



FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2019 AND 2018



SKODA MINOTTI

CPAs, BUSINESS & FINANCIAL ADVISORS

Delivering on the Promise.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

YEARS ENDED JUNE 30, 2019 AND 2018

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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, 2019 and 2018, 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, 2019 and 2018, 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, 2019 and 2018 in the accompanying statements of financial position is reported at fair value of \$2,228,960 and \$974,751, 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, 2019 was an increase of \$1,254,209 and is included in the overall increase in net assets without donor restrictions for 2019 of \$1,614,566 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 \$360,357.

During the year ended June 30, 2019, the Food Bank merged with Trinity Café and as a result, recorded a contribution without donor restrictions of \$937,934 (see Note 2). The change in net assets without donor restrictions for the year excluding the effect of the increase in donated food inventory and the merger with Trinity Café was a decrease of \$577,577. During the year ended June 30, 2019, the change in net assets of \$2,549,578, less the effects for donated food of \$1,254,209 and the merger with Trinity Café of \$1,597,177, totaled \$(301,808).

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. 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 January 24, 2020 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.



Tampa, Florida
March 31, 2020

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

STATEMENTS OF FINANCIAL POSITION

JUNE 30, 2019 AND 2018

	ASSETS	
	2019	2018
CURRENT ASSETS		
Cash	\$ 1,348,768	\$ 1,761,613
Cash, with restrictions	181,294	-
Cash, endowment	35,000	35,000
Beneficial interest in assets held by Community Foundation	458,726	-
USDA receivables	546,649	243,063
Other receivables	236,860	67,173
Agency receivables, net	160,200	88,065
Donated food inventory	2,228,960	974,751
Purchased food inventory	55,589	30,595
Prepaid expenses	185,747	143,299
	5,437,793	3,343,559
PROPERTY AND EQUIPMENT, NET	2,534,160	1,524,804
OTHER ASSETS	25,459	26,921
	\$ 7,997,412	\$ 4,895,284
	\$ 7,997,412	\$ 4,895,284
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable and accrued expenses	\$ 949,881	\$ 458,415
Agency deposits	104,556	92,753
	1,054,437	551,168
LONG-TERM LIABILITIES		
Other liabilities	82,889	33,608
Total liabilities	1,137,326	584,776
NET ASSETS		
Without donor restrictions - other	3,173,948	2,813,591
Without donor restrictions - donated food inventory	2,228,960	974,751
With donor restrictions - Trinity Café	640,020	-
With donor restrictions - Kids' Programs	36,242	142,453
With donor restrictions - Mobile Pantry	48,000	29,500
With donor restrictions - other	697,916	315,213
With donor restrictions - endowment	35,000	35,000
	6,860,086	4,310,508
	\$ 7,997,412	\$ 4,895,284

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, 2019

	WITHOUT DONOR RESTRICTIONS		WITH DONOR RESTRICTIONS					Total
	Other	Donated Food Inventory	Trinity Café	Kids' Programs	Mobile Pantry	Other	Endowment	
PUBLIC SUPPORT AND REVENUE								
Public support								
Fundraising								
Contributions	\$ 4,724,178	\$ -	\$ -	\$ 155,329	\$ 65,000	\$ -	\$ -	\$ 4,944,507
Contributions - Trinity Café merger	937,934	-	659,243	-	-	-	-	1,597,177
Grants	-	-	-	-	-	1,251,904	-	1,251,904
Special events	608,169	-	-	-	-	-	-	608,169
Total fundraising	6,270,281	-	659,243	155,329	65,000	1,251,904	-	8,401,757
Donated food received	-	108,087,182	-	-	-	-	-	108,087,182
Total public support	6,270,281	108,087,182	659,243	155,329	65,000	1,251,904	-	116,488,939
Revenue								
Shared maintenance fees	968,414	-	-	-	-	-	-	968,414
Membership fees	21,073	-	-	-	-	-	-	21,073
Investment income, net	55,864	-	-	-	-	-	-	55,864
Other revenues	98,817	-	-	-	-	-	-	98,817
USDA & other governmental revenue	2,262,704	-	-	-	-	-	-	2,262,704
Net assets released from restriction - satisfied by payments	1,196,464	-	(19,223)	(261,540)	(46,500)	(869,201)	-	-
Total public support and revenue	10,873,617	108,087,182	640,020	(106,211)	18,500	382,703	-	119,895,811
EXPENSES								
Program services								
Product distribution - other	8,025,387	-	-	-	-	-	-	8,025,387
Product distribution and waste - donated food	-	106,687,028	-	-	-	-	-	106,687,028
Trinity Café	8,838	-	-	-	-	-	-	8,838
Kids' Programs	148,700	112,840	-	-	-	-	-	261,540
Mobile Pantry	13,395	33,105	-	-	-	-	-	46,500
Supporting services								
Administrative	921,573	-	-	-	-	-	-	921,573
Fundraising	1,395,367	-	-	-	-	-	-	1,395,367
Total program and supporting services	10,513,260	106,832,973	-	-	-	-	-	117,346,233
CHANGE IN NET ASSETS	360,357	1,254,209	640,020	(106,211)	18,500	382,703	-	2,549,578
NET ASSETS, JULY 1, 2018	2,813,591	974,751	-	142,453	29,500	315,213	35,000	4,310,508
NET ASSETS, JUNE 30, 2019	\$ 3,173,948	\$ 2,228,960	\$ 640,020	\$ 36,242	\$ 48,000	\$ 697,916	\$ 35,000	\$ 6,860,086

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	
PUBLIC SUPPORT AND REVENUE							
Public support							
Fundraising							
Contributions	\$ 5,080,443	\$ -	\$ 318,747	\$ 65,500	\$ -	\$ -	\$ 5,464,690
Grants	-	-	-	-	429,539	-	429,539
Special events	294,428	-	-	-	-	-	294,428
Total fundraising	5,374,871	-	318,747	65,500	429,539	-	6,188,657
Donated food received	-	85,010,589	-	-	-	-	85,010,589
Total public support	5,374,871	85,010,589	318,747	65,500	429,539	-	91,199,246
Revenue							
Shared maintenance fees	663,593	-	-	-	-	-	663,593
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)	-	-
Total public support and revenue	8,271,865	85,010,589	97,001	2,300	73,806	-	93,455,561
EXPENSES							
Program services							
Product distribution - other	5,668,164	-	-	-	-	-	5,668,164
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	413,827	-	-	-	-	-	413,827
Fundraising	920,778	-	-	-	-	-	920,778
Total program and supporting services	7,139,163	85,625,326	-	-	-	-	92,764,489
CHANGE IN NET ASSETS	1,132,702	(614,737)	97,001	2,300	73,806	-	691,072
NET ASSETS, JULY 1, 2017	1,680,889	1,589,488	45,452	27,200	241,407	35,000	3,619,436
NET ASSETS, JUNE 30, 2018	\$ 2,813,591	\$ 974,751	\$ 142,453	\$ 29,500	\$ 315,213	\$ 35,000	\$ 4,310,508

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, 2019

	PROGRAM SERVICES				SUPPORTING SERVICES			Total expenses	
	Product distribution	Trinity Café	Kids' Programs	Mobile Pantry	Total	Administrative	Fundraising		Total
Donated food	\$ 106,687,028	\$ -	\$ 112,840	\$ 33,105	\$ 106,832,973	\$ -	\$ -	\$ -	\$ 106,832,973
Salaries and related expenses	2,940,641	-	144,419	9,709	3,094,769	588,128	672,146	1,260,274	4,355,043
Other program expenses	2,692,671	-	-	-	2,692,671	-	-	-	2,692,671
Transportation	907,678	-	-	766	908,444	-	-	-	908,444
Fundraising expense	-	-	-	-	-	-	459,809	459,809	459,809
Office and warehouse expenses	415,474	8,838	3,707	2,920	430,939	85,225	31,960	117,185	548,124
Public relations and development	189,248	-	-	-	189,248	5,853	-	5,853	195,101
Depreciation and amortization	343,316	-	574	-	343,890	21,915	-	21,915	365,805
Utilities	42,950	-	-	-	42,950	16,806	126,980	143,786	186,736
Rent	267,607	-	-	-	267,607	17,081	-	17,081	284,688
Professional expenses	33,831	-	-	-	33,831	36,537	64,956	101,493	135,324
Travel	-	-	-	-	-	105,039	-	105,039	105,039
Computer expense	94,114	-	-	-	94,114	23,187	19,095	42,282	136,396
Membership fees	38,931	-	-	-	38,931	7,786	1,947	9,733	48,664
Insurance	50,830	-	-	-	50,830	10,166	2,542	12,708	63,538
Postage	1,726	-	-	-	1,726	1,726	13,808	15,534	17,260
Telephone	6,370	-	-	-	6,370	2,124	2,124	4,248	10,618
	<u>\$ 114,712,415</u>	<u>\$ 8,838</u>	<u>\$ 261,540</u>	<u>\$ 46,500</u>	<u>\$ 115,029,293</u>	<u>\$ 921,573</u>	<u>\$ 1,395,367</u>	<u>\$ 2,316,940</u>	<u>\$ 117,346,233</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 expenses	278,209	2,598	2,851	283,658	57,068	21,401	78,469	362,127
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	82,422	6,539	88,961	92,528
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>\$ 91,145,208</u>	<u>\$ 221,476</u>	<u>\$ 63,200</u>	<u>\$ 91,429,884</u>	<u>\$ 413,827</u>	<u>\$ 920,778</u>	<u>\$ 1,334,605</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

STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOW FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,549,578	\$ 691,072
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Add back (deduct) items not affecting cash:		
(Increase) decrease in donated food inventory	(1,254,209)	614,737
Depreciation and amortization	365,805	305,119
Gain on disposal of property and equipment	-	(2,505)
Net assets contributed in merger, net of cash (see note 2)	(1,532,887)	-
Net investment income from beneficial interest in assets held by Community Foundation	(49,159)	-
Changes in operating assets and liabilities, net of merger:		
Agency receivables	(72,135)	(44,001)
Other receivables	(109,608)	(6,691)
USDA receivables	(303,586)	(57,051)
Purchased food inventory	(24,994)	26,981
Prepaid expenses	(42,448)	(108,215)
Other assets	1,462	(11,621)
Accounts payable and accrued expenses	396,773	189,878
Agency deposits	11,803	(32,938)
Other liabilities	49,281	(37,045)
Net cash provided by (used in) operating activities	<u>(14,324)</u>	<u>1,527,720</u>
CASH FLOW FROM INVESTING ACTIVITIES:		
Purchases of property and equipment	(437,227)	(331,305)
Withdrawals from beneficial interest in assets held by Community Foundation	220,000	-
Net cash used in investing activities	<u>(217,227)</u>	<u>(331,305)</u>
CASH FLOW FROM FINANCING ACTIVITIES:		
Repayments on long-term debt	-	(233,037)
NET INCREASE (DECREASE) IN CASH	(231,551)	963,378
CASH, BEGINNING OF YEAR	<u>1,796,613</u>	<u>833,235</u>
CASH, END OF YEAR	<u>\$ 1,565,062</u>	<u>\$ 1,796,613</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION		
Cash paid during the year for interest	\$ -	\$ 5,347

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" or "Feeding Tampa Bay") is a member of Feeding America Network. During the year ended June 30, 2019, the Food Bank merged with Trinity Café ("Trinity") (See note 2). Subsequently, Trinity continues as a program of Feeding Tampa Bay providing free, hot, healthy meals for those in need of a healthy meal, with a goal of restoring a sense of dignity to lives of those in need through nutritious meals and compassion.

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.
- 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.

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. Agency receivables are presented net of an allowance for doubtful accounts of \$1,904 for the years ended June 30, 2019 and 2018.

The Food Bank reports gifts of goods and equipment as support without restrictions 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 restrictions. 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.

Income earned on the Food Bank's endowment (see Note 8) and beneficial interest in assets held by Community Foundation of Tampa Bay ("Community Foundation" or "Foundation")(see Note 3), which includes interest, dividends, unrealized gains and losses, and realized gains and losses, is recognized in the statements of activities and reported as an increase or decrease in net assets without donor restrictions, unless their use is restricted by a donor to a specified purpose, future period, or by law that extends donor restrictions.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

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, 2019 and 2018 is based on the most recent Product Valuation Survey Methodology prepared by Feeding America (report as of December 31, 2018 and 2017, 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, 2019 and 2018 was \$2,228,960 and \$974,751, 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, 2019 and 2018. 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, 2019 and 2018, volunteer hours totaled approximately 84,000 and 64,000, 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, 2019 and 2018.

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 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
Kitchen equipment	7 years
Other equipment	3 – 7 years

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

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, 2019 and 2018.

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, 2019 and 2018.

Reclassification

Certain reclassifications have been made to the 2018 financial statements to conform to the 2019 financial statement presentation. Such reclassifications had no effect on change in net assets as previously reported.

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, 2022. 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, 2019 and 2018, the Food Bank had \$2,292,477 and \$2,159,914, respectively, of financial assets available to meet its cash needs for general expenditures within one year of the date of statements of financial position. Financial assets as of June 30, 2019 consisted of cash of \$1,348,768 and accounts receivable of \$943,709. Financial assets as of June 30, 2018 consisted of cash of \$1,761,613 and accounts receivable of \$398,301.

Financial assets of \$675,020 and \$35,000 as of June 30, 2019 and 2018, respectively, are subject to contractual and donor restrictions that make them unavailable for general expenditures within one year of the date of statements of financial position, 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 include salaries and related expenses and public relations and development, which are allocated on the basis of estimated time each department and job classification spent in each category. Expenses associated with office and warehouse supplies and rent have been allocated to the respective functional area based on square footage utilized by each department and job classification.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

2. MERGER

Effective January 1, 2019, the Food Bank merged with Trinity. Under the merger agreement, the Food Bank became the surviving organization and recorded the merger as a contribution. In accordance with the agreement, the Food Bank was initially required to reserve \$659,243, which was the 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 purchasing or leasing of assets to operate new Trinity Cafés, funding pre-opening and start-up operating costs, and funding costs incurred to maintain existing Trinity Cafés. In connection with the merger, the Food Bank acquired certain assets and assumed certain liabilities for no consideration. The following table summarizes the estimated fair values of the assets contributed and liabilities assumed and the calculation of net assets reported in the accompanying statements of financial position.

Assets contributed:	
Cash	\$ 64,290
Beneficial interest in assets held by Community Foundation of Tampa Bay	629,567
Accounts receivable	60,079
Property and equipment	<u>937,934</u>
	<u>1,691,870</u>
Liabilities assumed:	
Accounts payable	67,347
Accrued expenses	<u>27,346</u>
	<u>94,693</u>
Net assets contributed	1,597,177
Contributions with donor restrictions	<u>(659,243)</u>
Contributions without donor restrictions	<u>\$ 937,934</u>

3. BENEFICIAL INTEREST IN ASSETS HELD BY COMMUNITY FOUNDATION OF TAMPA BAY

The Food Bank holds an interest in the Trinity Café Reserve Fund (the "Fund") with Community Foundation of Tampa Bay. When Trinity Café merged with the Food Bank on January 1, 2019, this fund had a balance of \$629,567.

The Food Bank's investment in the Fund is stated at the fair value of the investments within the Fund. The Community Foundation of Tampa Bay holds the Fund unless and until a withdrawal is made by the Food Bank for purposes allowed for in the merger agreement. FTB holds a beneficial interest in assets held by the Community Foundation of Tampa Bay of \$458,726 at June 30, 2019, all of which are classified as net assets with donor restrictions in the accompanying statements of financial position.

Returns on beneficial interest in assets held by Community Fund of Tampa Bay, which are included in investment income in the accompanying statement of activities for the year ended June 30, 2019, are as follows:

Interest and dividends	\$ 3,519
Net realized and unrealized gains	47,656
Less: investment fees	<u>(2,016)</u>
	<u>\$ 49,159</u>

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

4. FAIR VALUE MEASUREMENTS

Fair Value Hierarchy

Feeding America follows the guidance of ASC Topic 820 for fair value measurements of financial assets and financial liabilities and for fair value measurements of nonfinancial items that are recognized or disclosed at fair value in the financial statements on a recurring basis. ASC Topic 820 establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to measurements involving significant unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are as follows:

Level 1: Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that Feeding Tampa Bay has the ability to access at the measurement date.

Level 2: Inputs are observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3: Inputs are unobservable and significant to the fair value measurement of the asset or liability.

The level in the fair value hierarchy within which a fair value measurement in its entirety falls is based on the lowest level input that is significant to the fair value measurement in its entirety.

At June 30, 2019, fair value for beneficial interest in assets held by Community Foundation are classified as Level 2 because fair value is readily determinable from statements published by the Community Foundation.

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30:

	<u>2019</u>	<u>2018</u>
Land	\$ 338,382	\$ 121,000
Building	1,105,572	469,000
Automobiles and trucks	1,560,718	1,464,781
Refrigeration equipment	449,443	445,451
Warehouse equipment	312,654	158,274
Furniture and fixtures	21,043	15,503
Leasehold improvements	454,048	239,474
Kitchen equipment	46,784	-
Other equipment	<u>86,928</u>	<u>86,928</u>
	4,375,572	3,000,411
Less: Accumulated depreciation and amortization	<u>(1,841,412)</u>	<u>(1,475,607)</u>
	<u>\$ 2,534,160</u>	<u>\$ 1,524,804</u>

Depreciation and amortization expense was \$365,805 and \$305,119 for the years ended June 30, 2019 and 2018, respectively.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

6. LINE OF CREDIT

The Food Bank maintains an agreement for a revolving line of credit in the amount of \$500,000 with a financial institution, which bears interest at one-month LIBOR plus 3.00% (5.40% and 5.09% at June 30, 2019 and 2018, respectively) and is collateralized by substantially all assets. There was no outstanding balance on the line of credit at June 30, 2019 and 2018.

7. COMMITMENTS

Operating leases

The Food Bank leases its warehouse, office, and a portion of its restaurant space under non-cancellable operating leases expiring at various times, with the last lease expiring in January 2024. One of the Food Bank's leases 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 leases noted above are as follows:

Year Ending June 30,	
2020	\$ 348,206
2021	366,147
2022	284,304
2023	10,272
2024	<u>5,992</u>
	<u>\$ 1,014,921</u>

Rental expense under all operating leases for the years ended June 30, 2019 and 2018 was approximately \$285,000 and \$148,000, 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,	
2020	\$ 93,000
2021	<u>46,500</u>
	<u>\$ 139,500</u>

Rental income under this operating lease for the years ended June 30, 2019 and 2018 was \$93,000.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

8. NET ASSETS WITH RESTRICTIONS

Trinity Café

As of June 30, 2019, net assets restricted for the Trinity Café were \$640,020. This balance is restricted for costs relating to improvements at the cafes, expanding operations at current café locations, and/or operating and adding new café locations.

Kids' Programs

As of June 30, 2019 and 2018, net assets restricted for the Kids' Programs were \$36,242 and \$142,453, 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 salaries for associates to assemble packages of food for distribution.

Mobile Pantries

As of June 30, 2019 and 2018, net assets restricted for the Mobile Pantries were \$48,000 and \$29,500, respectively. This balance is restricted for costs relating to operating mobile pantries, such as cost of food and delivery and distribution services.

Other

As of June 30, 2019 and 2018, other net assets with restrictions consisted of:

	2019	2018
Agency capacity building	\$ 65,720	\$ 97,500
Fleet expansion	6,000	72,708
Mobile Pantry support	7,475	50,000
Epic Chef program	26,600	36,500
Senior grocery delivery	127,486	28,058
Food procurement	204,570	11,580
Other	1,200	11,367
Hunger relief	21,393	7,500
Employee training	4,000	-
Trailers for food collection	193,472	-
Employee salary & benefits	40,000	-
	<u>\$ 697,916</u>	<u>\$ 315,213</u>

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. 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, 2019 and 2018, the balance was \$35,000, which is unavailable for general expenditure.

FEEDING AMERICA TAMPA BAY, INC. dba FEEDING TAMPA BAY

NOTES TO THE FINANCIAL STATEMENTS

9. SUBSEQUENT EVENTS

The Food Bank has evaluated subsequent events through the March 31, 2020, the date which these financial statements were available to be issued. Subsequent to year end, the Food Bank received a \$1,000,000 donation without restriction. Feeding Tampa Bay has announced the opening of its third Trinity Café and has signed a four year lease of dining & kitchen space. The lease commencement date was November 1, 2019 and the lease termination date is October 24, 2024 and permits two lease renewals, each of five years in length. Total minimum lease payments due under this lease are \$500 for the first two months and \$2,500 for each subsequent month. 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, 2019 and 2018, 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 March 31, 2020.

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
March 31, 2020