	241,262
Loss on disposal of property and equipment	354	-
Cash provided by (used in) changes in the following items:		
(Increase) decrease in agency receivables	47,672	(8,542)
(Increase) decrease in other receivables	(74,600)	1,821
(Increase) decrease in donated food inventory	(15,988)	36,856
Increase in purchased inventory	(7,764)	(3,176)
(Increase) decrease in prepaid expenses	3,300	(10,172)
(Increase) decrease in other assets	36,259	(36,128)
Increase (decrease) in accounts payable and accrued expenses	5,970	(27,713)
Increase (decrease) in agency deposits	(4,785)	8,881
Decrease in other liabilities	51,566	38,663
Net cash provided by operating activities	<u>144,432</u>	<u>124,235</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(120,476)</u>	<u>(317,334)</u>
Net cash used in investing activities	<u>(120,476)</u>	<u>(317,334)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Net proceeds from (repayments on) line of credit	(212,859)	161,141
Repayments on long-term debt	(5,365)	(10,340)
Net cash provided by (used in) financing activities	<u>(218,224)</u>	<u>150,801</u>
DECREASE IN CASH	(194,268)	(42,298)
CASH, BEGINNING OF YEAR/PERIOD	439,343	481,732
CASH, END OF YEAR/PERIOD	<u>\$ 245,075</u>	<u>\$ 439,434</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 6,288	\$ 13,202

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

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Business

Feeding America Tampa Bay, Inc. dba Feeding Tampa Bay is a non-profit organization established to collect, warehouse and distribute salvageable food to social agencies which serve the needy. The organization (the "Food Bank") is a member of Feeding America Network. During 2015, the Food Bank elected to change its fiscal year end to June 30, 2015.

Basis of Accounting

The Food Bank prepares its financial statements on the accrual basis of accounting and accordingly, reflects all significant receivables, payables, and other liabilities. Financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-205, *Not-for-Profit Entities – Presentation of Financial Statements*. Under FASB ASC 958-205, the Food Bank is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Unrestricted assets include all resources over which the Board of Directors has discretionary control. Temporarily restricted assets include amounts restricted by donors for specific purposes and are satisfied either by the passage of time or by actions of the Food Bank. Permanently restricted assets include amounts with donor-imposed restrictions that stipulate the asset is to be maintained permanently, but permits the Food Bank to expend the income earned from the donated assets.

Revenue Recognition

Contributions received are recorded as unrestricted or temporarily restricted support depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in temporarily restricted net assets, depending on the nature of the restriction (See Note 6). When a 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.

The Food Bank charges a small handling fee for donated food distributed to its network of agencies and records this revenue as shared maintenance fees. The Food Bank receives and distributes food under contractual agreements with the U.S. Department of Agriculture ("USDA") and receives a fee from the USDA based on pounds distributed.

The Food Bank reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulation about how long those long-lived assets must be maintained, the Food Bank reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash

The Food Bank maintains cash balances at several financial institutions that are insured under the Federal Deposit Insurance Corporation's (FDIC) Transaction Account Guarantee Program. Balances with the financial institutions may exceed federally insured limits.

Donated Food Inventory

Donated food inventory is recorded at estimated fair value as unrestricted assets in the accompanying statements of financial position. Estimated fair value of donated food inventory as of June 30, 2015 and December 31, 2014 is based on the most recent Product Valuation Survey Methodology prepared by Feeding America (report as of December 31, 2013).

FASB ASC 820-10 sets forth a fair value hierarchy (levels 1, 2 and 3) to assist the readers of financial statements in evaluating the reliability of data inputs used to estimate fair value. The hierarchy establishes unadjusted quoted prices in active markets as the most reliable measure of fair value (level 1). Assets and liabilities valued using level 2 inputs are based primarily on quoted prices for similar assets or liabilities in active or inactive markets. Level 3 inputs are considered the least reliable measure of fair value and are based mostly on management's assumptions.

The Product Valuation Survey Methodology calculates the estimated fair value of donated food inventory utilizing the average wholesale price as determined by the *Nash-Finch Electronic Catalogs for Grocery, Health and Beauty Care General Merchandise*, and *Produce* price catalogs for identical or similar food items (level 2 inputs). The value of donated food inventory as of June 30, 2015 and December 31, 2014 was \$1,153,370 and \$1,137,382, respectively.

Donated Goods and Services

Donated professional services (which include accounting and legal services) are reflected in the statements of activities at their fair value, if material. There were no professional services donations reflected in the accompanying financial statements for the period from January 1, 2015 to June 30, 2015 or the year ended December 31, 2014. Volunteer services not requiring specialized skills are not reflected in the financial statements since no objective basis exists for assigning values to many of these services. For the period from January 1, 2015 to June 30, 2015 and the year ended December 31, 2014, volunteer hours totaled approximately 29,000 and 71,000, respectively. Materials and other assets received as donations are recorded and reflected in accompanying financial statements at their fair values at the date of receipt. During 2014, the Food Bank received a donation of two trucks valued at \$278,023 and is included in property and equipment on the accompanying financial statements. There were no property donations during 2015.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment are recorded at cost, or estimated fair value for items donated. Maintenance and repairs, which do not improve efficiency or extend useful lives, are charged to operations as incurred. Depreciation and amortization is computed on the straight-line basis over the following estimated useful lives of the assets:

Building	39 years
Automobiles and trucks	5 years
Refrigeration equipment	7 years
Warehouse equipment	3 – 7 years
Furniture and fixtures	3 – 7 years
Leasehold improvements	5 years
Other equipment	3 – 7 years

Leasehold improvements are amortized over the lesser of the useful life of the asset or the remaining life of the lease.

Agency Deposits

Funds received by the Food Bank on behalf of other agencies for handling charges on future distributions of salvageable food are recorded as agency deposits.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosures of contingent assets and liabilities, at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Taxes

The Food Bank qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and therefore has no provision for federal or state income taxes.

GAAP requires management to evaluate tax positions taken by the Food Bank and recognize a tax liability or asset if the Food Bank has taken an uncertain position that likely would not be sustained upon examination by the IRS. Management has analyzed the tax positions taken by the Food Bank, and has concluded that as of June 30, 2015 and December 31, 2014, there are no uncertain positions taken or expected to be taken that would require recognition of an asset or liability, or disclosure in the financial statements. The Food Bank is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Food Bank is no longer subject to examinations for years prior to the year ended December 31, 2011.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of Long-Lived Assets

The Food Bank reviews its long-lived assets for impairment as events or changes in circumstances indicate that the carrying amount of such assets may not be fully recoverable. The Food Bank evaluates the recoverability of long-lived assets by measuring the carrying amounts of the assets against their estimated undiscounted future cash flows. If such evaluations indicate that the future undiscounted cash flows of certain long-lived assets are not sufficient to recover the carrying value of such assets, the assets are adjusted to their fair values. No impairment losses were recorded during 2015 or 2014.

Subsequent Events

The Food Bank has evaluated subsequent events through October 19, 2015, the date which these financial statements were available to be issued. There were no material subsequent events that required recognition of additional disclosure in these financial statements.

2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2015 and December 31, 2014:

	<u>2015</u>	<u>2014</u>
Land	\$ 121,000	\$ 121,000
Building	469,000	469,000
Automobiles and trucks	1,009,953	1,009,953
Refrigeration equipment	246,338	246,338
Warehouse equipment	190,161	180,276
Furniture and fixtures	23,418	23,418
Leasehold improvements	243,243	133,102
Other equipment	<u>12,460</u>	<u>51,786</u>
	2,315,573	2,234,873
Less: Accumulated depreciation and amortization	<u>(1,080,383)</u>	<u>(986,773)</u>
	<u>\$ 1,235,190</u>	<u>\$ 1,248,100</u>

Depreciation and amortization expense was approximately \$133,000 and \$241,200 for the period from January 1, 2015 to June 30, 2015 and the year ended December 31, 2014, respectively.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

3. LONG-TERM DEBT

During 2013 the Food Bank entered into a promissory note with a financial institution in the amount of \$275,000 with an interest rate of 4.45%, due July 30, 2023, and collateralized by substantially all assets of the Food Bank. Monthly principal and interest payments of \$1,862 are made until the remaining principal and accrued interest is due at maturity. The balance of the note at June 30, 2015 and December 31, 2014 was \$255,120 and \$260,485, respectively.

Future maturities of long-term debt are as follows:

Year Ending June 30,		
2016	\$	11,029
2017		11,568
2018		12,101
2019		12,658
2020		13,216
Thereafter		<u>194,548</u>
	<u>\$</u>	<u>255,120</u>

4. LINE OF CREDIT

The Food Bank has a revolving line of credit of \$500,000 with a financial institution, which bears interest at the prime rate plus 1.00% (4.25% at June 30, 2015 and December 31, 2014) and is collateralized by substantially all assets. The outstanding balance on this line of credit at June 30, 2015 and December 31, 2014 was \$10,141 and \$223,000, respectively.

5. COMMITMENTS

Operating leases

In May 2009, the Food Bank moved its main operations into a new warehouse and office space. This operating lease included a rent free period from May 2009 through August 2009. The lease was set to expire in August 2014. The lease was amended in November 2013 and extended through August 2019. This amendment included a rent free period from January 2014 through March 2014 and a provision to pay for certain tenant improvements up to \$75,000. Tenant improvements recorded by the Food Bank and funded by the landlord were recorded as deferred rent and are being amortized over the life of the lease as a reduction in rent expense.

In May 2010, the Food Bank opened a second warehouse location. This operating lease also included a rent free period from May 2010 through June 2010. This lease expired June 2015. The Food Bank moved from this location and subleased the facility through August 2014. Any sublease income was recorded as a reduction of rent expense.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

5. COMMITMENTS (continued)

Operating Leases (continued)

Minimum annual future lease payments (including sales tax) on the lease noted above are as follows:

Year Ending June 30,	
2016	\$ 140,722
2017	144,943
2018	149,292
2019	153,770
2020	<u>25,753</u>
	<u>\$ 614,480</u>

Rental expense under all operating leases for the six months ended June 30, 2015 and the year ended December 31, 2014 was approximately \$143,800 and \$307,500, respectively.

6. RESTRICTED NET ASSETS

Kids' Programs

As of June 30, 2015 and December 31, 2014, temporarily restricted net assets for the Kids' Programs were \$56,224 and \$128,473, respectively. These balances were restricted for salaries and wages and other miscellaneous costs for operating the Kids' Programs portion of the Food Bank. Expenses included for Kids' Programs were the cost of food and time to assemble and deliver the bags.

Mobile Pantry

As of June 30, 2015 and December 31, 2014, temporarily restricted net assets for the Mobile Pantry were \$48,500 and \$60,750, respectively. These balances were restricted for costs relating to operating a mobile pantry, such as cost of food and delivery services.

Temporarily restricted net assets – other

As of June 30, 2015 and December 31, 2014, temporarily restricted net assets (other) consisted of:

	<u>2015</u>	<u>2014</u>
Neighbors in Need	\$ 50,000	\$ -
Building Expansion	-	87,770
Donation Program Donator Salary	55,000	21,875
SNAP Coordinator Salary	-	20,610
Carter/2 nd Fiscal	8,000	-
BJ Charitable Foundation	-	21,000
	<u>\$ 113,000</u>	<u>\$ 151,255</u>

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NOTES TO THE FINANCIAL STATEMENTS

6. RESTRICTED NET ASSETS (continued)

Permanently restricted net assets

During December 2009, the Food Bank received a \$15,000 permanent endowment from the Ted Fyffe Endowment Fund (the "Fund"). Proceeds from the endowment are to be held and administered by the Community Foundation of Tampa Bay (the "Foundation"). The Foundation shall make annual grants from the Fund to the Food Bank equal to the actual earnings on the Fund during the current year up to 5%. These funds are to be used only for direct service delivery activities, such as direct distribution of food to agencies or to needy individuals. During 2010, the Food Bank received a payment from the donor for an additional permanent endowment of \$20,000. As of June 30, 2015 and December 31, 2014 the balance was \$35,000.