



FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2016



SKODA MINOTTI

CPAs, BUSINESS & FINANCIAL ADVISORS

Delivering on the Promise.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

YEAR ENDED JUNE 30, 2016

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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 statement of financial position as of June 30, 2016, and the related statements of activities, functional expenses and cash flows for the year 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit 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, 2016, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

Donated food at June 30, 2016 in the accompanying statement of financial position is reported at fair value of \$678,474, 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 in exchange for distributing donated food is substantially less than the values shown. The change in donated food for the year ended June 30, 2016 was a decrease of \$474,896 and is included in the overall decrease in unrestricted net assets for 2016 of \$327,397 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 \$147,499.

SKODA MINOTTI & CO.

A handwritten signature in blue ink that reads "Skoda Minotti & Co." in a cursive style.

Tampa, Florida
October 13, 2016

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

STATEMENT OF FINANCIAL POSITION

JUNE 30, 2016

ASSETS

CURRENT ASSETS

Cash	\$ 338,004
Cash, restricted for Kids' Programs	17,232
Cash, restricted for Mobile Pantry	53,550
Cash, restricted - other	118,692
Agency receivables	53,635
Other receivables	16,181
Donated food inventory	678,474
Purchased inventory	23,926
Prepaid expenses	25,894
	<u>1,325,588</u>

PERMANENTLY RESTRICTED CASH	35,000
PROPERTY AND EQUIPMENT, NET	1,148,457
OTHER ASSETS	16,994

\$ 2,526,039

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts payable and accrued expenses	\$ 137,788
Agency deposits	78,206
Current portion of long-term debt	11,568
	<u>227,562</u>

LONG-TERM LIABILITIES

Long-term debt	232,521
Other liabilities	90,100
Total liabilities	<u>550,183</u>

NET ASSETS

Unrestricted - other	1,072,908
Unrestricted - donated food inventory	678,474
Temporarily restricted - Kids' Programs	17,232
Temporarily restricted - Mobile Pantry	53,550
Temporarily restricted - other	118,692
Permanently restricted	35,000
	<u>1,975,856</u>
	<u>\$ 2,526,039</u>

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

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2016

	UNRESTRICTED		TEMPORARILY RESTRICTED			Permanently restricted	Total
	Other	Donated Food Inventory	Kids' Programs	Mobile Pantry	Other		
SUPPORT AND REVENUES							
Shared maintenance fees	\$ 614,408	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 614,408
Contributions	2,006,671	-	178,110	102,800	-	-	2,287,581
Special events	316,295	-	-	-	-	-	316,295
Grants	-	-	-	-	399,607	-	399,607
Donated food received	-	76,600,104	-	-	-	-	76,600,104
Other revenues	207,103	-	-	-	(137,716)	-	69,387
USDA revenue	646,109	-	-	-	-	-	646,109
Net assets released from restriction - satisfied by payments	571,051	-	(217,102)	(97,750)	(256,199)	-	-
	<u>4,384,087</u>	<u>76,600,104</u>	<u>(38,992)</u>	<u>5,050</u>	<u>5,692</u>	<u>-</u>	<u>80,955,941</u>
EXPENSES							
Program services							
Product distribution - other	3,399,590	-	-	-	-	-	3,399,590
Product distribution and waste - donated food	-	76,880,655	-	-	-	-	76,880,655
Kids' Programs	91,182	125,920	-	-	-	-	217,102
Mobile Pantry	29,325	68,425	-	-	-	-	97,750
Supporting services							
Administrative	245,633	-	-	-	-	-	245,633
Fundraising	470,858	-	-	-	-	-	470,858
	<u>4,236,588</u>	<u>77,075,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,311,588</u>
CHANGE IN NET ASSETS	147,499	(474,896)	(38,992)	5,050	5,692	-	(355,647)
NET ASSETS, JULY 1, 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>
NET ASSETS, JUNE 30, 2016	<u>\$ 1,072,908</u>	<u>\$ 678,474</u>	<u>\$ 17,232</u>	<u>\$ 53,550</u>	<u>\$ 118,692</u>	<u>\$ 35,000</u>	<u>\$ 1,975,856</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

YEAR ENDED JUNE 30, 2016

	PROGRAM SERVICES				SUPPORTING SERVICES			Total expenses
	Product distribution	Kids' Programs	Mobile Pantry	Total	Admin	Fundraising	Total	
Donated food	\$ 76,880,655	\$ 125,920	\$ 68,425	\$ 77,075,000	\$ -	\$ -	\$ -	\$ 77,075,000
Salaries and related expenses	1,618,621	89,011	21,505	1,729,137	95,212	190,426	285,638	2,014,775
Transportation	656,337	-	1,955	658,292	-	-	-	658,292
Office and warehouse supplies	237,079	1,693	5,865	244,637	48,632	18,237	66,869	311,506
Depreciation and amortization	275,513	478	-	275,991	8,521	-	8,521	284,512
Rent	233,027	-	-	233,027	14,874	-	14,874	247,901
Fundraising expense	-	-	-	-	-	219,970	219,970	219,970
Other program expenses	131,375	-	-	131,375	-	-	-	131,375
Utilities	123,331	-	-	123,331	7,872	-	7,872	131,203
Membership fees	32,957	-	-	32,957	6,591	1,648	8,239	41,196
Insurance	31,902	-	-	31,902	6,380	1,595	7,975	39,877
Public relations and development	8,280	-	-	8,280	3,240	24,480	27,720	36,000
Travel	6,567	-	-	6,567	20,297	2,985	23,282	29,849
Professional expenses	-	-	-	-	26,300	-	26,300	26,300
Computer expense	18,685	-	-	18,685	3,737	934	4,671	23,356
Telephone	8,344	-	-	8,344	2,782	2,782	5,564	13,908
Interest expense	11,314	-	-	11,314	-	-	-	11,314
Postage	789	-	-	789	789	6,313	7,102	7,891
Online order system	4,200	-	-	4,200	-	-	-	4,200
Taxes and licenses	812	-	-	812	406	1,488	1,894	2,706
Loss on disposal of property and equipment	457	-	-	457	-	-	-	457
	<u>\$ 80,280,245</u>	<u>\$ 217,102</u>	<u>\$ 97,750</u>	<u>\$ 80,595,097</u>	<u>\$ 245,633</u>	<u>\$ 470,858</u>	<u>\$ 716,491</u>	<u>\$ 81,311,588</u>

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

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

STATEMENT OF CASH FLOWS

YEAR ENDED JUNE 30, 2016

CASH FLOW FROM OPERATING ACTIVITIES:	
Change in net assets	\$ (355,647)
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Add back items not affecting cash:	
Depreciation and amortization	284,512
Loss on disposal of property and equipment	457
Cash provided by (used in) changes in the following items:	
Increase in agency receivables	(20,664)
Decrease in other receivables	147,132
Decrease in donated food inventory	474,896
Decrease in purchased inventory	28,537
Increase in prepaid expenses	(2,221)
Decrease in other assets	13,274
Decrease in accounts payable and accrued expenses	(47,301)
Increase in agency deposits	182
Decrease in other liabilities	(21,437)
Net cash provided by operating activities	<u>501,720</u>
CASH FLOW FROM INVESTING ACTIVITIES:	
Purchases of property and equipment	<u>(198,236)</u>
CASH FLOW FROM FINANCING ACTIVITIES:	
Net repayments on line of credit	(10,141)
Repayments on long-term debt	(11,031)
Net cash used in financing activities	<u>(21,172)</u>
INCREASE IN CASH	282,312
CASH, BEGINNING OF YEAR	245,166
CASH, END OF YEAR	<u>\$ 527,478</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION	
Cash paid during the year for interest	\$ 11,314

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.

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 statement of financial position. Estimated fair value of donated food inventory as of June 30, 2016 is based on the most recent Product Valuation Survey Methodology prepared by Feeding America (report as of December 31, 2015).

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 *Spartan Finch Electronic Catalogs for Grocery, Bakery, Frozen, Dairy, General Merchandise, Health and Beauty, Processed Meat, Non-Department, and Produce* price catalogs for identical or similar food items (level 2 inputs). The value of donated food inventory as of June 30, 2016 was \$678,474.

Donated Goods and Services

Donated professional services (which include accounting and legal services) are reflected in the statement of activities at their fair value, if material. There were no professional services donations reflected in the accompanying financial statements for the year ended June 30, 2016. 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 year ended June 30, 2016, volunteer hours totaled approximately 35,000. Materials and other assets received as donations are recorded and reflected in accompanying financial statements at their fair values at the date of receipt. There were no donations of materials and other assets for the year ended June 30, 2016.

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.

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 for the year ended June 30, 2016.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events

The Food Bank has evaluated subsequent events through October 13, 2016, 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, 2016:

Land	\$	121,000
Building		469,000
Automobiles and trucks		1,103,727
Refrigeration equipment		263,844
Warehouse equipment		227,339
Furniture and fixtures		35,669
Leasehold improvements		270,422
Other equipment		<u>13,347</u>
		2,504,348
Less: Accumulated depreciation and amortization		<u>(1,355,891)</u>
	\$	<u>1,148,457</u>

Depreciation and amortization expense was \$284,512 for the year ended June 30, 2016.

3. 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% (4.50% at June 30, 2016) and is collateralized by substantially all assets. There was no outstanding balance on the line of credit at June 30, 2016.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

4. LONG-TERM DEBT

During 2013 the Food Bank entered into a promissory note with the financial institution referred to in Note 3 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, 2016 was \$244,089

Future maturities of long-term debt are as follows:

Year Ending June 30,	
2017	\$ 11,568
2018	12,101
2019	12,658
2020	13,216
2021	13,850
Thereafter	<u>180,696</u>
	<u>\$ 244,089</u>

5. COMMITMENTS

Operating leases

The Food Bank leases its warehouse and office space facilities under a non-cancellable operating lease expiring in August 2019. The lease 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.

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

Year Ending June 30,	
2017	\$ 144,943
2018	149,292
2019	153,770
2020	<u>25,753</u>
	<u>\$ 473,758</u>

Rental expense under all operating leases for the year ended June 30, 2016 was approximately \$247,900.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

6. RESTRICTED NET ASSETS

Kids' Programs

As of June 30, 2016, temporarily restricted net assets for the Kids' Programs were \$17,232. This balance is 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, 2016, temporarily restricted net assets for the Mobile Pantry were \$53,550. This balance is 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, 2016, temporarily restricted net assets (other) consisted of:

Temporarily Restricted – My Mobile Market Program	\$ 28,460
Walmart Infrastructure – Freezer/Cooler Expansion	77,732
Walmart 5 Day – Retail Store Additional Pickups	<u>12,500</u>
	<u>\$ 118,692</u>

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, 2016, the balance was \$35,000.