



FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2017 AND 2016



SKODA MINOTTI

CPAs, BUSINESS & FINANCIAL ADVISORS

Delivering on the Promise.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

YEARS ENDED JUNE 30, 2017 AND 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 statements of financial position as of June 30, 2017 and 2016, 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.

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, 2017 and 2016, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, donated food inventory at June 30, 2017 and 2016 in the accompanying statements of financial position is reported at fair value of \$1,589,488 and \$678,474, 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 inventory to agencies, the actual cash received in exchange for distributing donated food inventory is substantially less than the carrying values shown in the financial statements. The change in donated food inventory for the year ended June 30, 2017 was an increase of \$911,014 and is included in the overall increase in unrestricted net assets for 2017 of \$1,525,308 as reported in the accompanying statement of activities. The change for the year without the effect for donated food inventory would be an increase in unrestricted net assets of \$614,294. The change in donated food inventory 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 inventory would be an increase in unrestricted net assets of \$147,499. Our opinion is not modified with respect to that matter.

SKODA MINOTTI & CO.

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

Tampa, Florida
November 7, 2017

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2017 AND 2016

ASSETS		2017	2016
		<u>2017</u>	<u>2016</u>
CURRENT ASSETS			
Cash	\$	484,176	\$ 338,004
Cash, restricted for Kids' Programs		45,452	17,232
Cash, restricted for Mobile Pantry		27,200	53,550
Cash, restricted - other		241,407	118,692
USDA receivables		186,012	-
Other receivables		60,482	16,181
Agency receivables, net		44,064	53,635
Donated food inventory		1,589,488	678,474
Purchased food inventory		57,576	23,926
Prepaid expenses		35,084	25,894
		<u>2,770,941</u>	<u>1,325,588</u>
PERMANENTLY RESTRICTED CASH		35,000	35,000
PROPERTY AND EQUIPMENT, NET		1,496,113	1,148,457
OTHER ASSETS		15,300	16,994
		<u>\$ 4,317,354</u>	<u>\$ 2,526,039</u>
LIABILITIES AND NET ASSETS			
CURRENT LIABILITIES			
Accounts payable and accrued expenses	\$	268,537	\$ 137,788
Agency deposits		125,691	78,206
Current portion of long-term debt		12,102	11,568
		<u>406,330</u>	<u>227,562</u>
LONG-TERM LIABILITIES			
Long-term debt		220,935	232,521
Other liabilities		70,653	90,100
Total liabilities		<u>697,918</u>	<u>550,183</u>
NET ASSETS			
Unrestricted - other		1,680,889	1,072,908
Unrestricted - donated food inventory		1,589,488	678,474
Temporarily restricted - Kids' Programs		45,452	17,232
Temporarily restricted - Mobile Pantry		27,200	53,550
Temporarily restricted - other		241,407	118,692
Permanently restricted		35,000	35,000
		<u>3,619,436</u>	<u>1,975,856</u>
		<u>\$ 4,317,354</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, 2017

	UNRESTRICTED		TEMPORARILY RESTRICTED			Permanently restricted	Total
	Other	Donated Food Inventory	Kids' Programs	Mobile Pantry	Other		
SUPPORT AND REVENUES							
Shared maintenance fees	\$ 781,577	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 781,577
Contributions	2,247,862	-	195,213	81,500	-	-	2,524,575
Special events	329,710	-	-	-	-	-	329,710
Grants	-	-	-	-	1,212,690	-	1,212,690
Donated food received	-	65,736,893	-	-	-	-	65,736,893
Membership fees	25,600	-	-	-	-	-	25,600
Gain on disposal of property and equipment	23,500	-	-	-	-	-	23,500
Other revenues	508,057	-	-	-	-	-	508,057
USDA revenue	581,524	-	-	-	-	-	581,524
Net assets released from restriction - satisfied by payments	1,364,818	-	(166,993)	(107,850)	(1,089,975)	-	-
	<u>5,862,648</u>	<u>65,736,893</u>	<u>28,220</u>	<u>(26,350)</u>	<u>122,715</u>	<u>-</u>	<u>71,724,126</u>
EXPENSES							
Program services							
Product distribution - other	4,284,976	-	-	-	-	-	4,284,976
Product distribution and waste - donated food	-	64,680,147	-	-	-	-	64,680,147
Kids' Programs	98,132	68,861	-	-	-	-	166,993
Mobile Pantry	30,979	76,871	-	-	-	-	107,850
Supporting services							
Administrative	272,851	-	-	-	-	-	272,851
Fundraising	567,729	-	-	-	-	-	567,729
	<u>5,254,667</u>	<u>64,825,879</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>70,080,546</u>
CHANGE IN NET ASSETS	607,981	911,014	28,220	(26,350)	122,715	-	1,643,580
NET ASSETS, JULY 1, 2016	1,072,908	678,474	17,232	53,550	118,692	35,000	1,975,856
NET ASSETS, JUNE 30, 2017	<u>\$ 1,680,889</u>	<u>\$ 1,589,488</u>	<u>\$ 45,452</u>	<u>\$ 27,200</u>	<u>\$ 241,407</u>	<u>\$ 35,000</u>	<u>\$ 3,619,436</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
Membership fees	22,450	-	-	-	-	-	22,450
Other revenues	706,587	-	-	-	-	-	706,587
USDA revenue	646,109	-	-	-	-	-	646,109
Net assets released from restriction - satisfied by payments	708,767	-	(217,102)	(97,750)	(393,915)	-	-
	<u>5,021,287</u>	<u>76,600,104</u>	<u>(38,992)</u>	<u>5,050</u>	<u>5,692</u>	<u>-</u>	<u>81,593,141</u>
EXPENSES							
Program services							
Product distribution - other	4,017,169	-	-	-	-	-	4,017,169
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	490,479	-	-	-	-	-	490,479
	<u>4,873,788</u>	<u>77,075,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,948,788</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, 2017

	PROGRAM SERVICES				SUPPORTING SERVICES			Total expenses
	Product distribution	Kids' Programs	Mobile Pantry	Total	Administrative	Fundraising	Total	
Donated food	\$ 64,680,147	\$ 68,861	\$ 76,871	\$ 64,825,879	\$ -	\$ -	\$ -	\$ 64,825,879
Salaries and related expenses	1,777,026	95,756	22,531	1,895,313	104,531	209,062	313,593	2,208,906
Other program expenses	865,888	-	-	865,888	-	-	-	865,888
Transportation	591,095	-	1,779	592,874	-	-	-	592,874
Office and warehouse supplies	295,618	1,917	6,669	304,204	60,640	22,740	83,380	387,584
Depreciation and amortization	269,424	459	-	269,883	8,333	-	8,333	278,216
Rent	229,042	-	-	229,042	14,620	-	14,620	243,662
Fundraising expense	-	-	-	-	-	285,980	285,980	285,980
Utilities	126,795	-	-	126,795	8,093	-	8,093	134,888
Public relations and development	9,430	-	-	9,430	3,690	27,880	31,570	41,000
Travel	9,388	-	-	9,388	29,017	4,267	33,284	42,672
Membership fees	33,962	-	-	33,962	6,792	1,698	8,490	42,452
Insurance	31,287	-	-	31,287	6,257	1,565	7,822	39,109
Computer expense	20,402	-	-	20,402	4,080	1,021	5,101	25,503
Professional expenses	-	-	-	-	22,475	-	22,475	22,475
Telephone	7,331	-	-	7,331	2,444	2,445	4,889	12,220
Interest expense	11,294	-	-	11,294	-	-	-	11,294
Postage	965	-	-	965	965	7,719	8,684	9,649
Online order system	4,200	-	-	4,200	-	-	-	4,200
Taxes and licenses	1,829	-	-	1,829	914	3,352	4,266	6,095
	<u>\$ 68,965,123</u>	<u>\$ 166,993</u>	<u>\$ 107,850</u>	<u>\$ 69,239,966</u>	<u>\$ 272,851</u>	<u>\$ 567,729</u>	<u>\$ 840,580</u>	<u>\$ 70,080,546</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	Administrative	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
Other program expenses	748,954	-	-	748,954	-	-	-	748,954
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	-	-	-	-	-	239,591	239,591	239,591
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>\$ 80,897,824</u>	<u>\$ 217,102</u>	<u>\$ 97,750</u>	<u>\$ 81,212,676</u>	<u>\$ 245,633</u>	<u>\$ 490,479</u>	<u>\$ 736,112</u>	<u>\$ 81,948,788</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

YEARS ENDED JUNE 30, 2017 AND 2016

	<u>2017</u>	<u>2016</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 1,643,580	\$ (355,647)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Add back (deduct) items not affecting cash:		
(Increase) decrease in donated food inventory	(911,014)	474,896
Depreciation and amortization	278,216	284,512
(Gain) loss on disposal of property and equipment	(23,500)	457
Cash provided by (used in) changes in the following items:		
(Increase) decrease in agency receivables	9,571	(20,664)
(Increase) decrease in other receivables	(44,301)	147,132
Increase in USDA receivables	(186,012)	-
(Increase) decrease in purchased food inventory	(33,650)	28,537
Increase in prepaid expenses	(9,190)	(2,221)
Decrease in other assets	1,694	13,274
Increase (decrease) in accounts payable and accrued expenses	130,749	(47,301)
Increase in agency deposits	47,485	182
Decrease in other liabilities	(19,447)	(21,437)
Net cash provided by operating activities	<u>884,181</u>	<u>501,720</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	<u>(602,372)</u>	<u>(198,236)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Net repayments on line of credit	-	(10,141)
Repayments on long-term debt	(11,052)	(11,031)
Net cash used in financing activities	<u>(11,052)</u>	<u>(21,172)</u>
INCREASE IN CASH	270,757	282,312
CASH, BEGINNING OF YEAR	<u>527,478</u>	<u>245,166</u>
CASH, END OF YEAR	<u>\$ 798,235</u>	<u>\$ 527,478</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 11,294	\$ 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 guidance 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 Food Bank 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. Agency receivables are presented net of an allowance for doubtful accounts of \$4,473 and \$5,260 for the years ended June 30, 2017 and 2016, respectively.

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 a financial institution that is insured under the Federal Deposit Insurance Corporation's (FDIC) Transaction Account Guarantee Program. Balances with the financial institution 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, 2017 and 2016 is based on the most recent Product Valuation Survey Methodology prepared by Feeding America (report as of December 31, 2016 and 2015, respectively).

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. The value of donated food inventory as of June 30, 2017 and 2016 was \$1,589,488 and \$678,474, respectively.

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 years ended June 30, 2017 and 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 years ended June 30, 2017 and 2016, volunteer hours totaled approximately 57,000 and 35,000, respectively. Materials and other assets received as donations are recorded and reflected in the accompanying financial statements at their fair values at the date of receipt. There were no donations of materials and other assets for the years ended June 30, 2017 and 2016.

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.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

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.

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 on tax-exempt activities. There were no significant non-exempt business activities during the year ended June 30, 2017 and 2016.

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 years ended June 30, 2017 and 2016.

Reclassification

Certain reclassifications have been made to the 2016 financial statements to conform with the 2017 financial statement presentation. Such reclassifications had no effect on change in net assets as previously reported.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

New Accounting Pronouncement

In August 2016, the FASB issued Accounting Standards Update (“ASU”), 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities*. The amended guidance requires a Not-for-Profit (NFP) to present on the face of the statement of financial position amounts for two classes of net assets rather than the currently required three classes. The amendments also enhance disclosures about the amount and purposes of board designations, appropriations, and similar actions and qualitative and quantitative information that communicates how an NFP manages its liquid resources available to meet cash needs within one year of the balance sheet date. Additional disclosures surrounding the amounts of expenses by both their natural classification and their functional classification and the method(s) used to allocate costs among program and support functions. The effective date for this ASU is for fiscal years beginning after December 15, 2017 and early adoption is permitted. The Food Bank has not yet adopted this standard and is currently evaluating the impact of adopting this guidance.

Subsequent Events

The Food Bank has evaluated subsequent events through November 7, 2017, 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:

	<u>2017</u>	<u>2016</u>
Land	\$ 121,000	\$ 121,000
Building	469,000	469,000
Automobiles and trucks	1,386,837	1,103,727
Refrigeration equipment	435,040	263,844
Warehouse equipment	233,683	227,339
Furniture and fixtures	36,449	35,669
Leasehold improvements	270,422	270,422
Other equipment	<u>52,000</u>	<u>13,347</u>
	3,004,431	2,504,348
Less: Accumulated depreciation and amortization	<u>(1,508,318)</u>	<u>(1,355,891)</u>
	<u>\$ 1,496,113</u>	<u>\$ 1,148,457</u>

Depreciation and amortization expense was \$278,216 and \$284,512 for the years ended June 30, 2017 and 2016, respectively.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

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% (5.25% and 4.50% at June 30, 2017 and 2016, respectively) and is collateralized by substantially all assets. There was no outstanding balance on the line of credit at June 30, 2017 and 2016.

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, 2017 and 2016 was \$233,037 and \$244,089, respectively.

Future maturities of long-term debt are as follows:

Year Ending June 30,	
2018	\$ 12,102
2019	12,658
2020	13,216
2021	13,850
2022	14,488
Thereafter	<u>166,723</u>
	<u>\$ 233,037</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 liability and are being amortized over the life of the lease as a reduction in 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:

<u>Year Ending June 30,</u>	
2018	\$ 149,292
2019	153,770
2020	<u>25,753</u>
	<u>\$ 328,815</u>

Rental expense under all operating leases for the year ended June 30, 2017 and 2016 was approximately \$243,700 and \$247,900, respectively.

6. RESTRICTED NET ASSETS

Kids' Programs

As of June 30, 2017 and 2016, temporarily restricted net assets for the Kids' Programs were \$45,452 and \$17,232, respectively. This balance is restricted for salaries and wages and direct 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 packages of food for distribution.

Mobile Pantry

As of June 30, 2017 and 2016, temporarily restricted net assets for the Mobile Pantry were \$27,200 and \$53,550, respectively. This balance is restricted for costs relating to operating a mobile pantry, such as cost of food and delivery services.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

6. RESTRICTED NET ASSETS

Temporarily restricted net assets – other

As of June 30, 2017 and 2016, temporarily restricted net assets (other) consisted of:

	2017	2016
My Mobile Market program	\$ 3,134	\$ 28,460
Fleet expansion	92,040	-
Clean room construction	64,487	-
Trailers for food collection	50,250	-
Food inventory/general ledger upgrade	11,346	-
Food procurement	10,150	-
Hunger relief	7,500	-
Racking repair	2,500	-
Freezer/cooler expansion	-	77,732
Retail store additional pickups	-	12,500
	\$ 241,407	\$ 118,692

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, 2017 and 2016, the balance was \$35,000 each year.