



FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2018 AND 2017

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

YEARS ENDED JUNE 30, 2018 AND 2017

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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, 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.

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 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 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, 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.

Emphasis of Matter

As discussed in Note 1 to the financial statements, donated food inventory at June 30, 2018 and 2017 in the accompanying statements of financial position is reported at fair value of \$974,751 and \$1,589,488, 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, 2018 was a decrease of \$614,737 and is included in the overall increase in net assets without donor restrictions for 2018 of \$517,965 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 net assets without donor restrictions of \$1,132,702. 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 net assets without donor restrictions for 2017 of \$1,518,995 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 net assets without donor restrictions of \$607,981. Our opinion is not modified with respect to that matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2018 on our consideration of the Food Bank'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 solely 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 Feeding America Tampa Bay, Inc. dba Feeding Tampa Bay'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 Feeding America Tampa Bay, Inc. dba Feeding Tampa Bay's internal control over financial reporting and compliance.

SKODA MINOTTI & CO.

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

Tampa, Florida
November 15, 2018

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2018 AND 2017

ASSETS

	<u>2018</u>	<u>2017</u>
CURRENT ASSETS		
Cash	\$ 1,274,447	\$ 484,176
Cash, with restrictions	522,166	349,059
USDA receivables	243,063	186,012
Other receivables	67,173	60,482
Agency receivables, net	88,065	44,064
Donated food inventory	974,751	1,589,488
Purchased food inventory	30,595	57,576
Prepaid expenses	143,299	35,084
	<u>3,343,559</u>	<u>2,805,941</u>
PROPERTY AND EQUIPMENT, NET	1,524,804	1,496,113
OTHER ASSETS	<u>26,921</u>	<u>15,300</u>
	<u>\$ 4,895,284</u>	<u>\$ 4,317,354</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 458,415	\$ 268,537
Agency deposits	92,753	125,691
Current portion of long-term debt	-	12,102
	<u>551,168</u>	<u>406,330</u>
LONG-TERM LIABILITIES		
Long-term debt	-	220,935
Other liabilities	<u>33,608</u>	<u>70,653</u>
Total liabilities	<u>584,776</u>	<u>697,918</u>
NET ASSETS		
Without donor restrictions - other	2,813,591	1,680,889
Without donor restrictions - donated food inventory	974,751	1,589,488
With donor restrictions - Kids' Programs	142,453	45,452
With donor restrictions - Mobile Pantry	29,500	27,200
With donor restrictions - other	315,213	241,407
With donor restrictions - endowment	35,000	35,000
	<u>4,310,508</u>	<u>3,619,436</u>
	<u>\$ 4,895,284</u>	<u>\$ 4,317,354</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, 2018

	WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS				Total
	Other	Donated Food Inventory	Kids' Programs	Mobile Pantry	Other	Endowment	
SUPPORT AND REVENUES							
Shared maintenance fees	\$ 663,593	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 663,593
Contributions	5,080,443	-	318,747	65,500	-	-	5,464,690
Special events	294,428	-	-	-	-	-	294,428
Grants	-	-	-	-	429,539	-	429,539
Donated food received	-	85,010,589	-	-	-	-	85,010,589
Membership fees	4,700	-	-	-	-	-	4,700
Gain on disposal of property and equipment	2,505	-	-	-	-	-	2,505
Other revenues	94,315	-	-	-	-	-	94,315
USDA & other governmental revenue	1,491,202	-	-	-	-	-	1,491,202
Net assets released from restriction - satisfied by payments	640,679	-	(221,746)	(63,200)	(355,733)	-	-
	<u>8,271,865</u>	<u>85,010,589</u>	<u>97,001</u>	<u>2,300</u>	<u>73,806</u>	<u>-</u>	<u>93,455,561</u>
EXPENSES							
Program services							
Product distribution - other	5,658,890	-	-	-	-	-	5,658,890
Product distribution and waste - donated food	-	85,477,044	-	-	-	-	85,477,044
Kids' Programs	123,737	97,739	-	-	-	-	221,476
Mobile Pantry	12,657	50,543	-	-	-	-	63,200
Supporting services							
Administrative	423,815	-	-	-	-	-	423,815
Fundraising	920,064	-	-	-	-	-	920,064
	<u>7,139,163</u>	<u>85,625,326</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,764,489</u>
CHANGE IN NET ASSETS	1,132,702	(614,737)	97,001	2,300	73,806	-	691,072
NET ASSETS, JULY 1, 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>
NET ASSETS, JUNE 30, 2018	<u>\$ 2,813,591</u>	<u>\$ 974,751</u>	<u>\$ 142,453</u>	<u>\$ 29,500</u>	<u>\$ 315,213</u>	<u>\$ 35,000</u>	<u>\$ 4,310,508</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

	WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS				Total
	Other	Donated Food Inventory	Kids' Programs	Mobile Pantry	Other	Endowment	
SUPPORT AND REVENUES							
Shared maintenance fees	\$ 789,382	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 789,382
Contributions	2,696,092	-	195,213	81,500	-	-	2,972,805
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	52,022	-	-	-	-	-	52,022
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	4,291,327	-	-	-	-	-	4,291,327
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	278,359	-	-	-	-	-	278,359
Fundraising	555,870	-	-	-	-	-	555,870
	<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 FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

	PROGRAM SERVICES			SUPPORTING SERVICES			Total expenses	
	Product distribution	Kids' Programs	Mobile Pantry	Total	Administrative	Fundraising		Total
Donated food	\$ 85,477,044	\$ 97,739	\$ 50,543	\$ 85,625,326	\$ -	\$ -	\$ -	\$ 85,625,326
Salaries and related expenses	2,391,476	120,660	9,250	2,521,386	140,675	281,349	422,024	2,943,410
Other program expenses	1,592,704	-	-	1,592,704	-	-	-	1,592,704
Transportation	595,577	-	556	596,133	-	-	-	596,133
Fundraising expense	-	-	-	-	-	368,640	368,640	368,640
Office and warehouse supplies	268,935	2,598	2,851	274,384	55,166	20,687	75,853	350,237
Public relations and development	73,758	-	-	73,758	28,862	218,065	246,927	320,685
Depreciation and amortization	295,501	479	-	295,980	9,139	-	9,139	305,119
Utilities	154,549	-	-	154,549	9,865	-	9,865	164,414
Rent	139,093	-	-	139,093	8,878	-	8,878	147,971
Professional expenses	3,567	-	-	3,567	94,312	6,539	100,851	104,418
Travel	16,464	-	-	16,464	50,888	7,484	58,372	74,836
Computer expense	50,270	-	-	50,270	10,054	2,514	12,568	62,838
Membership fees	35,183	-	-	35,183	7,037	1,759	8,796	43,979
Insurance	30,294	-	-	30,294	6,059	1,514	7,573	37,867
Postage	1,233	-	-	1,233	1,233	9,866	11,099	12,332
Telephone	4,939	-	-	4,939	1,647	1,647	3,294	8,233
Interest expense	5,347	-	-	5,347	-	-	-	5,347
	<u>\$ 91,135,934</u>	<u>\$ 221,476</u>	<u>\$ 63,200</u>	<u>\$ 91,420,610</u>	<u>\$ 423,815</u>	<u>\$ 920,064</u>	<u>\$ 1,343,879</u>	<u>\$ 92,764,489</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	1,770,339	95,756	22,531	1,888,626	104,138	208,275	312,413	2,201,039
Other program expenses	1,214,941	-	-	1,214,941	-	-	-	1,214,941
Transportation	396,004	-	1,779	397,783	-	-	-	397,783
Office and warehouse supplies	189,755	1,917	6,669	198,341	38,924	14,597	53,521	251,862
Depreciation and amortization	269,424	459	-	269,883	8,333	-	8,333	278,216
Rent	195,580	-	-	195,580	12,484	-	12,484	208,064
Fundraising expense	-	-	-	-	-	285,980	285,980	285,980
Utilities	126,795	-	-	126,795	8,093	-	8,093	134,888
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
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
Professional expenses	-	-	-	-	53,027	-	53,027	53,027
Computer expense	20,402	-	-	20,402	4,080	1,021	5,101	25,503
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	230	-	-	230	115	423	538	768
	<u>\$ 68,971,474</u>	<u>\$ 166,993</u>	<u>\$ 107,850</u>	<u>\$ 69,246,317</u>	<u>\$ 278,359</u>	<u>\$ 555,870</u>	<u>\$ 834,229</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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2018 AND 2017

	<u>2018</u>	<u>2017</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 691,072	\$ 1,643,580
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	614,737	(911,014)
Depreciation and amortization	305,119	278,216
Gain on disposal of property and equipment	(2,505)	(23,500)
Cash provided by (used in) changes in the following items:		
(Increase) decrease in agency receivables	(44,001)	9,571
Increase in other receivables	(6,691)	(44,301)
Increase in USDA receivables	(57,051)	(186,012)
(Increase) decrease in purchased food inventory	26,981	(33,650)
Increase in prepaid expenses	(108,215)	(9,190)
(Increase) decrease in other assets	(11,621)	1,694
Increase in accounts payable and accrued expenses	189,878	130,749
Increase (decrease) in agency deposits	(32,938)	47,485
Decrease in other liabilities	(37,045)	(19,447)
Net cash provided by operating activities	<u>1,527,720</u>	<u>884,181</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(331,305)	(602,372)
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayments on long-term debt	<u>(233,037)</u>	<u>(11,052)</u>
NET INCREASE IN CASH	963,378	270,757
CASH, BEGINNING OF YEAR	<u>833,235</u>	<u>562,478</u>
CASH, END OF YEAR	<u>\$ 1,796,613</u>	<u>\$ 833,235</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ 5,347	\$ 11,294

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's financial statements have been prepared using the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when incurred.

Basis of Presentation

The Food Bank has presented its financial statements in accordance with accounting principles generally accepted in the United States of America ("GAAP") for not-for-profit organizations. Under this guidance, the Food Bank is required to report information regarding its financial position and activities according to two classes of net assets: net assets without donor restrictions and net assets with donor restrictions.

- Net Assets Without Donor Restrictions – Net assets that are not subject to donor-imposed stipulations are treated as unrestricted.
- Net Assets With Donor Restrictions – Net assets subject to donor-imposed stipulations that may or will be met by actions of the Food Bank and/or the passage of time or that must be maintained by the Food Bank in perpetuity are deemed to be restricted.

Revenue Recognition

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor restrictions. All donor-restricted contributions are reported as an increase in net assets with donor restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions 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.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

The Food Bank reports gifts of goods and equipment as support without restriction 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 support with restriction. 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 \$1,904 and \$4,473 for the years ended June 30, 2018 and 2017, respectively.

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 net assets without donor restrictions in the accompanying statements of financial position. Estimated fair value of donated food inventory as of June 30, 2018 and 2017 is based on the most recent Product Valuation Survey Methodology prepared by Feeding America (report as of December 31, 2017 and 2016, 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, 2018 and 2017 was \$974,751 and \$1,589,488, 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 significant professional services donations reflected in the accompanying financial statements for the years ended June 30, 2018 and 2017. 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, 2018 and 2017, volunteer hours totaled approximately 64,000 and 57,000, 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, 2018 and 2017.

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 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
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 years ended June 30, 2018 and 2017.

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, 2018 and 2017.

Reclassification

Certain reclassifications have been made to the 2017 financial statements to conform to the 2018 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)

ASU 2016-14 (Presentation of Financial Statements of Not-for-Profit Entities)

In August 2016, 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 that not-for-profits report two classes of net assets (net assets with donor restrictions and net assets without donor restrictions) on the face of the statement of financial position rather than the previously required three classes of net assets (unrestricted, temporarily restricted, and permanently restricted), provide enhanced disclosures, including a statement of functional expenses, and report investment return net of external and direct internal investment expenses.

The recognition and measurement guidance for net assets is not affected by the amendments in this accounting standard and these amendments are effective for financial statements issued for fiscal years beginning after December 15, 2017. The Food Bank has decided to early adopt ASU 2016-14 as of June 30, 2018 and this new accounting standard update is reflected in these financial statements.

ASU 2016-02 (Leases)

In February 2016, the FASB issued Accounting Standards Update (ASU) 2016-02, *Leases*. The ASU requires all leases with lease terms more than 12 months to be capitalized as a right-of-use asset and lease liability on the statement of financial position at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the statement of activities. This ASU will be effective for the Food Bank for the year ending June 30, 2021. The Food Bank is currently in the process of evaluating the impact of adoption of this ASU on the financial statements.

Liquidity

At June 30, 2018 and 2017, the Food Bank had \$1,703,859 and \$832,310, respectively, of financial assets available to meet its cash needs for future operating expenditures. Financial assets as of June 30, 2018 consisted of cash of \$1,274,447 and accounts receivable of \$398,301. Financial assets as of June 30, 2017 consisted of cash of \$484,176 and accounts receivable of \$290,558.

Financial assets of \$522,166 and \$349,059 as of June 30, 2018 and 2017, respectively, are subject to donor restrictions and as such are not available for future operating expenditures, and are excluded from the amounts noted above.

Expense Classification

The financial statements report certain categories of expenses that are attributable to program services, administrative, and fundraising. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. The expenses that are allocated include salaries and related expenses, office and warehouse supplies, public relations and development, and rent, which are allocated on the basis of resources spent in each category.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	2018	2017
Land	\$ 121,000	\$ 121,000
Building	469,000	469,000
Automobiles and trucks	1,464,781	1,386,837
Refrigeration equipment	445,451	435,040
Warehouse equipment	158,274	233,683
Furniture and fixtures	15,503	36,449
Leasehold improvements	239,474	270,422
Other equipment	86,928	52,000
	3,000,411	3,004,431
Less: Accumulated depreciation and amortization	(1,475,607)	(1,508,318)
	\$ 1,524,804	\$ 1,496,113

Depreciation and amortization expense was \$305,119 and \$278,216 for the years ended June 30, 2018 and 2017, respectively.

3. LINE OF CREDIT

The Food Bank had a revolving line of credit of \$500,000 with a financial institution, with interest payable at the prime rate plus 1.00% (5.25% June 30, 2017). The line was collateralized by substantially all assets. This line of credit was closed in December 2017 with no outstanding balance.

In December 2017, the Food Bank entered into an agreement for a revolving line of credit in the amount of \$500,000 with a financial institution, which bears interest at the LIBOR Daily Floating Rate plus 3.00% (4.94% June 30, 2018) and is collateralized by substantially all assets. There was no outstanding balance on the line of credit at June 30, 2018.

4. 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. The balance of the note was paid in December 2017.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

5. COMMITMENTS

Operating leases

The Food Bank leases its warehouse and office space under a non-cancellable operating lease expiring in March 2022. The original lease included a tenant improvement allowance in the amount of \$75,000. During June 2018, the lease was modified to extend the lease term, expand the amount of leased space, and increase the minimum annual future lease payments. The modification included an additional tenant improvement allowance in the amount of \$80,000. Tenant improvements are recorded by the Food Bank when funded by the landlord, recorded as deferred rent liability, and amortized over the life of the lease as a reduction in rent expense. The modification also included a rent free period from June 2018 through July 2018. The Food Bank records rent expense on a straight-line basis over the lease term.

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

Year Ending June 30,	
2019	\$ 279,395
2020	337,934
2021	355,875
2022	<u>274,032</u>
	<u>\$ 1,247,236</u>

Rental expense under all operating leases for the years ended June 30, 2018 and 2017 was approximately \$148,000 and \$208,100, respectively.

The Food Bank leases two buildings under a non-cancellable operating lease expiring in December 2021 to an unrelated third-party.

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

Year Ending June 30,	
2019	\$ 93,000
2020	93,000
2021	93,000
2021	<u>46,500</u>
	<u>\$ 325,500</u>

Rental income under this operating lease for the years ended June 30, 2018 and 2017 was \$93,000 and \$46,500, respectively.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

6. NET ASSETS WITH RESTRICTIONS

Kids' Programs

As of June 30, 2018 and 2017, net assets restricted for the Kids' Programs were \$142,453 and \$45,452, 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, 2018 and 2017, net assets restricted for the Mobile Pantry were \$29,500 and \$27,200, respectively. This balance is restricted for costs relating to operating a mobile pantry, such as cost of food and delivery services.

Other

As of June 30, 2018 and 2017, other net assets with restrictions consisted of:

	2018	2017
Agency capacity building	\$ 97,500	\$ -
Fleet expansion	72,708	92,040
Mobile Pantry support	50,000	-
Epic Chef program	36,500	-
Senior grocery delivery	28,058	-
Food procurement	11,580	10,150
Other	11,367	3,134
Hunger relief	7,500	7,500
Clean room construction	-	64,487
Trailers for food collection	-	50,250
Food inventory/general ledger upgrade	-	11,346
Racking repair	-	2,500
	\$ 315,213	\$ 241,407

Endowment

During December 2009, the Food Bank received a \$15,000 restricted 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, 2018 and 2017, the balance was \$35,000.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

7. SUBSEQUENT EVENTS

The Food Bank has evaluated subsequent events through the Independent Auditors' Report date, the date which these financial statements were available to be issued. On October 15, 2018, the Food Bank's Board of Directors voted on an agreement to merge with Trinity Café ("Trinity"), a local organization who is involved in direct-service food relief. Under the agreement, the Food Bank will be the surviving organization and will record the merger as a contribution in the fiscal year ended June 30, 2019. In accordance with the agreement, the Food Bank is required to reserve up to \$700,000, which is the expected amount of Trinity's cash plus liquid, marketable assets, plus receivables less all liabilities as of the effective date of the merger, for the purpose of operating new and existing Trinity restaurants. There were no other material subsequent events that required recognition or additional disclosure in these financial statements.

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

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

We have audited, 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, the 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, 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, and have issued our report thereon dated November 15, 2018.

Internal Control Over Financial Reporting

In planning and performing our audits of the financial statements, we considered the Food Bank'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 the Food Bank's internal control. Accordingly, we do not express an opinion on the effectiveness of the Food Bank'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 the Food Bank'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 audits 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 the Food Bank'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 audits, 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 the Food Bank's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Food Bank's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

SKODA MINOTTI & CO.

Skoda Minotti & Co.

Tampa, Florida
November 15, 2018